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THE AUDITOR-GENERAL

ON

OL KALOU MUNICIPALITY

**FOR THE YEAR ENDED
30 JUNE, 2023**



OL KALOU MUNICIPALITY

County Government of Nyandarua

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

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



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1. Acronyms & Glossary of Terms

PSASB	Public Sector Accounting Standards Board
FY	Financial Year
PFMA	Public Financial, Management Act
KUSP	Kenya Urban Support Program
UACA	Urban Areas and Cities Act
UIG	Urban Institutional Grant
UDG	Urban Development Grant
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

2. Key Entity Information and Management

a) Background information

Ol'kalou Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011 and Ol Kalou Municipal Charter on 8th May 2019. The Municipality is under the County Government of Nyandarua and is domiciled in Kenya.

b) Principal Activities

The principal activity/mandate of the Municipality is to ...

Provide for efficient and accountable management of the affairs of the Municipality.

- 1) Provide for a governance mechanism that will enable the inhabitants of the Municipality to:
 - a) Participate in determining the social services and regulatory framework which will best satisfy their needs and expectations.
 - b) Verify whether public resources and authority are utilized or exercised, as the case may be, to their satisfaction.
 - c) Enjoy efficiency in service delivery.
- 2) Vigorously pursue the developmental opportunities which are available in the Municipality and to institute such measures as are necessary for achieving public order and the provisions of civic amenities, so as to enhance the quality of life of the inhabitants of the Municipality.
- 3) Provide a high standard of social services in a cost-effective manner to the inhabitants of the Municipality.
- 4) Promote social cohesiveness and a sense of civic duty and responsibility among the inhabitants and stakeholders in the Municipality in order to facilitate collective action and commitment towards achieving the goal of a harmonious and stable community.
- 5) Providing for services, laws and other matters for Municipality's benefit.
- 6) Fostering the economic, social and environmental well-being of its community

VISION STATEMENT

“A dynamic trend setting Urban Areas, delivering high quality services responsive to the challenges and demands of the residents.”

MISSION STATEMENT

To provide affordable, accessible high-quality Urban services, with a responsive local governance. This will be done by ensuring the residents have the opportunity to contribute to municipality development.

CORE VALUES

Service excellence, Integrity, Accountability, Customer focused service, Innovation, Stewardship

c) Key Management

The *Municipality's* management is under the following key organs:

- County department of in charge of Urban Development
- Municipal Board
- Municipal Manager
- Management

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

Ref	Position	Name
1	Municipal Manager	CPA Anne Wambui. Theuri
2	Chief Officer – Urban Development	Ms. Judyleah Waihenya
3	Chief Officer – Finance	CPA Juvenalis Thiongo

(Include all positions regarded as top management for the Municipality).

e) Fiduciary Oversight Arrangements

[Provide a high-level description of the key fiduciary oversight arrangements covering (say)]:

- i) Audit and Risk Management Committee
- ii) Municipal Board Committee
- iii) County Assembly committees
- iv) Committees of the Senate

f) Registered Offices

P.O. Box 701, 20303
Nyandarua County Ardhi House
Ol Kalou, KENYA

g) Contacts

Telephone: (+254) 0202660859
E-mail: info@nyandarua.go.ke
Website: www.nyandarua.go.ke

h) Bankers

Equity Bank
Ol Kalou Branch
P O. Box 215 – 20303

Ol Kalou

i) Independent Auditor

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

j) Principal Legal Adviser

The Attorney General

State Law Office



Harambee Avenue



P.O. Box 40112


City Square 00200



Nairobi, Kenya

3. Municipality Board

Name	Details of qualifications and experience
 <p>Ms. Priscillah Mwirigi</p>	<p>Municipal Board Chair Person</p> <p>She is a PHD Scholar in Gender and Development Studies at Egerton University. Holds Master of Arts Degree in Sociology (Project Management and Community Development) from Egerton University, Bachelor of Arts Degree in Sociology from Moi University, Professional Certification Course in Monitoring and Evaluation from Kenya Institute of Management.</p> <p>She is a Lecturer at the department of Peace Security and Social Studies in Egerton University.</p>
 <p>Mr. Josphat Murage Warui</p>	<p>Municipal Board Vice Chair Person</p> <p>Josphat Murage Warui is a Board Member of Ol’Kalou Municipality. Before joining the Board in July, 2019, he had a long and successful working history. Briefly he had worked as a Senior Economist with Kenya Government and later on with Chase Manhattan Bank USA as Credit Manager, International Finance Corporation (USA) as Project Manager. He later came back to Kenya to work with Development Finance Co. of Kenya as Chief of Operations and later with Barclays Bank of Kenya as Business Development Executive. After retirement he started his own business known as ICON Investment and Finance Consultancy. In his career he had served as a Board Member in various enterprises in which his employers had an interest.</p> <p>Josphat is a holder of BA (Econ), MPhil (Economic Development) and MBA (Finance & Banking). He is also ACPK and Fellow of the Institute of Bankers. He therefore brings a wealth of experience to Ol’Kalou Municipality.</p>



 <p>Ms.Hellen Njeri Njoroge</p>	<p>Municipal Board Member</p> <p>Holds MSc.in sustainable Urban Development from University of Nairobi. Bachelor Degree in lands economics from University of Nairobi, Diploma from Institute of Survey of Kenya, Member of Institution in Chapter of Valuation and Estate Management Servers, Certificate in Integrated Environmental Impact Assessment and Environmental Audit from Wangari Maathai Institute for peace and Environmental Studies from University of Nairobi.</p> <p>Served as member County Land management Board in Nyandarua County, Council member of institution of servers of Kenya and currently hold a position as the Agency and Business Development Manager</p>
 <p>Dr. Tom Kahigu</p>	<p>Municipal Board Member-</p> <p>Holds a Doctorate degree in Strategic Management from USIU-A, Master degree in Business Administration, Post Graduate Diploma in Computer Science, Bachelor Degree in Economics from University of Nairobi. Additionally, he has professional training in multiple disciplines including Leadership, Risk Management, Governance (COBIT), Enterprise Architecture (TOGAF), Service Management (ITIL), training in strategic management at Columbia University (New York).</p> <p>He is a Fellow of Kenya Institute of Bankers (FKIB) with a career financial services sector spanning over 25years, director of an International Bank, Member of the Institute of Directors and member of the Governing Council of the Payments Association of Kenya (PAK). Worked in the Public Service as an Economist in the Ministry of Planning and National Development.</p>


 <p>Hon. Stephen Kinyanjui Mburu KK</p>	<p>Municipal Board Member - CECM Land, Physical Planning and Urban Development -</p> <p>Holds Master's Degree in Business Administration and Master Degree in B.com (Marketing) from Kenya Methodist University and University of Nairobi respectively.</p> <p>Served as elected member of parliament Kinangop constituency, Assistant and operation manager of Pyrethrum Board of Kenya, Nyandarua District KANU chairman, Marketing Director at Invesco Insurance Co., Marketing Agent of major Insurance companies, Managing Director of own businesses and industries.</p> <p>During his tenure as an MP had the following achievements:</p> <ul style="list-style-type: none">✓ August 2013 lobbied for road re-carpeting for C68 Magumu to Njambini✓ Kirima - Ndinda D393 tarmacked✓ Kirima - Engineer D392 tarmacked✓ The road to North Kinangop Catholic hospital UG6428 tarmacked✓ Githioro – Maraigushu - Kinamba C67✓ Captain – Wanjohi – Geta - Ndunyu Njeru tarmacking ongoing D389✓ Njambini - Gatura tarmacking ongoing B20✓ Lobbied for rural electrification in all public institutions and training centres by the National government✓ Ten bridges done by NG-CDF and National government✓ Primary school, secondary schools and new rehabilitation centres✓ In 2016 introduced the first motion to be passed unanimously for each and every constituency in the entire public be given 20kms of bitumen standards of roads annually.✓ In his term, Kinangop constituency was ranked 2nd position nationally for its NGCDF performance.

	<p>Has a wealth of experience in:</p> <ul style="list-style-type: none"> ✓ Managerial, leadership and administration skills ✓ Infrastructure development and transport ✓ Housing and public works ✓ Budget and appropriation
 <p>Judyleah Gathoni Waihenya</p>	<p>Municipal Board Member- Chief Officer Land, Physical Planning and Urban Development</p> <p>Holds a Masters in Strategic Management from Laikipia University, a Bachelor of Arts – Land Economics (Valuer) from the University of Nairobi and a graduate of the Senior Management Course at KSG. She is also a member of the Institute of Surveyors of Kenya and a Certified Professional Mediator (MTI) East Africa. Served in senior positions in the public and private sectors: Former Chief Officer Land, Housing and Physical Planning, Nakuru County, 2018 to 2022. Member of Naivasha, Molo & Gilgil Communities, Ag. Member of City of Nakuru and Team Leader of Nakuru Title Programs Committee. An Advisor for TV Property Show Kenya with Nancy, a Director of Aberdare Royal Homes Community, Naivasha, Director Link Valuers and Property Solutions Limited Director Link Group of Companies, Africa Founder, JL Foundation. She has 20 years of real estate experience (valuation management, agency, feasibility studies, dispute resolution and gated community planning and management).</p>
<p>CPA</p>  <p>Anne W. Theuri</p>	<p>Municipal Manager.</p> <p>Holds Bachelor of Art Degree in Economics from the University of Nairobi, Certified Public Accountant of Kenya (CPAK) and a member of Institute of Certified Public Accountant of Kenya, Certified Public Secretary of Kenya (CPSK), Member of Institute of Certified Investment and Financial Analyst (ICIFA). Currently pursuing Masters in Public Policy at Kenyatta University.</p>

	Served as Chief accountant for Vision Fund Kenya, Chief Accountant in Nyandarua County Government.
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4. Key Management Team

Serial No	Name	Details of qualifications and experience
1.	 <p>CPA Anne. W. Theuri</p>	<p>Municipal Manager.</p> <p>Holds Bachelor of Art Degree in Economics from the University of Nairobi, Certified Public Accountant of Kenya (CPAK) and a member of Institute of Certified Public Accountant of Kenya, Certified Public Secretary of Kenya (CPSK), Member of Institute of Certified Investment and Financial Analyst (ICIFA). Currently pursuing Masters in Public Policy at Kenyatta University.</p> <p>Served as Chief accountant for Vision Fund Kenya, Chief Accountant in Nyandarua County Government.</p>
2.	 <p>Judyleah Gathoni Waihenya</p>	<p>Municipal Board Member- Chief Officer Land, Physical Planning and Urban Development</p> <p>Holds a Masters in Strategic Management from Laikipia University, a Bachelor of Arts – Land Economics (Valuer) from the University of Nairobi and a graduate of the Senior Management Course at KSG. She is also a member of the Institute of Surveyors of Kenya and a Certified Professional Mediator (MTI) East Africa. Served in senior positions in the public and private sectors: Former Chief Officer Land, Housing and Physical Planning, Nakuru County, 2018 to 2022. Member of Naivasha, Molo & Gilgil Communities, Ag. Member of</p>

		<p>City of Nakuru and Team Leader of Nakuru Title Programs Committee. An Advisor for TV Property Show Kenya with Nancy, a Director of Aberdare Royal Homes Community, Naivasha, Director Link Valuers and Property Solutions Limited Director Link Group of Companies, Africa Founder, JL Foundation. She has 20 years of real estate experience (valuation management, agency, feasibility studies, dispute resolution and gated community planning and management).</p>
3.	 <i>Juvenalis Gitau Thiongo</i>	<p>Chief Officer Finance</p> <p>Holds master degree in Business Administration (finance option), CPA (K), and Bachelor of Commerce (accounting option).</p> <p>Served as Head of Finance, Finance and Operation Manager, Warehouse Manager and Branch Manager,</p>

5. Municipality Board Chairperson's Report

Municipal board uphold high ethical standards that directs actions for the best interest of the public. Community engagement from diverse stakeholders has fostered a culture of collaboration and participation bringing about equity and inclusion that promotes social justice and ensures all residents have equal access to opportunities and services. The board supports and empower their staff to deliver quality services and achieve organizational goals through provision of clear direction and vision for the future, as well as inspiring and motivating them to deliver more.

In delivering its mandate, the Municipality face a range of challenges in managing and providing services to their communities. Some common challenges include:

- a) **Urbanization and population growth:** Rapid urbanization and population present challenges that calls upon for planning and managing the expansion of infrastructure, housing, and public services to accommodate increasing populations while maintaining quality of life and addressing environmental concerns.
- b) **Service delivery:** Municipality is responsible for providing a wide range of services to their residents, including public safety, education, healthcare, waste management, parks and recreation, and social services. Ensuring efficient and effective service delivery while meeting diverse community needs can be complex and resource-intensive.
- c) **Regulatory compliance:** Municipality must navigate and comply with various regulations and legislation at the local, regional, and national levels. This includes areas such as zoning and land use regulations, environmental regulations, building codes, and employment laws. Staying abreast of evolving regulations and ensuring compliance can be demanding for municipal administrations.
- d) **Governance and decision-making:** Municipality often face challenges related to governance and decision-making processes. Balancing the interests of different stakeholders, managing conflicts, and ensuring transparency and accountability in decision-making can be complex. Engaging with the community and incorporating diverse perspectives can also present challenges.
- e) **Intergovernmental relations:** Municipalities often need to collaborate and coordinate with other levels of government, such as County or national Government to address shared

challenges and access resources. Building effective partnerships and navigating intergovernmental relationships can be complex and time-consuming.

The future outlook of a municipality will be influenced by various factors, including demographic trends, technological advancements, economic conditions, environmental concerns, and policy changes. While it is challenging to predict specific outcomes, here are some key areas that may shape the future of municipality:

- a). Sustainable development: Municipality will focus more on sustainable development practices, incorporating environmental considerations into urban planning, infrastructure development, and service delivery. This may involve promoting renewable energy, implementing green building standards, improving waste management, and preserving natural resources.
- b). Smart cities: The concept of smart cities, enabled by technology and data, is gaining prominence. Municipality will increasingly adopt innovative technologies to improve efficiency, enhance service delivery, and engage with residents
- c). Community empowerment: There is a growing trend toward decentralization and empowering local communities. Municipality may work to provide greater decision-making power and participatory processes to residents, fostering community engagement and collaboration in shaping local policies and initiatives.
- d). Resilience and disaster management: Municipality will prioritize resilience planning and disaster management to mitigate the impact of natural disasters, climate change, and other emergencies. This may involve improving infrastructure resilience, implementing early warning systems, and developing comprehensive disaster response plans.
- e). Governance and e-services: Municipality is expected to increasingly leverage digital technologies to enhance governance and deliver services more efficiently. This may involve the development of online platforms for citizen engagement and digital service delivery.
- f). Economic inequality and social inclusion: Addressing economic inequality and promoting social inclusion are likely to be ongoing challenges for the municipality. Implementation of policies and initiatives to reduce disparities, provide affordable housing, improve access to education and healthcare, and support marginalized and special groups will be necessary intervention.

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g). Climate change adaptation: Municipality will continue to face the challenges posed by climate change, such as extreme weather condition, and water scarcity. The Municipality will undertake measures to adapt infrastructure, promote energy efficiency, and develop climate action plans to mitigate the impact of climate change.

For 

Name: Pricillah W. Mwirigi
Chairperson of the Board

6. Report Of the Municipality Manager

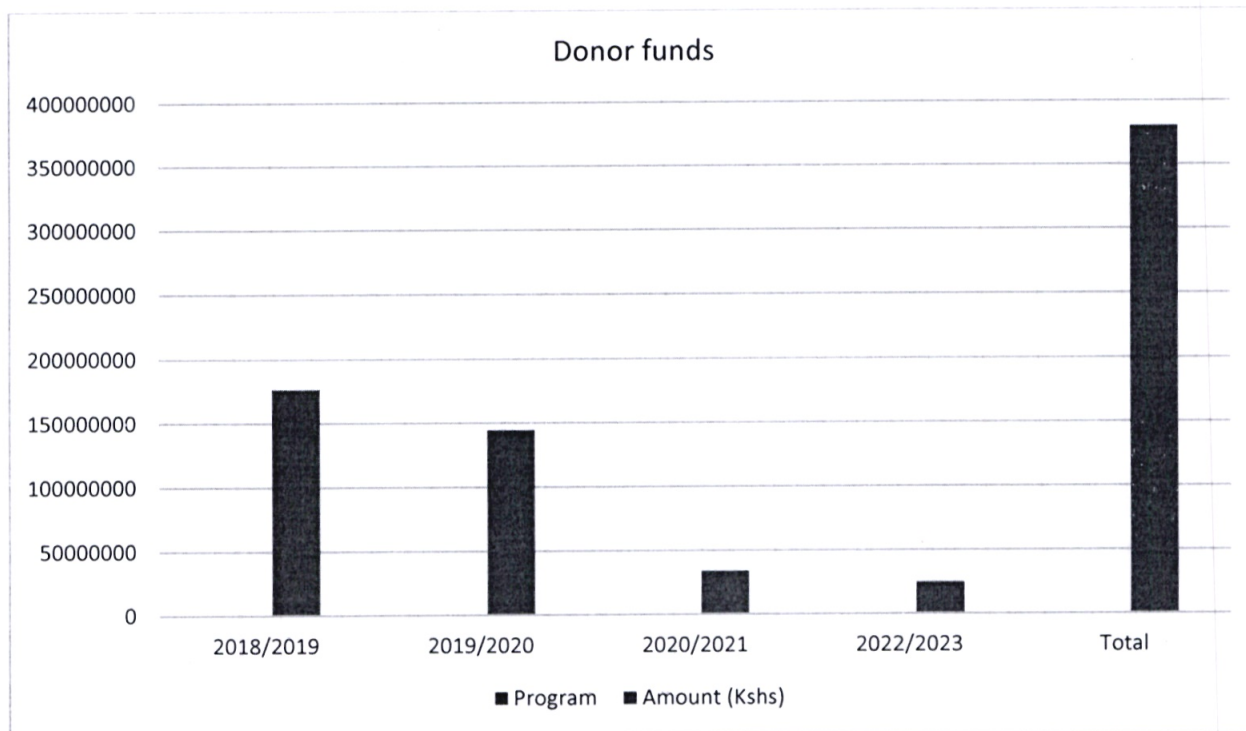
Through strategic planning the Municipality has developed and implemented realistic and measurable plans that align with the community's needs and priorities. This has facilitated the development and adoption of sound policies that reflect the community's values and interests, as well as oversee their execution and evaluation through the various Board Committees. This helps in responding to the needs and expectations of the community and residents, as well as provide timely and accurate information. As a result, the services provided by the Municipality are efficient, effective, and responsive.

Financial management and budgeting, has assisted in management of financial resources in a transparent, accountable, and sustainable manner that ensures value for money in all operations.

The table below highlights funding received from development partners over the years:

Financial Year	Program	Amount (Kenya)
2018/2019	Kenya Urban Support Program	176,743,400
2019/2020	Kenya Urban Support Program	144,343,400
2020/2021	Kenya Urban Support Program	34,122,082
2022/2023	Kenya Informal Settlement Improvement Program	25,000,000
Total		380,208,882

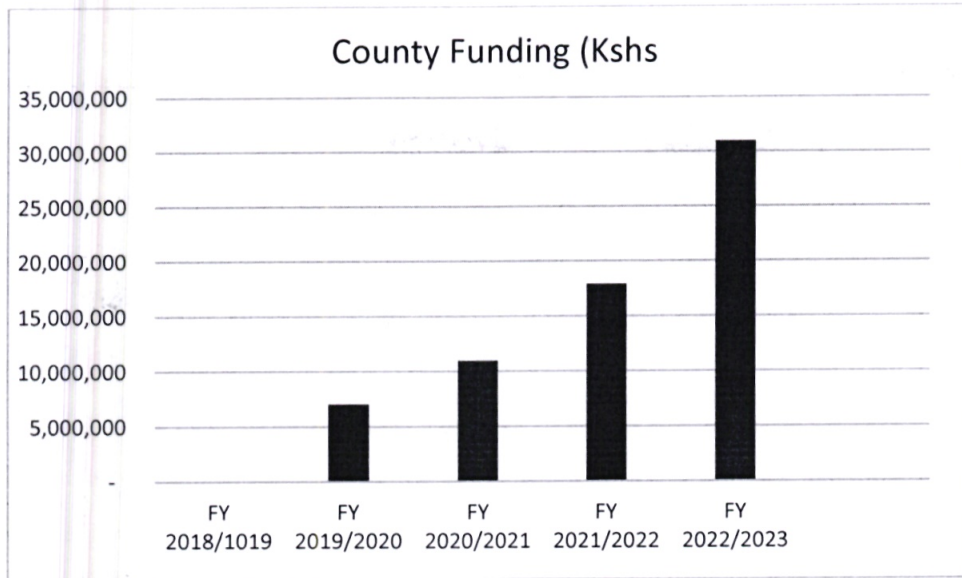
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Funding from development partners since devolution on urban services

To enhance Municipal finance and achieve sustainable development, the County Government is committed to financially support the Municipality as provided under section 172 Of the Public Finance Management Act, 2012. This has complimented funding from development partners that has been fundamental in supporting day to day operations providing services to the community. The County budget allocation from FY 2018/2019 to date is as follows:-

Financial Year	Amount (Kshs)
FY 2018/2019	-
FY 2019/2020	7,027,292
FY 2020/2021	10,984,384
FY 2021/2022	17,904,600
FY 2022/2023	31,005,000



The funding was utilized by the Municipality through the County Government system.

In the financial year allocation budget of Kshs 31 Million, Ksh 7.1 was for development and Kshs 23,9 Million recurrent including purchase of Municipal vehicle at a cost of Kshs 5.5 Million

Below is actual expenditure under the different projects

Development

Project Title	Contract Amount	Funding	Percentage of Work Complete
Old OI Kalou Market Renovation and Associated works	1,999,042	CG	Complete
OI Kalou New Market Installation of metal gates, Maintenance works and signage	2,498,622	CG	Complete
3 Phase Power connection for the Paving Block Plant	1,900,000	CG	Ongoing
Total	6,397,664		

Recurrent

Description	Amount
Use of goods	9,657,419
Staff Costs	6,011,900
Board Expenses	1,164,955
Purchase of Vehicle	5,544,800
Total	22,379,074

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The County funding has not been incorporated in the financial statements, they form part of the County Executed financial statements and their presentation here is for disclosure purposes

Physical progress based on outputs, outcomes, and impacts since the establishment of Municipality – Infrastructure development by KUSP

S/N	Project	Output	Outcome/Beneficiaries	Location	Status
1.	Construction of Ol'Kalou Modern Market	Construction of 69 No. Candy shops. Construction of 129 No. Market stalls	-209 New Businesses - 500 Job opportunities	Olkalou town	complete
2.	Solid waste Management	•Skip Loader Garbage Truck 4 No. bins	7,000 households and businesses	Olkalou captain, rurii, Kariamuu, Tumaini & Mairo Inya towns	complete
3.	Installation of solar street lights	120 No. solar street lights	5,000 People	Ol'kalou Town and environs	complete
4	Estate Roads	1 KM Roads around new market and the main bus stage in Bahati Estate 1.7 KM roads to polytechnic including 3 No. branches within Jerusalem Estate	3,000 people	Ol Kalou Town	Complete

		1.8 KM Road connecting Ol'kalou Dairy to Ol'kalou Njabini Road			
5	Cabro Walkway	1.66KM Public Walkway along Ol'kalou Gilgil road from CBD to Governor's office.	500 people daily	Ol Kalou Town	Complete
6	Parking lots	Construction of 160 No. Parking lots along Gilgil-Nyahururu road covering 4000sqm	160 Motorists	O'lkalou Town	Complete
7	Common Drain	Construction 450 Meters long Storm water drain. The drain is Covered reinforced and runs along the railway line on the lower side of the main CBD. The drain is projected to control floods prone to Bahati Estate.	3,000 people	Ol Kalou Town	Complete
8	Improvement of Estate Roads to	2.7 Km bitumen works	2,500 households	Ol Kalou Town & estates	Complete

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	Bitumen Standards				
9	Construction of Public Pathway	2 Km Paved Pedestrian Walkway	600 people daily	Ol Kalou CBD to JM Hospital.	Complete
10	Construction of Parking Lots	1500 Sqm parking lots 1500 Sqm parking lots/civil works at the new market	100 Motorists	Ol Kalou Town	Complete
13	Solid Waste Management	Fabrication of : • Skip bins • Trash Cans	3,000 people	Ol Kalou Town	Complete
14	Fabrication of Modern Kiosks	• 30 No. Storey Kiosk • 4 No. standalone kiosk	-34 new businesses -50 Job opportunities	Ol Kalou Town	Complete
15	Construction of Ol Kalou Multi-Purpose Hall	• 450 sitting auditorium • 2 conference halls • Management Office	10,000 People	Ol Kalou town	50% complete

Implementation challenges

a). Financial constraints: Municipality often operate with limited financial resources, Balancing budgets, funding essential services, maintaining infrastructure, and meeting community needs can be challenging, particularly when revenue sources are limited or unpredictable. Economic diversification by focusing on diversifying local economies to reduce reliance on agriculture and attract a broader range of businesses will enhance municipal revenue. This could involve supporting entrepreneurship, promoting innovation hubs, and

investing in sectors like technology, renewable energy, cottage industries and creative industries.

b). Infrastructure maintenance and development: Municipality is responsible for maintaining and improving critical infrastructure such as roads, water and sewer systems, public transportation, and solid waste management systems. With limited funding, and increasing demands can strain municipal resources and require careful prioritization.

c). Governance and decision-making: Municipalities often face challenges related to governance and decision-making processes. Balancing the interests of different stakeholders, managing conflicts, and ensuring transparency and accountability in decision-making can be complex. Engaging with the community and incorporating diverse perspectives can also present challenges. To address the challenge, we will increasingly leverage digital technologies to enhance governance and deliver services more efficiently. This may involve the development of online platforms for citizen engagement, digital service delivery, and open data initiatives.

d). Economic development: Municipality play a crucial role in fostering economic development and attracting businesses. However, attracting investment, creating job opportunities, and promoting economic growth can be challenging, particularly in areas with limited resources or economic disadvantages.

e). Environmental sustainability: Municipality is increasingly focused on environmental sustainability, including reducing carbon emissions, improving waste management practices, and promoting renewable energy. Balancing environmental goals with economic considerations and implementing sustainable practices can be a significant challenge.

f). Technological advancements: Keeping pace with rapidly evolving technology and leveraging it to enhance service delivery, improve efficiency, and engage with the community can be a challenge. Adopting and integrating new technologies requires investment, staff training, and careful planning.

Risk management strategies

In all the projects and programs implementation cycles, the municipality conducts continuous risk analysis and use the data to mitigate against any future threats.

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Name: CPA Anne W. Theuri
Municipality Manager

7. Statement of Performance Against Predetermined Objectives for the FY 2022/2023

The Municipality annual budget and program for the financial year strived to achieve the following objectives and goals: -

- Provide for efficient and accountable management of the affairs of the Municipality.
- Provide for a governance mechanism for efficiency in service delivery
- Vigorously pursue the developmental opportunities to enhance the quality of life of the inhabitants of the Municipality.
- Provide a high standard of social services in a cost-effective manner to the inhabitants of the Municipality.
- Promote social cohesiveness and a sense of civic duty
- Fostering the economic, social and environmental well-being of its community

Below we provide the progress on attaining the stated objectives:

Sub Programme	Key Output	Key Performance Indicators
Municipal Planning and Development	Approved Municipal Integrated Strategic Urban Development Plan - ISUDP	Orderly and integrated development Municipal Integrated Strategic Urban Development Plan in place
Local Economy Promotion	Maintenance drainage systems	Reduction in flooding
	Operational Modern Market	Better business working environment Increased number of traders and jobs Food availability and security
	Modern Multi Storey Kiosks	Increased own source revenue Job creation
	Concrete making plant	Job Creation Cheaper construction material Improved revenue
Improvement of infrastructure	Upgraded roads to bitumen/concrete paving blocks standards with accompanying	Improved accessibility Reduced travel time Improved living standards
	Non-motorised transport	Reduced pedestrians' accidents Improved traffic flow & transport system
	Driveways and parking lots	Improved business environment Increased own source revenue

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Sanitation and waste Management	Ablution Block	Improved sanitation Better health
	Skip Bins Trash Cans	Clean and healthy environment Improved solid waste management
Climate change adaptation and environmental Management	Tree planting and beautification	Climate change resilience
Recreational and Social Facilities	Community Multipurpose Hall	Talent enhancement centre Social facility / Source of revenue
	Cemetery	Source of revenue Decent burial ground

8. Corporate Governance Statement

(Two-to-three pages)

Under this section, you may include the following among other relevant matters:

a). Process of appointment and removal of Board members.

Municipal board consist of nine members, four of whom shall be appointed through a competitive process by the county executive committee, and five elected in a prescribed manner as provided under UACA with the approval of the county assembly.

b). Removal of Board member

A Board member can be removed from office by:-

- i) The County Governor
- ii) A resolution of the Board of the Municipality supported by at least two-thirds of the members or
- iii) A resolution by the County Assembly upon a petition by the residents of the Municipality

c). The roles and functions of the Municipality Board member are:

- a. *oversee the affairs of the Municipality;*
- b. *develop or adopt policies, plans, strategies and programs and set targets for service delivery;*
- c. *Formulate and implement an integrated development plan;*

d). Induction and training

To enhance governance the Board has undergone several trainings, Induction and bench marking activities over the years which has improved member's performance,

e). Number of Municipality Board meetings held

In the year the Board held four full board meetings and a number of special board meeting to oversee and direct the affairs of the Municipality.

f). Succession plan

The Board is proactive in planning process involving critical work force positions by developing a pool of potential successors and encouraging a culture that supports knowledge transfer and development in the Municipality

g). Existence of a service charter

For efficient and effective service delivery, the Municipality is guided by set guidelines the informs actions and outcomes

h). Conflict of interest

A Board member, a member of a Board Committee, or staff member, who has any direct or indirect financial interest in the outcome of any transaction with the Municipality, whether individually or through a company, shall disclose such interest to the Board. The Board or Committee member shall not be eligible to vote on any motion or resolution or participate in discussions related to such interest.

i). Board remuneration

The Board sitting allowances is guided by the Salary and remuneration Commission guidelines, however in recognition of the critical role the Board plays in the running of the Municipality there is need for the commission to review the terms and conditions of engagement

9. Management Discussion and Analysis

The FY 2022/2023 marks the first year of the third County Governments administration and in the reporting period, the Board received funding from the County Executive to finance its operations.

On development, focus was made in finalising construction of the ongoing projects funded under the Kenya Urban Support Program in line with the mandate of providing quality infrastructure. The progress and details of the projects under implementation is as provided in the table below:-

Sno.	Project Title	Contract Amount	Funding	Percentage of Work Complete
1	Proposed estate roads bitumen works, paved pedestrians' pathway & parking lots.	62,658,608	KUSP	100%
2	Proposed construction of paving block plant, cemetery, modern kiosks, solid waste management & street beautification.	66,016,065	KUSP	97%
3	Proposed Construction and completion of Olkalou Municipality Multipurpose Social Hall.	38,124,690	KUSP	60%
4	Old Ol Kalou Market Renovation and Associated works	1,999,042	CG	Complete
5	Ol Kalou New Market Installation of metal gates, Maintenance works and signage	2,498,622	CG	Complete

The Municipality budget allocation from the county government for the financial year amounts to Kshs 33 million. Out of this, 28 million is recurrent and includes an allocation for maintenance of KUSP projects and purchase of Municipal vehicle. Ksh 5 million for development is for infrastructure development.

a. Municipality's compliance with statutory requirements,

As per statutory requirement as entrenched in the Public Financial Management Act, 2012, the municipality has complied with all the requirements in terms of timely reporting, auditing and oversight

b. Major risks facing the Municipality, material arrears in statutory and other financial obligations,

The municipality has managed to avert and control risk and there is no outstanding financial obligation

Pictorial presentation of some of the projects undertaken

Pedestrian Walkway



ESTATE ROADS: BITUMEN AND DRAINAGE WORK

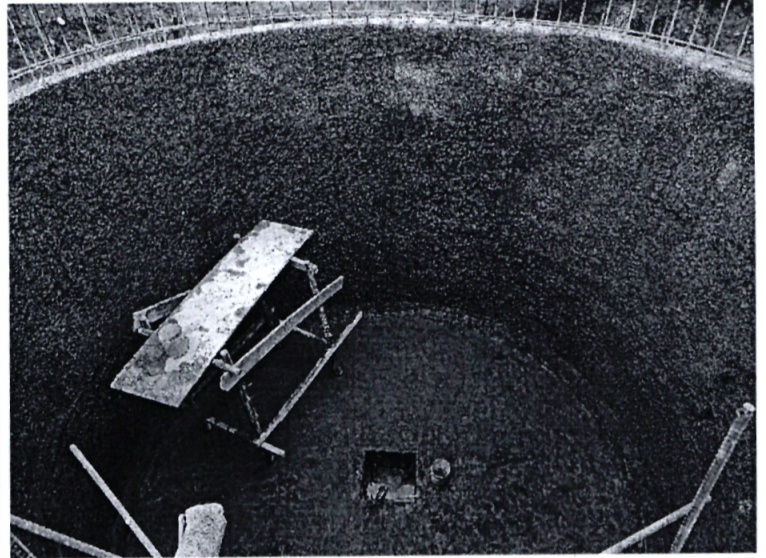
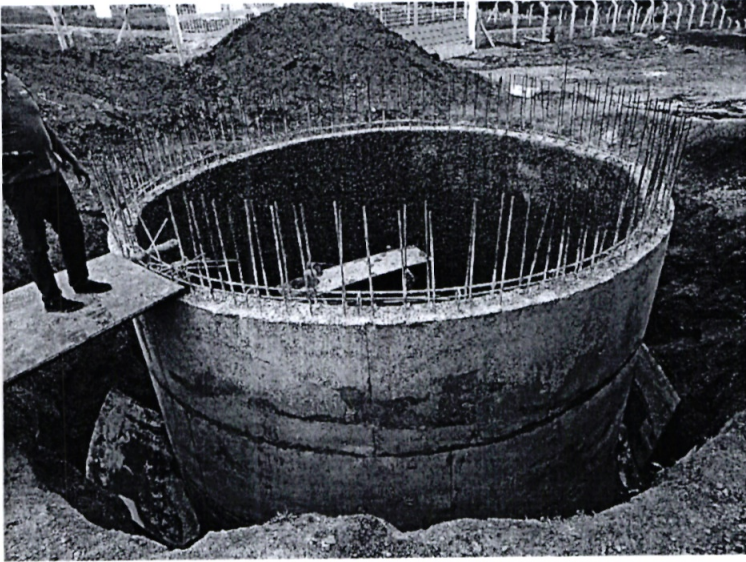


Market Driveways & Parking Lots

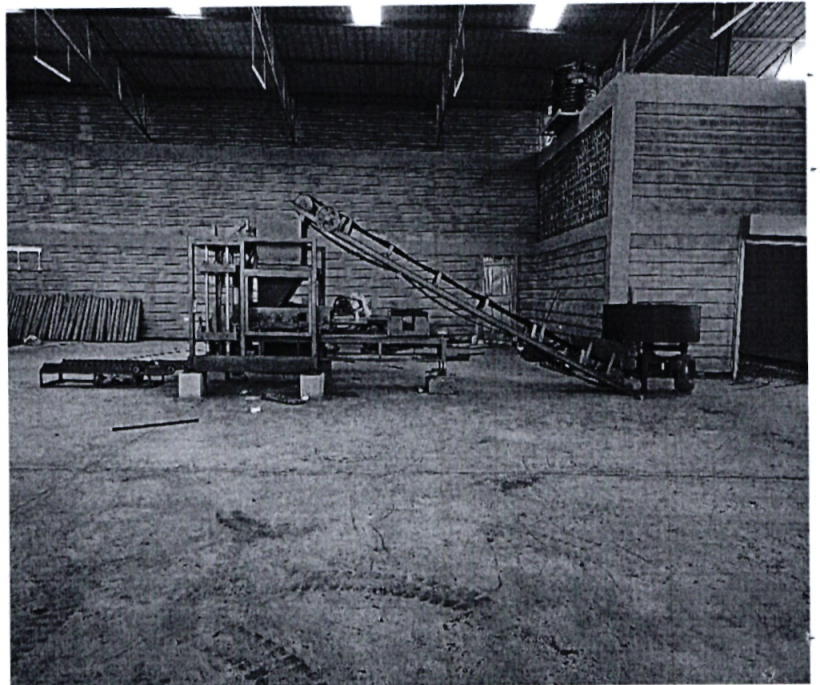


Paving Block Plant

underground tank



Installation of Paving Block Machine



Ablution Block (Ndemi)



Cemetery



Double Storey



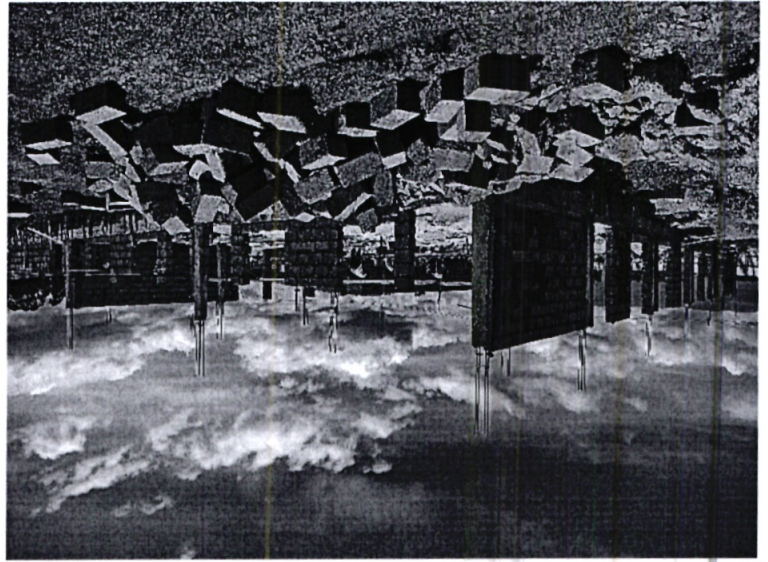
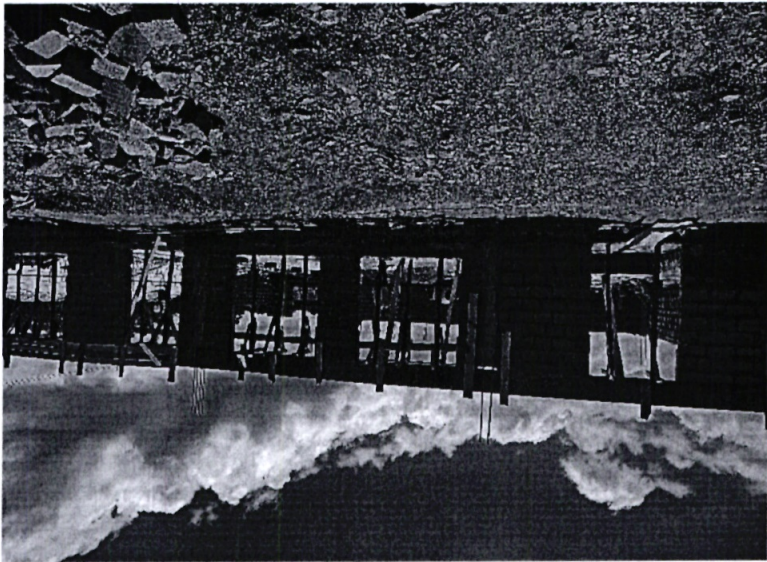
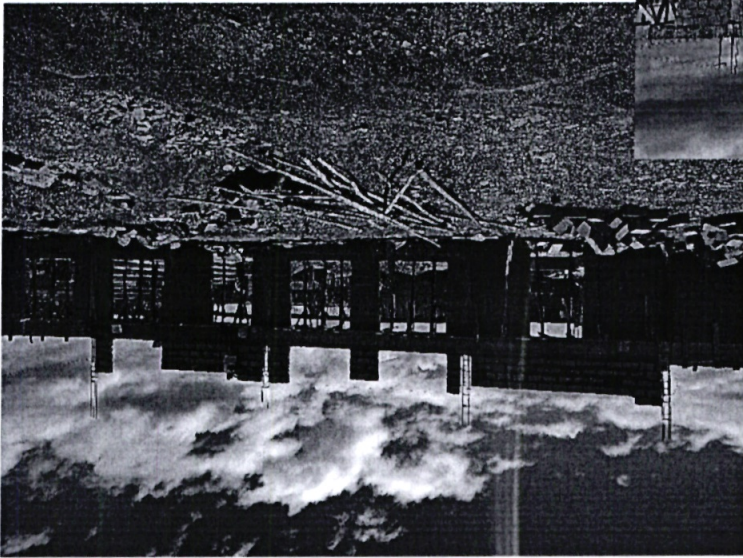
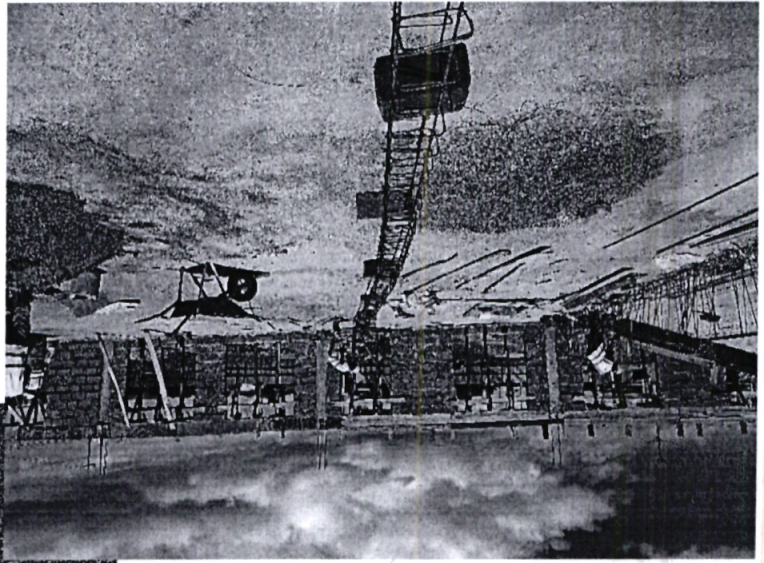
*County Government of Nyandarua
Ol Kalou Municipality
Annual Report and Financial Statements for the year ended June 30, 2023*



FY 2020/2021

Construction of the fixed step sitting





Construction of super structure walling and beams

10. Report of the Municipality Board Members

The Board Members submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Municipality affairs.

Principal activities

The principal activities of the Municipality are

- 1) Provide for a governance mechanism that will enable the inhabitants of the Municipality to:
 - a) Participate in determining the social services and regulatory framework which will best satisfy their needs and expectations. /
 - b) Verify whether public resources and authority are utilized or exercised, as the case may be, to their satisfaction.
 - c) Enjoy efficiency in service delivery. /
- 2) Vigorously pursue the developmental opportunities which are available in the Municipality and to institute such measures as are necessary for achieving public order and the provisions of civic amenities, so as to enhance the quality of life of the inhabitants of the Municipality.
- 3) Provide a high standard of social services in a cost-effective manner to the inhabitants of the Municipality.
- 4) Promote social cohesiveness and a sense of civic duty and responsibility among the inhabitants and stakeholders in the Municipality in order to facilitate collective action and commitment towards achieving the goal of a harmonious and stable community.
- 5) Providing for services, laws and other matters for Municipality's benefit.
- 6) Fostering the economic, social and environmental well-being of its community

Performance

The performance of the Municipality for the year ended June 30, 2023 are set out on page 1 to 48

Board Members

The members of the Board who served during the year are shown on page viii to x.

Auditors

The Auditor General is responsible for the statutory audit of the Municipality in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



.....
Name: CPA Anne W. Theuri
Secretary of the Board

11. Statement of Management's Responsibilities

Section 180 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer of the Municipality established by Urban Areas and Cities Act No. 13 of 2011 shall prepare financial statements in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Municipality manager is responsible for the preparation and presentation of the Municipality's financial statements, which give a true and fair view of the state of affairs of the Municipality for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Municipality, (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 Municipality, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Municipality Manager accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *Urban Areas and Cities Act No. 13 of 2011*. The Municipality Manager is of the opinion that the financial statements give a true and fair view of the state of Municipality's transactions during the financial year ended June 30, 2023, and the financial position as at that date.

The Municipality Manager further confirms the completeness of the accounting records which have been relied upon in the preparation of financial statements as well as the adequacy of the systems of internal financial control.


In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern. Nothing has come to the attention of the Municipality Manager to indicate that the Municipality will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Municipal's financial statements were approved by the Board on 13/12 2023 and signed on its behalf by:


.....

Name: Pricillah W. Mwirigi
Chairperson of the Board


.....

Name: Judyleah G. Waihenya
Accounting officer of the Board

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON OL KALOU MUNICIPALITY FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

I draw your attention to the contents of my report, which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance, which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Ol Kalou Municipality set out on pages 1 to 46, which comprise the statement of financial position as at 30 June, 2023 and statement of financial performance, statement of changes in net

Report of The Auditor-General on Ol Kalou Municipality for the year ended 30 June, 2023

assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Ol Kalou Municipality as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Urban Areas and Cities Act, 2011, the Municipality Ol Kalou Municipal Charter, 2019 and the Public Finance Management Act, 2012

Basis for Qualified Opinion

Unconfirmed Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment with a net book value of Kshs.233,187,485 as disclosed in Note 24 to the financial statements. The balance includes buildings valued at Kshs.32,329,518 with accumulated depreciation totaling Kshs.3,276,162. However, there was no approved depreciation policy for the Municipality assets. In addition, computers, office equipment and fittings with a reported balance of Kshs.3,122,910 were not tagged.

In the circumstances, the accuracy and completeness of the property, plant and equipment amount of Kshs.233,187,485 as at 30 June, 2023 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Ol Kalou Municipality Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final recurrent budget and actual on comparable basis of Kshs.9,560,494 and Kshs.14,785,840 respectively, resulting in over-expenditure of Kshs.5,225,346 or 55% of the budget without approval. Further, the statement reflects actual capital expenditure of Kshs.42,657,690 against final capital expenditure budget of Kshs.86,693,498, resulting in under-expenditure of Kshs.44,035,808 or 51% of the budget.

The under-performance of the budget affected planned activities and impacted negatively on service delivery to the public.

2. Undesirable Financial Performance

In the year ended 30 June, 2022, the Municipality reported a surplus of Kshs.14,624,669 as compared to the deficit of Kshs.13,640,484 realized in the year ended 30 June, 2023.

The undesirable financial performance if not reversed in future may affect the operations of the Municipality, thereby impacting negatively on service delivery to the public.

My opinion is however, not modified in respect of these matters.

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. There were no key audit matters to report in the year under review.

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 matter 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

Inadequate Composition of Municipality Board

Review of the Municipality Board composition revealed that the Board had six (6) members instead of the required nine (9) members as stipulated in Section 14 of the Urban Areas and Cities (Amendment) Act, 2019. Further, the Board did not meet the threshold as per Section 14(4) of the Act with regards to gender equality, representation of persons with disability, youth and marginalized groups.

In the circumstances, the effectiveness of the Board's performance could not be confirmed. Further, Management was in breach of the law.

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 section 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. Absence of Internal Audit Function

During the year under review, it was noted that the Municipality did not have an internal audit function and the requisite audit charter and work plans. Though the Management argued that it entirely used the County Government's internal audit department, there was no evidence that the said department conducted any audit contrary to Regulation 153 (1)(a) which states that internal auditors shall evaluate budgetary performance, financial management, transparency and accountability mechanisms and processes in County Government entities.

In the absence of an internal audit function, it was not possible to confirm whether the internal controls built within the financial and operational systems were functioning as intended during the year under review. Additionally, the Management was in breach of the law.

2. Lack of Risk Management and Fraud Policies

The Municipality did not have in place fraud and risk management policies during the year under review. This is contrary to Section 158(1)(a) and (b) of the Public Finance Management Act (County Governments) Regulations, 2015 which requires the Accounting Officer to develop risk management strategies which include fraud prevention mechanism and internal control that builds robust business operations.

In the absence of a risk management and fraud policy, it has not been possible to confirm whether the internal controls built within the financial and operational systems were functioning as intended during the year under review.

3. Weaknesses in Information Communication Technology (ICT) Environment

Review of the Municipality's ICT systems revealed that there was no approved ICT policy for governance and management of its ICT resources. In addition, there is no ICT steering committee in place to assist in the development of ICT policy framework to enable the Municipality to realize long-term ICT strategic goals. Lack of an approved ICT policy may result in an unclear direction regarding maintenance of information security across the organization and safeguarding the Municipality's ICT assets.

In the circumstances, existence of effective ICT controls could not be confirmed.

4. Lack of a Finance and Accounting Policy Manual

During the year under review, the Municipality had not developed its own finance and accounting manual among other policy manuals to guide Management in processing financial transactions. This is contrary to Section 149(2)(e) of the Public Finance Management Act, 2012 which states that in carrying out a responsibility imposed by subsection (1), an accounting officer shall, in respect of the entity concerned ensure all applicable accounting and financial controls, systems, standards, laws and procedures are followed when procuring or disposing of goods, adequate arrangements are made for their custody, safeguarding and maintenance.

In the circumstances, the internal control system in place was weak and susceptible to override by management.

5. Under Staffing

The Municipality had a staff establishment of Seventy (70) staff members as at 30 June, 2023. However, only twenty-one (21) officers were in-post as per the provided organization structure resulting into a shortage of forty-nine (49) staff members.

In the circumstances, the understaffing hampers the effective discharge of the mandate of the Municipality.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective 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 the Municipality Board

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are

in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Municipality Board is responsible for overseeing the Municipality's financial reporting process, reviewing the effectiveness of how the Municipality 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 overall 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 overall 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 policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Municipality to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Municipality 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL
Nairobi

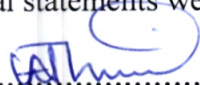
15 January, 2024

Report of The Auditor-General on Ol Kalou Municipality for the year ended 30 June, 2023

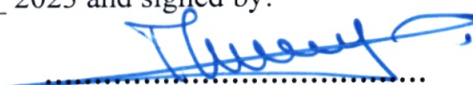
13. Statement of Financial Performance for the Year Ended 30 June 2023.

Description	Notes	FY 2022/2023	FY 2021/2022
		KShs	KShs
Revenue from non-exchange transactions			
Transfers from the County Government	6	1,145,356	34,122,081
Public contributions and donations	7	-	-
Levies Fines and Penalties	8	-	-
Other revenues (<i>Specify</i>)	9	-	-
		1,145,356	34,122,081
Revenue from exchange transactions			
Interest income	10	-	-
Misleneous Income	11	-	-
		-	-
Total revenue		1,145,356	34,122,081
Expenditure			
Use of goods and services	12	14,785,840	18,837,512
Staff costs	13	-	-
Board expenses	14	-	659,900
Finance costs	15	-	-
Repairs and Maintenance	17		
Total expenses		14,785,840	19,497,412
Other gains/losses			
Gain/loss on disposal of assets	18	-	-
Surplus/(deficit) for the period		(13,640,484)	14,624,669

The notes set out on pages 22 to 44 form an integral part of these Financial Statements. The entity financial statements were approved on 13/12 2023 and signed by:

.....


Name: CPA Anne Theuri
Municipality Manager

.....


Name: CPA Juvenalis Thiongo
Head of Finance
ICPAK M/No. 6358

County Government of Nyandarua
 Ol Kalou Municipality
 Annual Report and Financial Statements for the year ended June 30, 2023

14. Statement of Financial Position as at 30 June 2023

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	19	64,477,695	107,264,427
Receivables from exchange transactions	20	-	-
Receivables from Non- exchange transactions	21	-	-
Prepayments	22	-	-
Inventories	23	-	-
		64,477,695	107,264,427
Non-current assets			
Property, plant, and equipment	24	233,187,485	195,805,935
Intangible assets	25	-	-
Total Non-current Assets		233,187,485	195,805,935
Total assets		297,665,180	303,070,362
Liabilities			
Current liabilities			
Trade and other payables	26	19,245,738	12,204,994
Provisions	27	-	-
Borrowings	28	-	-
Employee benefit obligations	29	-	-
Employee benefit obligations	30		
Deferred Income	31		
Social Benefits	32		
		19,245,738	12,204,994
Non-current liabilities			
Provisions	27	-	-
Borrowings	28	-	-
Non-current employee benefit obligation	29	-	-
Non-current employee benefit obligation	30		
Deferred Income	31		
Social Benefits	32		
Total Non-current liabilities		-	-
Total liabilities		19,245,738	12,204,994
Net assets		278,419,442	290,865,368
Capital/Development Grants/Fund		1,194,559	-

County Government of Nyandarua

Ol Kalou Municipality

Annual Report and Financial Statements for the year ended June 30, 2023

Reserves		290,865,368	276,240,699
Accumulated surplus		- 13,640,484	14,624,669
Total net assets and liabilities		278,419,442	290,865,368

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 13/12 2023 and signed by:



.....
Name: CPA Anne Theuri

Municipality Manager

Date: 28/09/2023



.....
Name: CPA Juvenalis Thiongo

Head of Finance

ICPAK M/No. 6358

Date: 28/09/2023

15. Statement of Changes In Net Assets For the Year Ended 30 June 2023

Description	Capital/ Development Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
Balance as at 1 July 2021	-	-	276,240,699	276,240,699
Surplus/(deficit) for the period	-	-	14,624,669	14,624,669
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2022	-	-	290,865,368	290,865,368
	-	-	-	-
Balance as at 1 July 2022	-	-	290,865,368	290,865,368
Surplus/(deficit) for the period	-	-	13,640,484	13,640,484
Funds received during the year	-	-	1,194,559	1,194,559
Revaluation gain	-	-	-	-
Balance as at 30 June 2023	-	-	278,419,442	278,419,442

16. Statement Of Cash Flows for the Year Ended 30 June 2023

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6	1,145,356	34,122,081
Public contributions and donations	7	-	-
Interest received	10	-	-
<i>Other receipts (Specify)</i>	11	-	-
Total Receipts		1,145,356	34,122,081
Payments			
Use of goods and services	12	14,785,840	18,837,512
Staff costs	13	-	-
Board expenses	14	-	659,900
Finance costs	15	-	-
Total Payments		14,785,840	19,497,412
Adjusted for:			
Decrease/(Increase) in Accounts receivable:			
Increase/(Decrease) in Accounts Payable:		7,040,744	8,708,686
Depreciation	16	5,276,120	9,984,547
Net cash flows from operating activities	33	1,323,621	33,317,902
Cash flows from investing activities			
Purchase of PPE & intangible assets	24	42,657,670	92,774,974
Proceeds from sale of PPE		-	-
Net cash flows used in investing activities		42,657,670	92,774,974
Cash flows from financing activities			
Receipts from Capital grants		1,194,559	-

County Government of Nyandarua
Ol Kalou Municipality

Annual Report and Financial Statements for the year ended June 30, 2023

Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		1,194,559	-
Net increase/(decrease) in cash & cash equivalents		42,786,732	59,457,072
Cash And Cash Equivalents At 1 July 2022	19	107,264,427	166,721,499
Cash And Cash Equivalents At 30th June 2023	19	64,477,695	107,264,427

(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting).

17. Statement of Comparison of Budget & Actual Amounts for the Year ended 30 June 2023

Description	Original Budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	c=(a+b)	d	e=(c-d)	f=d/c
Revenue		Kshs.	Kshs.	Kshs.	Kshs.	
Transfers from the County Government	-	1,145,356	1,145,356	1,145,356	-	100%
Public contributions and donations	-	-	-	-	-	0%
Interest income	-	-	-	-	-	0%
Other income (<i>specify</i>)	-	-	-	-	-	0%
Total Revenue	-	1,145,356	1,145,356	1,145,356	-	100%
Expenses						0%
Use of goods and services	9,560,494	-	9,560,494	14,785,840	- 5,225,346	155%
Board expenses	-	-	-	-	-	0%
Staff Costs -Casuals	-	-	-	-	-	0%
Finance costs	-	-	-	-	-	0%
Total Expenditure	9,560,494	-	9,560,494	14,785,840	- 5,225,346	155%
Surplus for the period	- 9,560,494	1,145,356	- 8,415,138	- 13,640,484	5,225,346	0%
Capital Expenditure	85,498,939	1,194,559	86,693,498	42,657,690	44,035,808	49%

Budget notes

- a) Budget adjustments on revenue and Capital amounting to Kshs 1,145,356 and Kshs 1,194,559 represents additional funding from KUSP UIG and UDG respectively
- b) Some Projects under KUSP have extended beyond the FY hence under absorption of funds at 49%

18. Notes to the Financial Statements

1. General Information

Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act, County Government Act and Public Financial Management Act. The Municipality is under the Nyandarua County Government and is domiciled in Kenya.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts, and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the Ol Kalou Municipality's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Ol Kalou Municipality.

The financial statements have been prepared in accordance with the PFM Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Application of New and revised standards (IPSAS)

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p>

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Standard	Effective date and impact:
	<p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • <i>IPSAS 29: Financial instruments: Recognition and Measurement Standard</i> no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. *Early adoption of standards*

The Entity did not early – adopt any new or amended standards in the financial year.

(Notes to financial statements continued)

4. Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *Entity* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income for each period.

b) Budget information

The original budget for FY 2022/2023 was approved by the County Assembly on 25th May 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Municipality upon receiving the respective approvals in order to conclude the final budget.

The Municipality's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial

statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Municipality recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

d) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

(Significant accounting policies continued)

e) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial Assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

(Significant accounting policies continued)

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

(Significant accounting policies continued)

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss.

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

f) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

Raw materials: purchase cost using the weighted average cost method

Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Municipality.

(Significant accounting policies continued)

g) Provisions

Provisions are recognized when the Municipality has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Municipality expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

h) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

i) Contingent liabilities

The Municipality does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

(Significant accounting policies continued)

j) Contingent assets

The Municipality does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs

k) Nature and purpose of reserves

The Municipality creates and maintains reserves in terms of specific requirements.

l) Changes in accounting policies and estimates

The Municipality recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

m) Employee benefits – Retirement benefit plans

The Municipality provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the Municipality does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to scheme obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefits are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

(Significant accounting policies continued)

n) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported in the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

p) Related parties

The Municipality regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Municipality, or vice versa. Members of key management are regarded as related parties and comprise the Board members, the Municipality Managers and Municipality Accountant.

q) 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 various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short-term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

(Significant accounting policies continued)

r) Comparative figures

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

s) Events after the reporting period

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorized for issue.

Two types of events can be identified:

(a) Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and

(b) Those that are indicative of conditions that arose after the reporting date (*non-adjusting events after the reporting date*).

There was no material adjusting and non- adjusting events after the reporting period.

t) Currency

The financial statements are presented in Kenya Shillings (Kshs.) and the values rounded off to the nearest shilling.

5. Significant judgments and sources of estimation uncertainty

The preparation of the Municipality's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

There was no judgements, estimates and assumptions made.

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Municipality based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Municipality. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- i) The condition of the asset based on the assessment of experts employed by the Municipality.
- ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- iii) The nature of the processes in which the asset is deployed.
- iv) Availability of funds to replace the asset.
- v) Changes in the market in relation to the asset.

Notes to the Financial Statements

6. Transfers from the County Government

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Transfers from County Govt. - Recurrent	1,145,356	
Payments by County on behalf of the entity	-	-
Unconditional development grants		34,122,081
Total	1,145,356.00	34,122,081.00

(Additional allocation from KUSP)

7. Public Contributions and Donations

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

8. Levies, Fines and penalties

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Levies	-	-
Fines	-	-
Penalties	-	-
Others (indicate and specify)	-	-
Total	-	-

9. Other Revenues from Non-Exchange Transactions

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Transfers from other government entities	-	-
Others (indicate and specify)	-	-
Total	-	-

(Notes to The Financial Statements Continued)

10. Interest income

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Interest income from investments	-	-
Interest income on bank deposits	-	-
Others (Specify)	-	-
Total interest income	-	-

11. Other/Miscellaneous income

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Income from sale of tender documents	-	-
Others (specify)	-	-
Total other income	-	-

12. Use of Goods and Services

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Utilities, supplies and services	-	-
Communication, supplies and services	-	-
Domestic travel and subsistence	-	178,500
Field Allowances	-	
Foreign travel and subsistence	-	

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Printing, advertising, supplies & services	-	-
Rent and rates	-	-
Training expenses	467,400	-
Hospitality supplies and services	-	-
Insurance costs	-	-
Specialized materials and services	-	1,466,400
Office and general supplies and services	-	398,548
Fuel, oil and lubricants	-	141,500
Other operating expenses (<i>Tree Planting & Solid waste management</i>)	-	311,460
Routine maintenance – vehicles and other equipment	-	-
Routine maintenance – other assets	-	-
Contracted Professional Services	9,035,000	6,348,386
Audit fees		
Hire of Transport, equipment etc	-	-
Bank Charges	7,320	8,170
Depreciation and amortisation	5,276,120	9,984,547
Total	14,785,840	18,837,512

13. Staff costs

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Salaries and wages	-	-
Staff gratuity	-	-
Social security contribution	-	-
Other staff costs (<i>Specify</i>)	-	-
Total	-	-

Notes to the Financial Statements

(Notes to The Financial Statements Continued)

14. Board expenses

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Chairman/Members' Honoraria	-	-
Sitting allowances	-	-
Medical Insurance	-	-
Induction and Training	-	-
Travel and accommodation	-	659,900
Conference Costs	-	-
Other allowances (<i>Specify</i>)	-	-
Total	-	659,900

15. Finance costs

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
Total	-	-

16. Depreciation and amortization

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Property, plant and equipment	5,276,120	9,984,547
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	5,276,120	9,984,547

(Notes to The Financial Statements Continued)

17. Repairs and Maintenance

Description	FY 2022/2023	FY 2021/2022
	KShs.	KShs.
Property- Buildings	-	-
Office equipment	-	-
Furniture and fittings	-	-
Motor vehicle expenses	-	-
Maintenance of civil works	-	-
Total repairs and maintenance	-	-

18. Gain/(loss) on disposal of assets

Description	FY 2022/2023	FY 2021/2022
	KShs.	KShs.
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

19. Cash and cash equivalents

Description	FY 2022/2023	FY 2021/2022
	KShs.	KShs.
Fixed deposits account	-	-
On – call deposits	-	-
Current account	64,477,695	107,264,427
Others(<i>specify</i>)	-	-
Total cash and cash equivalents	64,477,695	107,264,427

Detailed analysis of the cash and cash equivalents are as follows:

Financial institution	Account number	FY 2022/2023	FY 2021/2022
		KShs.	KShs.
a) Fixed deposits account			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
Sub- total		-	-
b) On - call deposits			

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Kenya Commercial bank		-	-
Equity Bank - etc		-	-
Sub- total		-	-
c) Current account			
Kenya Commercial bank		-	-
Equity Bank	0620277326491	54,239,485	97,703,933
Equity Bank	0620278998041	10,238,210	9,560,494
Sub- total		64,477,695	107,264,427
d) Others(specify)		-	-
Cash in transit		-	-
Cash in hand		-	-
Mobile Money		-	-
Sub- total		-	-
Grand total		64,477,695	107,264,427

20. Receivables from exchange transactions

Description	FY 2022/2023		FY 2021/2022	
	Kshs.		Kshs.	
Current Receivables				
Service, water and electricity debtors	-		-	
Other exchange debtors	-		-	
Less: impairment allowance	-		-	
Total Current receivables (a)	-		-	
Non-Current receivables				
Service, water and electricity debtors	-		-	
Other exchange debtors	-		-	
Less: impairment allowance	-		-	
Total Non- current receivables (b)	-		-	
Total receivables from exchange transactions	-		-	

Ageing analysis for Receivables from exchange transactions

Description	FY 2022/2023		Insert Comparative FY	
	Kshs.		Kshs.	

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	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

21. Receivables from Non-Exchange transaction

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Transfer from County Executive	-	-
Transfer from other Fund	-	-
Total receivables from non-exchange transactions	-	-

Ageing analysis for Receivables from non-exchange transactions

Description	FY 2022/2023		Insert Comparative FY	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

22. Prepayments

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(<i>specify</i>)	-	-
Total	-	-

(Notes to The Financial Statements Continued)

23. Inventories

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Stationery	-	-
Consumables	-	-
Other inventories(<i>specif y</i>)	-	-
Total inventories at the lower of cost and net realizable value	-	-

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(Notes to the Financial Statements Continued)

24. Property, Plant and Equipment

Description	Buildings	Roofworks	Motor Vehicles	Furniture and fittings	Computers and office equipment	Other Asset-Solar Lighting Infrastructure	Capital Work in progress	Total
	KSh	KSh	KSh	KSh	KSh	KSh	KSh	KSh
At 1 st July 2020	29,917,547	50,025,056	17,932,324	6,484,930	1,500,000	11,959,436		117,819,294
Additions		14,817,985					2,541,580	17,359,565
Disposals	-		-		-			-
Transfer/adjustments	-		-		-			-
At 30 th June 2021	29,917,547	64,843,041	17,932,324	6,484,930	1,500,000	11,959,436	2,541,580	135,178,859
At 1 st July 2021	29,917,547	64,843,041	17,932,324	6,484,930	1,500,000	11,959,436	2,541,580	135,178,859
Additions	5,688,132						89,628,423	95,316,555
Disposals	-		-		-			-
Transfers/adjustments	-		-		-		2,541,580	2,541,580
At 30 th June 2022	35,605,680	64,843,041	17,932,324	6,484,930	1,500,000	11,959,436	89,628,423	227,953,833
At 1 st July 2022	35,605,680	64,843,041	17,932,324	6,484,930	1,500,000	11,959,436	89,628,423	227,953,833

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Depreciation	890,142	-	2,241,541	648,493	300,000	1,195,944		5,276,120
Disposals								
Impairment								
Transfer/adjustment								
At 30th June 2023	3,276,161	-	17,932,325	2,756,095	1,500,000	11,959,437	-	37,424,018
Net book values								-
At 30th June 2022	33,219,660	64,843,041	2,241,541	4,377,328	300,000	1,195,944	89,628,423	195,805,935
At 30th June 2023	32,329,518	130,568,631	-	3,728,835	-	-	66,560,503	233,187,485

WIP represents on going projects

(Notes to The Financial Statements Continued)

25. Intangible assets

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

26. Trade and other payables from exchange transactions

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Trade payables	-	-
Retentions	10,210,738	12,204,994
Accrued expenses	-	-
Other payables (<i>Consultancy outstanding invoice</i>)	9,035,000	-
Total trade and other payables	19,245,738	12,204,994

Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	13,347,903	69%	9,098,370	75%
1-2 years	5,897,835	31%	3,106,624	25%
2-3 years	-	0%	-	0%
Over 3 years	-	0%	-	0%
Total	19,245,738	100%	12,204,994	100%

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27. Refundable deposits from customers

Description	FY 2022/2023		FY 2021/2022	
	KShs		KShs	
Rent deposits	-		-	
Others (<i>specify</i>)	-		-	
Total	-		-	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

28. Provisions

Description	FY 2022/2023		FY 2021/2022	
	KShs		KShs	
Balance at the beginning of the year	-		-	
Additional Provisions (<i>Specify</i>)	-		-	
Provision utilised	-		-	
Balance at the end of the year	-		-	
Current Portion of provision	-		-	
Long term portion of provision	-		-	
Total Provisions	-		-	

29. Borrowings

The table below shows the classification of borrowings long-term and current borrowings:

Description	FY 2022/2023		FY 2021/2022	
	KShs		KShs	
Short term borrowings (current portion)	-		-	
Long term borrowings	-		-	
Total	-		-	

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(NB: the total of this statement should tie to note 29 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed)

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Balance at beginning of the period	-	-
Borrowings during the year	-	-
Repayments of borrowings during the period	-	-
Balance at end of the period	-	-

The table below shows the Distribution of borrowings:

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
Total balance at end of the year	-	-

30. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	Total
	Kshs.	Kshs.	Kshs.	Kshs.
Current benefit obligation	-	-	-	-
Non-current benefit obligation	-	-	-	-
Total employee benefits obligation	-	-	-	-

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31. Deferred Income

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
National/County Government	-	-
International Funding Bodies	-	-
Public Contributions and Donations	-	-
Total Deferred Income	-	-

The deferred income movement is as follows:

Description	County Government	International Funding Bodies	Public Contributions	
	Kshs	Kshs	Kshs	Kshs
Balance brought forward	-	-	-	-
Additions during the year	-	-	-	-
Transfers to capital fund	-	-	-	-
Transfers to income statement	-	-	-	-
Other transfers	-	-	-	-
Balance carried forward	-	-	-	-

Include columns as needed for the various sources of income deferred

Analysed as:

Description	Amount
	Kshs
Current	-
Non- Current	-
Total	-

Notes to the Financial Statements

32. Social Benefit Liabilities

	2022/2023	2021/2022
	KShs	KShs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
People Living with disabilities benefit scheme		
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.

33. Cash generated from operations

	2022/2023	2021/2022
	KShs	KShs
Surplus/ (deficit) for the year before tax	(13,640,484)	14,624,669
Adjusted for:		
Depreciation	5,276,120	9,984,547
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	- 1,994,256	8,708,686
Net cash flow from operating activities	- 10,358,620	33,317,902

Notes to the Financial Statements

34. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Municipality include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The Municipality/scheme is related to the following entities:

- a) The County Government.
- b) The Parent County Government Ministry.
- c) County Assembly.
- d) Key management.
- e) Municipality Board; etc.

b) Related party transactions

Description	FY 2022/2023 Kshs.	FY 2021/2022 Kshs.
Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

Description	FY 2022/2023 Kshs.	FY 2021/2022 Kshs.
Board Members	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	FY 2022/2023 Kshs.	FY 2021/2022 Kshs.
Due from parent Ministry	-	-
Due from County Government	-	-
Due from County Assembly	-	-
Total	-	-

Notes to the Financial Statements

e) Due to related parties

Description	FY 2022/2023 Kshs.	FY 2021/2022 Kshs.
Due to parent Ministry	-	-

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Due to County Government	-	-
Due to Key management personnel	-	-
Due to County Assembly	-	-
Total	-	-

35. Contingent liabilities

Contingent liabilities	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Court case xxx against the entity	-	-
Bank guarantees	-	-
Total	-	-

36. Contingent Assets

Contingent liabilities	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Court case xxx against the entity	-	-
Others Specify	-	-
Total	-	-

Notes to the Financial Statements

37. Financial risk management

The Municipality's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Municipality's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Municipality does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Municipality's financial risk management objectives and policies are detailed below:

I. Credit risk

The Municipality has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Municipality's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the Municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount KShs.	Fully performing KShs.	Past due KShs.	Impaired KShs.
At 30 June 2023				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2022				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

Notes to the Financial Statements

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Municipality has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The Municipality Board sets policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

II. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Municipality Manager, who has built an appropriate liquidity risk management framework for the management of the Municipality's short, medium and long-term liquidity management requirements. The Municipality manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Municipality under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month Kshs.	Between 1-3 months Kshs.	Over 5 months Kshs.	Total Kshs.
At 30 Jun 2023				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 Jun 2022				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

Notes to the Financial Statements

III. Market risk

The Board has put in place an internal audit function to assist it in assessing the risk faced by the Municipality on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Municipality's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Municipality's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Municipality's exposure to market risks or the manner in which it manages and measures the risk.

IV. Foreign currency risk

The Municipality has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the Municipality's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	KShs	Other currencies	Total
	KShs	KShs	KShs
At 30 June 20XX (current year)			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

(The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.)

Notes to the Financial Statements

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Fund's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate Kshs	Effect on surplus/deficit Kshs	Effect on equity Kshs
2023			
Euro	10%	-	-
USD	10%	-	-
2022			
Euro	10%	-	-
USD	10%	-	-

V. Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

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VI. Capital risk management.

The objective of the Municipality's capital risk management is to safeguard the Municipality's ability to continue as a going concern. The Municipality capital structure comprises of the following Municipality's:


Description	FY 2022/2023 Kshs.	FY 2021/2022 Kshs.
Revaluation reserve	-	-
Capital/Development Grants Municipality	-	-
Accumulated surplus	-13,640,484	14,624,669
Total Funds	-	-
Total borrowings	0	0
Less: cash and bank balances	64,477,695	107,264,427
Net debt/(excess cash and cash equivalents)	64,477,695	107,264,427
Gearing	0%	0%

19. Appendices

Appendix 1. Progress on Follow up of Auditors Recommendations.

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

1	Under staffing	The staffing issues is an ongoing process and so far, additional staff have been deployed	Partly resolved	FY 2023/2024
2	Lack of Budget approvals	Recommendation implemented	Resolved	
3	Absence of internal audit function	The Audit function is now in place	Resolved	




To be Signed by the Accounting officer of the Entity

Appendix 2: Inter Entity Transfers

FY 2022/2023				
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			1,145,356	
			-	
		Total	1,145,356	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			1,194,559	
			-	
			-	
		Total	1,194,559	
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
		Total	-	

(The above amounts have been communicated to and reconciled with the parent Department in the County.)



Signed by the Head of Accounts of the Entity and the transferring Entities

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Appendix 3: Reporting of Climate Relevant Expenditures

Name of the Organization: Ol Kalou Municipality
 Telephone Number 0723204685
 Email Address anntn@gmail.com
 Name of CEO/MD/Head Anne Theuri

Project Name	Project Description	Project Objective	Project Activities	Q1	Q2	Q3	Q4	Source of Funds	Implementing Partners
Improvement of roads to Bitumen Standards, Public pathway and parking lots	Town beautification	Climate change mitigation and green spaces	Planting and securing of trees	Implementation	Maintenance	Maintenance	Maintenance	KUSP	County Government of Nyandarua

Appendix 4: Disaster Expenditure Reporting Template

Date:
 Entity:

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments