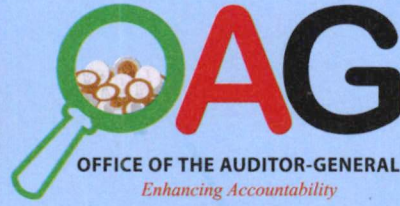


REPUBLIC OF KENYA



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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

| PAPERS LAID        |           |
|--------------------|-----------|
| DATE               | 25/2/2026 |
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| COMMITTEE          |           |
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**MUNICIPALITY OF NYAMIRA**

**FOR THE YEAR ENDED  
30 JUNE, 2025**

**COUNTY GOVERNMENT OF NYAMIRA**

201



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**MUNICIPALITY OF NYAMIRA**  
*County Government of Nyamira*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>TH</sup> JUNE 2025**

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

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**1. Acronyms and Definition of Key Terms**

**A. Acronyms**

|       |  |
|-------|--|
| PSASB | Public Sector Accounting Standards Board |
| FY    | Financial Year                           |
| OSHA  | Occupational Safety & Heath Act          |

**B. Definition of Key Terms**

**Fiduciary Management** - Members of Management directly entrusted with the entity's financial resources.  
**Comparative Year**- Means the prior period.

## 2. Key Entity Information and Management

### a) Background information

Municipality of Nyamira came into existence by the implementation of the Urban Areas and Cities Act No 13 of 2011(amended). The act provides that all urban areas designated as the County Headquarter be upgraded to Municipality status despite not meeting the minimum threshold of infrastructure and population. In 2018, H.E The Governor John Obiero Nyagarama, declared Nyamira a Municipality in accordance with the provisions of the approved Nyamira Municipality charter.

Municipality of Nyamira covers an area of approximately 155 Km2. According to the 2009 Kenya Population Housing Census (KPHC), Nyamira had an estimated population of 164,101. However, Nyamira Municipality's updated estimate population shall be adequately determined once the next census captures data for all the residents within the established boundary.

### b) Principal Activities

#### Vision

A habitable, safe and vibrant municipality

#### Mission

To provide and promote sustainable livelihoods through adequate infrastructural, environmental and social investments

#### Strategic objectives

- Infrastructure and affordable housing development to spur economic growth
- Sustainable waste management system for clean and healthy environment
- Spatial planning framework towards well-coordinated land use & administration
- Social investments to better recreational environment
- Fire & Disaster preparedness for safety purposes
- To promote value addition in food processing and value chain • Promote quality and affordable health care

### c) Key Management

The Municipality of Nyamira management is under the following key organs:

| S/No. | Position   | Name                   |
|-------|--|------------------------|
|       | Chairman of the Board                                |                        |
| 1     | Chief Officer (Lands, Housing and Physical Planning) | Mr. Josephat Gori      |
| 2     | Chief Officer finance                                | CPA, Dr. Azenath Maobe |
| 3     | Other trustees/Committee Members                     |                        |
| 4     | Fund manager and Accounting Officer                  | CPA Morara Mokuu       |

**d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2025 and who had direct fiduciary responsibility were:

| <b>Ref</b> | <b>Position</b>                                  | <b>Name</b>          |
|------------|--|----------------------|
| 1          | Fund Manager/ Accounting Officer                 | CPA Morara Mokuu     |
| 2          | Chief Officer Finance                            | CPA Dr Azenath Maobe |
| 3          | Chief Officer Lands, Housing & Physical Planning | Josephat Gori        |

**e) Fiduciary Oversight Arrangements**

**f) Registered Offices**

P.O. Box 434-40500  
Nyamira County Headquarters  
Konate Senta Road  
Nyamira, KENYA

**g) Contacts**

Telephone: (254) 0738727272/0735232323  
E-mail: nyamiramuni046@gmail.com  
Website: nyamira.go.ke

**h) Bankers**

**1. Central Bank of Kenya**

Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya

**2. Other Banks**

Equity bank of Kenya  
Nyamira Branch  
P.O. 650- 40500  
Nairobi, Kenya

**i) Independent Auditor**

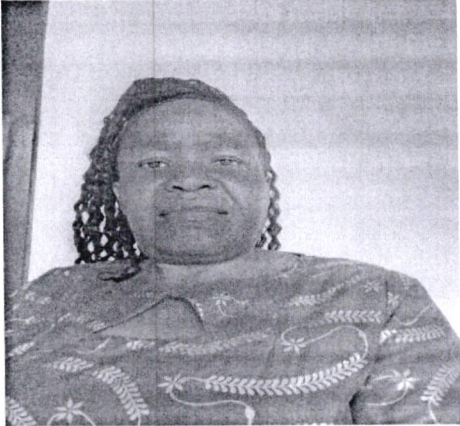

Auditor General  
Office of The Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya



**j) Principal Legal Adviser**

Erastus Orina  
County Attorney  
P.O. Box 434-40500



Nyamira, Kenya

3. City/Municipality Board

| Seria I No. | Name  | Details of qualifications and experience   |
|-------------|---|--|
| 1           |  <p data-bbox="322 904 695 936">CPA.Rebecca M. Onyinkwa</p>  | <p data-bbox="836 376 1477 663">Rebecca M. Onyinkwa is a finance and education management professional with an MBA from Adventist University of Africa and is a Certified Public Accountant (CPA-K). She has served as Chief Finance Officer of the SDA Church, Nyamira Conference, for seven years and is currently the Business Manager at Matutu Adventist Schools.</p> <p data-bbox="836 703 1487 990">She has continually made significant contributions to the boards of several institutions, including Bonyunyu Secondary, Kiabonyoru Girls, Riomego Primary Comprehensive, and Sironga Girls. Her appointment as Chairperson of the Nyamira Municipality Board underscores her commitment to transparency, accountability, and sustainable community development.</p> |
| 2           |  <p data-bbox="424 1473 730 1505">James Boera Onyancha</p> | <p data-bbox="842 1057 1184 1088"><b>Academic Qualifications</b></p> <p data-bbox="842 1111 1465 1214">Mr James Boera Onyancha completed his Bachelor of Science in Information Technology from Jomo Kenyatta University in 2023.</p> <p data-bbox="842 1223 1174 1254"><b>Professional experience</b></p> <p data-bbox="842 1272 1439 1487">He has worked in various organisations as Logistic Assistant- Warehousing, SMEC International Pty ltd, Logistics Assistant/Driver Secours Islamique France (Kenya &amp; Somalia Mission) Procurement &amp; Logistics Officer.</p>   |

|   |   |  |
|---|---|--|
| 3 |  <p>Becky Nyanchama Onyancha</p> | <p>She was born in 30<sup>th</sup> April 1983.</p> <p><b>Academic Qualifications</b></p> <p>Becky Nyanchama Onyancha graduated from The University of Nairobi; Masters in Project Planning and Management in the year 2019</p> <p><b>Professional experience</b></p> <p>Worked in Busia County on monitoring and evaluation of county projects from the year 2019-2022</p> |
| 4 |  <p>Linet Kwamboka Ayora</p>     | <p><b>Academic Qualifications</b></p> <p>Linet Kwamboka Ayora graduated from Kisii University with bachelors of secretarial management and administration in 2018.</p>   |

4. Key Management Team

| S/ No | Name  | Details of qualifications and experience   |
|-------|---|--|
| 1.    |  <p>Mr Steven Kennedy Oboso<br/> Cecm,For Lands,Housing,Physical<br/> Planning And Urban Development</p> | <p><b>Academic Qualifications</b><br/> Mr Oboso completed his Bachelors in law (LLB)from the university of Nairobi in 1989 and proceeded to the kenya school of law the following year for his Diploma.</p> <p><b>Professional experience</b><br/> He started practicing law in the year 1991 and has a long standing career as an advocate of the high court of Kenya.<br/> He worked in the Nyamira County Public Service Board as amember between 2013-2017<br/> He hails from Bosamaro Ward, Nyamira County</p>  |
| 2.    |  <p>CPA Morara Mokua<br/> Municipal manager<br/> <b>Municipality of Nyamira.</b></p>                    | <p><b>Education background</b><br/> CPA Morara Mokua hails from Kiabonyoru ward. He has Masters in business administration (Finance) at The University of Nairobi and bachelors in education from Egerton University. CPA Mokua is a member of the Institute of Certified Public Accountants of Kenya (ICPAK), Institute of Certified Public Secretary of Kenya (ICPSK) and he has a diploma in Forensic Accounting</p> <p><b>Professional Experience</b><br/> CPA Mokua worked for the County Government of Nyamira as the chief officer of Lands,housing and urban development . Before joining the County Government service, CPA Mokua served as A graduate teacher, worked in Equity bank and family Bank. He has a total of 28years working experience</p> |

## **5. Nyamira Municipality Board Chairperson's Report**

Municipality of Nyamira board is composed of 9 members, 4(four) members of the board are appointed through a competitive process 3(three) are nominated by the Governor and approved by the County Assembly. The CECM and CCO Urban Development are automatic members of the Board. The board is headed by chairman and the members who represent the following categories: -

- An association representing private sector
- A cluster representing registered associations of the informal sectors {Jua Kali}
- A cluster representing registered neighbourhood associations {Teachers Associations}
- An association representing professional bodies

The Municipality has completed the following projects,

- Upgrading to bitumen standards borabu Inn-Golan heights-juakali-nyabite market approx.4.0km at a cost of Kshs. 104,373,213.30 FY 2018/2019
- Public works CDF building hospital junction approx. 1km. at cost of Kshs. 82,858,330.47 FY 2019/2020
- Construction and completion of fire station at a cost of 50 519,325.
- Upgrading to bitumen standards Egesieri , Bundo TBC- Biego-Nyaramba road at a cost of ksh 500,000,000 in collaboration with Kenya Urban Roads Authority (KURA) Phase 1 of Ksh 50,000,000 Excuted.

Achievements realised are as follows;

- Streetlights enhanced security and 24-hour economy
- Creation of employment to the youth
- Enhancement of the municipality aesthetics
- Easy movement of goods and people
- Storm water and drainage improvement
- Garbage collection for safe and secure environment

**THE PROPOSED UPGRADING OF PUBLIC WORKS OFFICES – CDF OFFICES –  
NYAMIRA HOSPITAL JUNCTION FROM GRAVEL ROAD STATUS TO BITUMEN  
STANDARDS, CONTRACT NO CGN/C0020T002/2020-2021**



**PROPOSED CONTRUCTION AND COMPLETION OF FIRE STATION FOR THE COUNTY GOVERNMENT OF NYAMIRA –NYAMIRA MUNICIPALITY TENDER NO CGN0C0102021-2022**



**Conclusion**

FY 2024/2025 is a good year in general. Good progress was made and the momentum has been created to enable the Municipality of Nyamira continue on a trajectory into prosperity. I want to appreciate the other county departments especially the department of Finance and Economic Planning for their support when it comes to financial matters.



.....  
**Name: Rebecca Onyinkwa**

**Chairperson of the Board**

## 6. Report of the City/Municipality Manager

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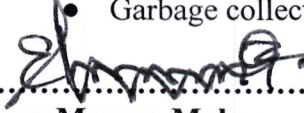
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- Storm water and drainage improvement
- Garbage collection for safe and secure environment

  
.....  
**Name:Morara Mokua**  
**Municipality Manager**

## 7. Statement of Performance Against Predetermined Objectives for the FY 2024/2025

### Introduction

Section 46(2) of the Urban Areas and Cities Act (UACA) 2011 specifies that at the end of each financial year, the board should submit its accounts for the year to the County Executive Committee Member Finance and economic planning for submission to the Auditor General. This is also in line with Section 164 (2) (f) of the Public Finance Management Act, 2012 which requires that at the end of each financial year, the Accounting Officer when preparing financial statements of each County Government should be in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board, includes a statement of the county government Municipality of Nyamira's performance against predetermined objectives. The Municipality of Nyamira shall have all the powers, general and special, governmental or proprietary, expressed or implied, which may be possessed or assumed by municipalities under the Urban Areas and Cities Act and the County Governments Act.

- Municipality of Nyamira borrows heavily from the County's 2023-2027 CIDP. The CIDP identified strategic objectives through a participatory process that reviewed the development priorities of the Governor's Manifesto.

The key development objectives of the Municipality of Nyamira CIDP 2023-2027 plan are to:

- i) Administration and management of education programmes at ECDE & CCC and Vocational Training & Home Craft Centres
- ii) Quality assurance, supervision and maintenance of Standards in ECDE& CCC, VCTs & HCC
- iii) Teacher Management, development and utilization for effective service delivery
- iv) Mobilization and development of curriculum support materials
- v) Auditing of institutional accounts
- vi) Provision of bursaries and grants to institutions,
- vii) Mobilization of resources for infrastructure development.
- viii) Establish Collaboration and Partnership with partners and line ministries
- ix) Infrastructure and affordable housing development to spur economic growth
- x) Sustainable waste management system for clean and healthy environment
- xi) Spatial planning framework towards well-coordinated land use & administration
- xii) Social investments to better recreational environment
- xiii) Fire & Disaster preparedness for safety purposes.
- xiv) to promote value addition in food processing and value chain
- xv) Promote quality and affordable health care

- The Municipality of Nyamira had an annual budget of Kshs. 181,901,798 out of this Kshs. 35,000,000 was for UIG recurrent and Ksh. 146,901,798 was directly funded by County Government.

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Below we provide the progress on attaining the stated objectives:

| <b>Program</b>  | <b>Objective</b>  | <b>Outcome</b>   | <b>Indicator</b>   | <b>Performance</b>   |
|---|---|--|--|--|
| Municipality Management   | Inclusivity in running the municipality's affairs                   | Increased number of Nyamira residents participating in the Municipality's affairs. | We have a project management/ monitoring committee for the Municipality's projects | In FY 2024/2025 we increased the number of activities and people involved.                   |
| Environment and social services                                   | To maintain clean environment to global standards                   | Increase refuse collection and treatment   | 48 % refuse collected  | The Municipality boundaries were covered in refuse collection and treatment                  |
| Municipal infrastructure and disaster management support services | To develop and maintain street and security lighting infrastructure | Increased public safety and security   | 70% reduction of crime   | Street lighting was undertaken within Municipality and there has been 50% reduction in crime |

## **8. Corporate Governance Statement**

### **A. Number of Nyamira Municipality Board meetings held and the attendance to those meetings by members**

The Municipality of Nyamira held all its quarterly meetings and there was an approximately 90% attendance to all of those meetings.

### **B. Succession plan**

When the Municipal Manager is temporarily disabled from acting as Municipal Manager or when the office of the Municipal Manager becomes vacant, the County Governor shall appoint a qualified person to be an Acting Municipal Manager. The County Governor shall inform the County Public Service Board of such appointment within seven (7) days. The Acting Municipal Manager shall have the authority and duties of the Municipal Manager, except that the Acting Municipal Manager may appoint or remove employees only with approval of the Board of the Municipality. An Acting Municipal Manager shall hold office for not more than six months.

### **C. Existence of a service charter**

The Municipality has a service charter.

### **D. Process of appointment and removal of trustees/ Administration Committee members**

The county governor shall, while considering the nominated members identified by the organizations specified, he require the organizations to produce

- a) signed minutes as evidence of an accountable process of nomination;
- b) evidence of compliance with statutory obligations;
- c) vetting form to establish that the nominee has complied with the prescribed criteria for appointment as a member of the board.

A board of a municipality shall be appointed by the county governor with the approval of the county assembly.

The administration committee members shall cease to be member if;

- Is unable to perform the functions of the office by reason of mental or physical infirmity;
- Is declared or becomes bankrupt or insolvent;
- Is convicted of a criminal offence and sentenced to a term of imprisonment of six months or more;
- Resigns in writing to the County Governor;
- Without reasonable cause, the member is absent from three consecutive meetings of the Board or Committee of the Board of the Municipality within one financial year;
- Is found guilty of professional misconduct by the relevant professional body;
- Is disqualified from holding a public office under the Constitution;
- Fails to declare his or her interest in any matter being considered or to be considered by the Board or Board Committees;
- Engages in any gross misconduct; or
- Dies.

**E. Roles and functions of the Administration Committee members.**

- (a) Promotion, regulation and provision of refuse collection and solid waste management services;
- (b) Construction and maintenance of urban roads and associated infrastructure;
- (c) Construction and maintenance of storm drainage and flood controls;
- (d) Construction and maintenance of walkways and other non-motorized transport infrastructure;
- (e) Construction and maintenance of recreational parks and green spaces;
- (f) Construction and maintenance of street lighting;
- (g) Construction maintenance and regulation of traffic controls and parking facilities;
- (h) Construction and maintenance of bus stations and taxi stands;
- (i) Promotion, regulation and provision of animal control and welfare;

**F. Induction and training, Administration Committee members and member's performance**

The administration committee members have so far satisfactorily undergone the following induction and trainings:

- K.U.S.P Induction
- Budget and Finance training
- Procurement and By-laws training

**G. Conflict of interest,**

There is a lack of clear designation and roles between county staffs and Municipality staffs.

**H. Board remuneration**

The chairperson, vice chairperson and members of a board or town committee shall not receive a salary from the board or town committee but shall be paid such allowances and benefits as the county executive committee shall, with the approval of the county assembly, and on the advice of the Salaries and Remuneration Commission, determine.

**I. Ethics and conduct as well as governance audit undertaken if any**

The Municipality has undergone annual internal and external audit by auditor general.

## 9. Management Discussion and Analysis

| Revenue classification | Revenue budget Kshs | Actual (Kshs)     | Realisation (%) |
|------------------------|---------------------|-------------------|-----------------|
| UDG                    | 0                   |                   |                 |
| UIG                    | 35,000,000          | 32,309,300        | 94%             |
| County funding         | 146,901,798         | 65,368,821        | 45%             |
|                        | <b>181,901,798</b>  | <b>97,678,121</b> |                 |

The Municipality has worked on the road projects, upgrading to bitumen standards Borabu inn-Golan heights-juakali-nyabite market for FY 18/19 which is 4.0 KM, and Public works-CDF Offices-hospital junction FY 19/20 which is 1.0 KM. The projects will enhance the security and accessibility within the municipality.

- They created employment opportunities.
- They enhanced the aesthetics of the municipality
- They offered a by-pass from the main road
- They improved storm water drainage

The road project programme was implemented by the Kenya Urban Support Programme; Urban Development Grant which is a World bank grant for development projects. The Urban Development Grant was implemented through the Nyamira Municipality.

The road project was a 4.0KM road that included a main carriage way. This has benefited the resident of Nyamira municipality as follows;

- Enhancing their security and accessibility within the municipality.
- Creating employment opportunities.
- Enhancing the aesthetics of the municipality
- Offering them a by-pass from the main road,
- Improving storm water drainage.

The implementation challenges of strategic objectives for the Municipality of Nyamira and its future outlook include:

- Insufficient budget allocation
- Weak institutional framework
- Inadequate staffs

| Sub Programme  | Key Outputs                        | Key performance Indicators   | Baseline (Current Status) | Planned Targets      | Resource Requirement (KSHS) |
|--|------------------------------------|------------------------------|---------------------------|----------------------|-----------------------------|
| Upgrading to Bitumen standards Borabu inn, Golan Heights, Jua kali, Nyamira boys ,nyabite market | Tarmacked road                     | Kilometres Tarmacked         | 0                         | 4.0km Tarmacked      | 104,373,213                 |
| Public works, CDF offices, hospital junction to bitumen standards                                | Tarmacked road and streets Signage | -Number of streets Addressed | 0                         | 1.0km Road tarmacked | 82,859,330                  |

|                              |  |  |   |  |            |
|------------------------------|--|--|---|--|------------|
|                              |  |  |   |  |            |
| Construction of fire station |  |  | 0 |  | 50,519,325 |

The key risk management strategies include;

- > Establishment of Infrastructure Management Committee for the Municipality projects
- > Adherence to the Occupational safety and health protocols

## **10. Environmental and Sustainability Reporting**

Municipality of Nyamira exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

### **i) Sustainability strategy and profile**

The Municipality of Nyamira is responsible for the provision and promotion of a clean environment for the business community. This is achieved through garbage collection, construction and maintenance of drainages and clearing bushes within the municipality.

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

### **ii) Environmental performance**

This is one of the critical areas of the municipality's services. The municipality in collaboration with the Department of Lands, Housing and Physical Planning has successfully:

- Maintained a clean friendly environment e.g. participating in community clean-up
- Developed and implemented environmental awareness creation programs
- Developed Waste management policies.
- Established measures to mitigate against water, air, noise and other forms of pollution.

### **iii) Employee welfare**

The Municipality of Nyamira Board incorporation with County Government use a human resource manual/policy that takes into account a gender ratio whereby a third of every new recruitment is comprised of women, continuous training being offered to employees on need basis to enhance skills, careers and as well as performance appraisals which are done through performance contracting.

### **iv) Market place practices**

The organisation should outline its efforts to:

#### **a) Responsible competition practice.**

The management has made efforts to equitably offer opportunities to youths, women and persons living with disability. Procurement opportunities are given to bidders as per the guiding procurement laws (PPAD 2015) and equity is in practice ever. There is frequent interaction between bidders and management through pre bidding conferences, site visits, opening of tenders and trainings.

The management has envisaged consumer rights and interests through confidentiality during procurement process and non-disclosure of proprietary rights.

**b) Responsible Supply chain and supplier relations**

The Nyamira Municipality Board after contact execution by the contactor and suppliers, provide full payment and with all factors held constant the process is done with a maximum of 5 days and we endeavour to keep our pending Bills within manageable levels and we pride ourselves in achieving this year in year out.

**c) Responsible marketing and advertisement**

The Nyamira Municipality Board gives opportunities to all and all our advertised are done through local daily newspapers, government portals, websites and notice boards.

**d) Product stewardship**

The Nyamira Municipality Board ensure that design, manufacture, sell, and use consumer products take responsibility for reducing negative impacts to the economy, environment, public health, and worker safety.

**v) Community Engagements**

Nyamira Municipality Board exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy. Putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar.

## 11. Report of the City/Municipality Board Members

The Board Members submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Municipality of Nyamira affairs.

### i) Principal activities

The principal activities of the Fund are to:

- Infrastructure and affordable housing development to spur economic growth
- Sustainable waste management system for clean and healthy environment
- Spatial planning framework towards well-coordinated land use & administration
- Social investments to better recreational environment
- Fire & Disaster preparedness for safety purposes
- To promote value addition in food processing and value chain Promote quality and affordable health care

### ii) Results

The results of the Municipality of Nyamira for the year ended June 30<sup>th</sup>, 2025, are set out on page 1 to 4

### iii) Directors

The members of the Board of Directors who served during the year are shown on page iv to ix.

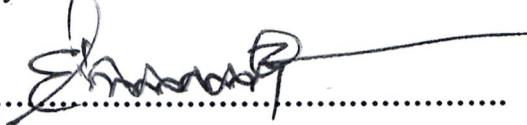
### iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

### v) Auditors

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

By Order of the Board



Name: Morara Mokua

Secretary of the Board

## **12. 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 of Nyamira manager is responsible for the preparation and presentation of the City/Municipality's financial statements, which give a true and fair view of the state of affairs of the City/Municipality for and as at the end of the financial year ended on June 30, 2024. 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 City/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 City/Municipality, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Municipality of Nyamira 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 City/Municipality Manager is of the opinion that the financial statements give a true and fair view of the state of Municipality of Nyamira's transactions during the financial year ended June 30, 2024, and the financial position as at that date.

The City/Municipality of Nyamira 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.

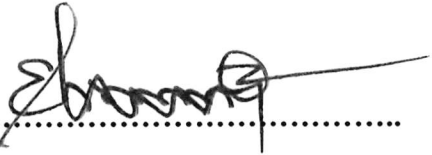
Nothing has come to the attention of the Municipality Manager to indicate that the Municipality of Nyamira will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Municipal of Nyamira financial statements were approved by the Board on 29<sup>th</sup> August 2025 and signed on its behalf by:

.....

**Name: Rebecca Onyinkwa**  
**Chairperson of the Board**

.....

**Name: Morara Mokuia**  
**Accounting officer of the Board**

# REPUBLIC OF KENYA

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**HEADQUARTERS**  
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Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON MUNICIPALITY OF NYAMIRA FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF NYAMIRA**

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### **PREAMBLE**

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

- A. Report on 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 the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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 Municipality of Nyamira set out on pages 1 to 31, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

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*Report of the Auditor-General on Municipality of Nyamira for the year ended 30 June, 2025 - County Government of Nyamira*

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 Municipality of Nyamira as at 30 June, 2025 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 Area and Cities Act, 2011 (Amended) and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unsupported Training Expenses**

The statement of financial performance reflects use of goods and services amount of Kshs.11,352,976, which includes training expenses amount of Kshs.3,755,500 as disclosed in Note 7 to the financial statements. However, the expenditure was not supported by payment vouchers and no evidence was provided to confirm that training needs assessments for each member of staff was conducted during the year.

In the circumstances, the propriety of training expense of Kshs.3,755,500 included in training expenses could not be confirmed.

#### **2. Unsupported Staff Cost**

The statement of financial performance reflects staff costs amount of Kshs.46,361,133. However, the expenditure was not supported by approved payrolls, staff lists, salary approval schedules, EFT instructions, bank statements, statutory remittance schedules and compliance documents such as acknowledgment receipts and regulatory filings. Further, staff costs for the previous financial year (2023/2024) was Kshs.9,788,374, representing an increase of Kshs.36,572,759 (374%) in the current year. The significant increase in staff costs was not explained.

In addition, a review of Integrated Financial Management Information System (IFMIS) payment details revealed that staff costs were processed directly through the County Executive payroll and the following anomalies were noted:

- i) The amount of Kshs.46,361,133 for permanent employees processed through the County Executive's payroll was also reported under Nyamira County Executive employee costs in the statement of financial performance. This resulted in an overstatement of expenses under the County Executive and double counting of the expenditure.
- ii) The payroll ledgers for permanent and pensionable employees covered only the period from November, 2024 to June, 2025. The ledgers for the preceding four months were not

provided for audit review. During this period, the Municipality's staff costs were included in the Department of Lands, Housing, and Urban Development payroll.

Consequently, the accuracy and completeness of staff costs of Kshs.46,361,133 could not be confirmed.

### **3. Unconfirmed Statement of Cash Flows Balance**

The statement of cash flows reflects cash and cash equivalents balance of Kshs.32,469,316 as at 30 June, 2025. The statement reflects purchases of property, plant and equipment, and intangible assets amount of Kshs.15,930,168. However, purchases were not supported by payment vouchers and procurement documents.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.32,469,316 could not be confirmed.

### **4. Unconfirmed Property, Plant and Equipment Balance**

The statement of financial position reflects property, plant and equipment balance of Kshs.182,389,160, which includes additions during the year of Kshs.15,930,168. However, supporting documents for the additions under other assets-roads were not provided for audit review. Further, the property, plant, and equipment balance of Kshs.182,389,160 was not supported by a fixed assets register.

In the circumstances, the accuracy and completeness of the Property, Plant and Equipment balance of Kshs.182,389,160 could not be confirmed.

### **5. Trade and Other Payables Balance**

The statement of financial position reflects trade and other payables balance of Kshs.23,262,168. Review of the trade payable records revealed debts incurred of Kshs.3,478,000 for the supply of fuel during the year under review. However, fuel records, including electronic fuel registers and fuel statements were not maintained to ensure accountability. The register maintained manually did not indicate payment dates.

Further, backdated Local Purchase Orders (LPOs) for the supply by Ms. Energy was issued in January, 2024 for fuel supplied between August and December, 2023 of Kshs.1,478,000 and another LPO for the supply by Ms. Ventures issued in February, 2024 for fuel supplied between August and December 2023 of Kshs.2,000,000.

In the circumstances, the accuracy and completeness of the Trade and Other Payables balance of Kshs.23,262,168 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Municipality of Nyamira Management in accordance with ISSAI 130 on the 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**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on a comparable basis of Kshs.181,901,798 and of Kshs.97,678,122 respectively, resulting to under-funding of Kshs.84,223,676 or 46% of the budget. Similarly, the Fund expended Kshs.73,644,277 against actual receipts of Kshs.97,678,122, resulting to under-absorption of Kshs.24,033,845 or 25% of the receipts.

The under-funding and under-absorption affected implementation of planned activities and programs and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effects of the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

### **Other Matter**

#### **Unresolved Prior Years Audit Matters**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues nor given any explanation for failure to implement the recommendations. This is contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which requires the Accounting Officers designated to try to resolve any issues resulting from an audit that remain outstanding.

An annexure for the issues has been attached to the report of the Auditor General for the financial year 2024/2025.

### **Other Information**

Management is responsible for the Other Information set out on page iii to xxiv which comprise of Key Information and Management, Municipality Board, Key Management Team, Municipality Board Chairperson's Report, Report of the Municipality Manager, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environment and Sustainability Reporting, Report of the Municipality Board Members and Statement of Management's

Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Municipality's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, because of the significance of the matters discussed in the Basis for Qualified Opinion and the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources sections of my report, I confirm that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Lack of Independence of the Entity**

Review of the records and operations of the Municipality of Nyamira revealed lack of operational autonomy despite being granted a Municipal Charter on 24 September, 2018 contrary to Section 9(1) of the Urban Areas and Cities Act, 2011, which requires a municipality to function with administrative and operational independence through its Board, Manager, and designated officers.

Lack of independence and autonomy was noted in the following areas:

- i. The Municipality's budget is prepared and controlled by the County Executive without approval by the Municipal Board.
- ii. Payroll for the Municipal staff is managed by the County Executive, creating a risk of duplication or inconsistent reporting.
- iii. The Municipality's bank accounts are controlled by the County Executive and the Executive made direct payments amounting to Kshs.65,368,821 on behalf of the Municipality. Thus, the funds allocated as provided under Section 43(1)(a) of the Act were not transferred to the Municipality contrary to requirement of Section 12(1) of the Urban Areas and Cities Act, 2011. The Act provides that the Management of a city or municipality

shall be vested in the County, as set out under Sections 13 and 14 of the Act, through a Manager appointed pursuant to Section 28 and such other staff or officers as the County Public Service Board may determine.

In the circumstances, Management was in breach of the law.

### **3. Irregular Engagement of Casual Workers**

Review of human resource and payroll records revealed that Nyamira County Public Service Board (CPSB) employed forty (40) casual employees in the previous financial year and deployed them to Nyamira Municipality.

However, several irregularities were noted:

#### **a) Engagement Beyond Legal Period**

The casual workers were engaged for more than three (3) consecutive months, contrary to the provisions of Section 37 of the Employment Act, 2007, which requires that casual employees engaged continuously for more than three months, or performing work of a permanent nature, to be converted to contracts terms.

#### **b) Lack of Need Assessment Report**

The need assessment report from the Municipality was not provided to confirm the need for engaging the casual workers.

#### **c) Missing Recruitment Documentation**

The recruitment process lacked key supporting documentation including, recruitment approvals from the County Public Service Board, advertisements or calls for applications, interview records and selection criteria.

#### **d) Absence of Performance Appraisals**

No performance evaluations were conducted to assess the suitability and effectiveness of the casuals prior to the renewal of their contracts.

#### **e) Financial Impact**

The expenditure incurred of Kshs.2,346,840 on wages to the casual workers was not supported by evidence to indicate the Municipality required the services.

In the circumstances, Management was in breach of the law.

### **4. Failure to Hold Meetings by the Board**

Review of governance function, board records and Note 9 to the statement of financial performance revealed that the board did not hold any sittings during the year under review. There was no expenditure incurred from the voted Board expenses. This is in contravention of Section 23(1) of the Urban Areas and Cities Act, 2011 (as amended in

2019), which states that a board shall hold its sittings to transact the business of the Board once every three months.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply 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, because of the significance of the matters discussed in the Basis for Qualified Opinion and the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that internal controls, risk management and governance were not effective.

### Basis for Conclusion

#### 1. Payment of Salaries Outside the Government Prescribed Systems

Review of the personnel's records revealed that forty (40) casuals were continuously engaged from July 2024 to January 2025 for a period of seven (7) months. The casuals were paid wages totalling Kshs.2,346,840 for the period. However, the payments were processed outside the Integrated Payroll and Personnel Database (IPPD) system and were not migrated to the Human Resource Information System (HRIS)–Kenya platform. Thus, the expenditure was not subjected to standard payroll controls and system validations.

In the circumstances, the regularity and authenticity of the payments could not be confirmed and internal controls and risk management systems are weak.

#### 2. Unconfirmed Intangible Assets

The statement of financial position and Note 14 to the financial statements reflect intangible assets of Kshs.4,905,000, being Wi-Fi and CCTV system. However, physical verification of the related assets revealed that the Wi-Fi and CCTV system was not

operational and, therefore, did not provide the intended service. The assets may not have met the definition and recognition criteria of intangible assets and value for money may not have been obtained.

In the circumstance, the internal controls are ineffective and losses could be incurred due to poor monitoring of operations.

### **3. Ineffective Internal Audit Function**

Review of internal control, risk management and governance processes and systems revealed that the municipality had an internal audit department. However, an audit work plan and implementation of the same were not evident since there were no internal audit reports provided for audit review. Further establishment of audit committee and functioning of the same could not be confirmed which is contrary to Regulations 163(2) and 172(1) of the Public Finance Management (County government) Regulations, 2015. The Regulations requires development of internal audit work plan and define roles and responsibilities of audit committees respectively.

In the circumstances, effectiveness of internal controls and governance systems could not be determined.

### **4. Lack of Risk Management policy**

Review of records, processes, systems and functions of the Municipality revealed that the Management had not developed a risk management policy and did not carry out risk assessment during the year under review contrary to Regulation 158(1) (a-b) of the Public Finance Management (County Governments) Regulations, 2015. The Regulation states that the Accounting Officer shall ensure that the County Government entity develops risk management strategies.

In the circumstances, the effectiveness of risk management system could not be confirmed and the Municipality was exposed to risks and disruption of its operations.

### **5. Lack of an Approved Strategic Plan**

Review of Municipality records revealed that Management had not established a strategic plan, contrary to Regulation 30(2) of the Public Finance Management (County Governments) Regulations, 2015 which, states that all budget proposals shall be supported by a strategic plan.

In the circumstances, Municipality's capacity to effectively manage and align its activities with its long-term goals and objectives could not be confirmed and therefore controls are weak.

### **6. Lack of Effective Information Technology System**

Review of Municipality's records revealed that the Management had not established an Information Communication Technology department, IT Strategy, IT steering Committee, IT policy, disaster management system, recovery policies, business continuity plan and IT continuity plan to ensure smooth running of its operations.

In the circumstances the Municipality is exposed to loss of vital information which could affect the smooth running of its operations. The internal control, risk management and governance processes and systems are weak.

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

### **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls 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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
**FCPA Nancy Gathungu, SBS**  
**AUDITOR-GENERAL**

**Nairobi**

**28 November, 2025**


## Annexure on Unresolved Prior Years' Matters

| Number | Financial Year | Issue  |
|--------|----------------|--|
|        |                | <b>Qualified Opinion</b>   |
| 1      | 2023/2024      | Misstatement of Cash and Cash Equivalents                                    |
| 2      | 2023/2024      | Unsupported Board Expenses   |
| 3      | 2023/2024      | Understatement of Employee Cost  |
| 4      | 2023/2024      | Understatement of Trade and Other Payables                                   |
| 5      |                | REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES        |
| 6      | 2023/2024      | Unbalanced Budget  |
| 7      | 2023/2024      | Irregular Reallocation of Development Funds                                  |
| 8      | 2023/2024      | Lack of Training Needs Assessment  |
| 9      | 2023/2024      | Weakness in imprest Management   |
| 10     | 2023/2024      | Irregular Engagement of Casual Workers                                       |
| 11     | 2023/2024      | Lack of independence of the Municipality                                     |
|        |                | REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE |
| 12     | 2023/2024      | Inadequacies in Internal Audit Function                                      |
| 13     | 2023/2024      | Lack of Risk Management Policy   |
| 14     | 2023/2024      | Lack of an Approved Strategic Plan   |
| 15     | 2023/2024      | Lack of Information Technology Strategy                                      |
| 16     | 2023/2024      | Performance Review of the Integrated Development Plan                        |

**14. Statement of Financial Performance for The Year Ended 30 June 2025.**

| Description                                   | Note | 2024-2025         | 2023-2024          |
|---|------|-------------------|--------------------|
|   |      | Kshs.             | Kshs.              |
| <b>Revenue from non-exchange transactions</b> |      |                   |                    |
| Transfers from the County Government          | 6    | 97,678,122        | 124,752,413        |
| <b>Total revenue</b>                          |      | <b>97,678,122</b> | <b>124,752,413</b> |
| <b>Expenditure</b>                            |      |                   |                    |
| Use of goods and services                     | 7    | 11,352,976        | 20,659,589         |
| Staff costs                                   | 8    | 46,361,133        | 9,788,374          |
| Board expenses                                | 9    | 0                 | 3,041,600          |
| Depreciation and amortization                 | 10   | 24,953,597        | 23,360,580         |
| <b>Total expenses</b>                         |      | <b>82,667,706</b> | <b>56,850,143</b>  |
| <b>Surplus/(deficit) for the period</b>       |      | <b>15,010,416</b> | <b>67,902,270</b>  |

The notes set out on pages 6 to 31 form an integral part of these Financial Statements. The Municipality of Nyamira financial statements were approved on 29 August 2025 and signed by:

  
 .....

**Name: Morara Mokuia**  
  
**Municipality Manager**

  
 .....

**Name: Justine Nyabuti**  
**Municipality Accountant**  
 ICPAK M/NH/ 34459

## 15. Statement of Financial Position As At 30 June 2025

| Description                      | Note | 2024-2025          | 2023-2024          |
|----------------------------------|------|--------------------|--------------------|
|                                  |      | Kshs.              | Kshs.              |
| <b>Assets</b>                    |      |                    |                    |
| <b>Current assets</b>            |      |                    |                    |
| Cash and cash equivalents        | 11   | 32,469,316         | 8,435,471          |
| Inventories                      | 12   | 4,052,404          | 1,695,986          |
| <b>Total current assets</b>      |      | <b>36,521,720</b>  | <b>10,131,457</b>  |
| <b>Non-current assets</b>        |      |                    |                    |
| Property, plant, and equipment   | 13   | 182,389,160        | 190,186,339        |
| Intangible assets                | 14   | 4,905,000          | 6,131,250          |
| <b>Total Non-current Assets</b>  |      | <b>187,294,160</b> | <b>196,317,589</b> |
| <b>Total assets (A)</b>          |      | <b>223,815,880</b> | <b>206,449,046</b> |
| <b>Liabilities</b>               |      |                    |                    |
| <b>Current liabilities</b>       |      |                    |                    |
| Trade and other payables         | 15   | 23,262,168         | 20,905,750         |
| <b>Total current liabilities</b> |      | <b>23,262,168</b>  | <b>20,905,750</b>  |
| <b>Non-current liabilities</b>   |      | 0                  | 0                  |
| <b>Total liabilities (B)</b>     |      | <b>23,262,168</b>  | <b>20,905,750</b>  |
| <b>Net Assets (A-B)</b>          |      | <b>200,553,712</b> | <b>185,543,296</b> |
| <b>Represented by:</b>           |      |                    |                    |
| Capital/Development Grants/Fund  |      | 0                  | 0                  |
| Reserves                         |      | 0                  | 0                  |
| Accumulated surplus              |      | 200,553,712        | 185,543,296        |
| <b>Net Assets/Equity</b>         |      | <b>200,553,712</b> | <b>185,543,296</b> |

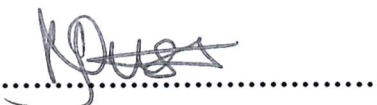
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 29<sup>th</sup> August 2025 and signed by:



Name: Morara Mokua

Municipality Manager

Date: 30/10/25



Name: Justine Nyabuti

Municipality Accountant

ICPAK M/N/O 34459  
Date: 30/10/25

16. Statement of Changes in Net Assets for the Year Ended 30 June 2025

| Description                       | Capital/<br>Development<br>Grants/Fund | Revaluation<br>Reserve | Accumulated<br>surplus | Total              |
|-----------------------------------|--|------------------------|------------------------|--------------------|
|                                   |  | Kshs.                  | Kshs.                  | Kshs.              |
| <b>Bal as at 1 July 2023</b>      | 0                                      | 0                      | 117,641,026            | 117,641,026        |
| Surplus/(deficit) for the year    |  | -                      | 67,902,270             | 67,902,270         |
| <b>Bal as at 30 Jun 2024</b>      | <b>0</b>                               | <b>0</b>               | <b>185,543,296</b>     | <b>185,543,296</b> |
| <b>Bal as at 1 July 2024</b>      | <b>0</b>                               | <b>0</b>               | <b>185,543,296</b>     | <b>185,543,296</b> |
| Surplus/(deficit) for the year    | 0                                      | 0                      | 15,010,416             | 15,010,416         |
| Funds received during the year    | 0                                      | 0                      | 0                      | 0                  |
| Revaluation gain/loss             | 0                                      | 0                      | 0                      | 0                  |
| <b>Balance as at 30 June 2025</b> | <b>0</b>                               | <b>0</b>               | <b>0</b>               | <b>200,553,712</b> |

**17. Statement Of Cash Flows for The Year Ended 30 June 2025**

| Description   | Note | 2024-2025           | 2023-2024            |
|---|------|---------------------|----------------------|
|   |      | Kshs.               | Kshs.                |
| <b>Cash flows from operating activities</b>                   |      |                     |                      |
| <b>Receipts</b>   |      |                     |                      |
| Transfers from the County Government                          |      | 97,678,122          | 124,752,413          |
| <b>Total Receipts</b>   |      | <b>97,678,122</b>   | <b>124,752,413</b>   |
| <b>Payments</b>   |      |                     |                      |
| Use of goods and services                                     |      | 11,352,976          | 20,659,589           |
| Staff costs   |      | 46,361,133          | 9,788,374            |
| Board expenses  |      | 0                   | 3,041,600            |
| <b>Total Payments</b>   |      | <b>57,714,109</b>   | <b>(33,489,563)</b>  |
| <b>Net cash flows from operating activities</b>               | 16   | <b>39,964,013</b>   | <b>91,262,850</b>    |
| <b>Cash flows from investing activities</b>                   |      | 0                   |                      |
| Purchase of PPE & intangible assets                           |      | (15,930,168)        | (177,388,169)        |
| <b>Net cash flows used in investing activities</b>            |      | <b>(15,930,168)</b> | <b>(177,388,169)</b> |
| <b>Cash flows from financing activities</b>                   |      |                     |                      |
| Receipts from Capital grants                                  |      | 0                   | 0                    |
| Proceeds from borrowings                                      |      | 0                   | 0                    |
| Repayment of borrowings                                       |      | 0                   | 0                    |
| <b>Net cash flows used in financing activities</b>            |      | <b>0</b>            | <b>0</b>             |
| <b>Net increase/(decrease) in cash &amp; cash equivalents</b> |      | <b>24,033,846</b>   | <b>(86,125,319)</b>  |
| Cash And Cash Equivalents At 1 July 2024                      | 19   | 8,435,471           | 94,560,790           |
| <b>Cash And Cash Equivalents At 30 June 25</b>                | 19   | <b>32,469,316</b>   | <b>8,435,471</b>     |

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18. Statement of Comparison of Budget & Actual Amounts for the Year ended 30 June 2025

| 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            |
| <b>Budget carryovers from the previous year*</b> | -                  | 0                | 0                  | 0                          | 0                      | 0                |
| <b>Receipts</b>                                  |                    |                  |                    |                            |                        |                  |
| Transfers from the County Government             | 172,693,158        | 9,208,640        | 181,901,798        | 97,678,122                 | 84,223,676             | 54%              |
| <b>Total Receipts</b>                            | <b>172,693,158</b> | <b>9,208,640</b> | <b>181,901,798</b> | <b>97,678,122</b>          | <b>84,223,676</b>      | <b>54%</b>       |
| <b>Payments</b>                                  |                    |                  |                    |                            |                        |                  |
| Use of goods and services                        | 6,500,000          | 0                | 6,500,000          | 11,352,976                 | -4,852,976             | 175%             |
| Board expenses                                   | 0                  | 0                | 0                  | 0                          |                        | 0%               |
| Staff Costs                                      | 50,376,030         | 0                | 50,376,030         | 46,361,133                 | 4,014,897              | 92%              |
| <b>Total expenditure Payments</b>                | <b>56,876,030</b>  | <b>0</b>         | <b>56,876,030</b>  | <b>57,714,109</b>          | <b>-838,079</b>        | <b>102%</b>      |
| <b>Capital Expenditure Payments</b>              | <b>115,817,128</b> | <b>9,208,640</b> | <b>125,025,768</b> | <b>15,930,168</b>          | <b>109,095,600</b>     | <b>13%</b>       |
| <b>Grand Totals</b>                              | <b>172,693,158</b> | <b>9,208,640</b> | <b>181,901,798</b> | <b>73,644,277</b>          | <b>108,257,521</b>     | <b>40%</b>       |

**Budget notes**

capital expenditure payments represent 16% of the budget.

payment for use of goods and services over utilization was erroneously charged because there was no budget, the anomaly was rectified and no payment was made.

Expenditure incurred by county executive on behalf of Municipality of Nyamira.

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Municipality was not able utilize development vote for the financial year under review because the County Cabinet resolution which directed that all development funds to be used to clear prior pending bill.

**Budget Reconciliation**

|  | Description of Particulars                            | Amount in Kshs |
|--|---|----------------|
|  | Actual Surplus Amounts as per the statement of Budget | 24,033,845     |
|  |   |                |

## **19. Notes to the Financial Statements**

### **1. General Information**

Municipality of Nyamira is established by and derives its authority and accountability from The Urban Areas and Cities Act 2011. The Municipality of Nyamira is wholly owned by the county Government of Nyamira and is domiciled in Nyamira, Kenya. The Municipality of Nyamira principal activity is promotion, regulation and provision of refuse collection and solid waste management

### **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 Municipality of Nyamira 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 the Municipality of Nyamira.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations 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)**

**New and amended standards and interpretations in issue effective in the year ended 30 June 2025.**

There are no new standards effective in the financial year ended 30<sup>th</sup> June 2025.

**4. Significant Accounting Policies**

**a) Budget information**

The original budget for FY 2023/2024 was approved by the County Assembly on 26<sup>th</sup> June 2024. 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 of Nyamira upon receiving the respective approvals in order to conclude the final budget.

The Municipality of Nyamira 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.

**b) 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 of Nyamira 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.

**c) 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.

**d) Biological Assets**

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

**e) 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 of Nyamira.

**f) Changes in accounting policies and estimates**

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

**g) Related parties**

The Municipality of Nyamira 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 City/Municipality, or vice versa. Members of key management are regarded as related parties and comprise the Board members, the Municipality Managers and Municipality Accountant.

**h) 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.

**i) Comparative figures**

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

**j) 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; and

(b) Those that are indicative of conditions that arose after the reporting date.

The City/Municipality should indicate whether there are material adjusting and non- adjusting events after the reporting period.

**k) 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 of Nyamira 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.

**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 City/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 of Nyamira. 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 City/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                                | 2024-2025         | 2023-2024          |
|--|-------------------|--------------------|
|  | Kshs.             | Kshs.              |
| Transfers from County Govt. – Recurrent    |                   | 38,990,700         |
| Payments by County on behalf of the entity | 65,368,822        | 72,500,000         |
| Kenya Urban Support programme(UIG) Grant   | 32,309,300        | 2,455,798          |
| Kenya Urban support programme(UDG)grant    | 0                 | 10,805,915         |
| <b>Total</b>                               | <b>97,678,122</b> | <b>124,752,413</b> |

7. Use of Goods and Services

| Description   | 2024-2025         | 2023-2024         |
|---|-------------------|-------------------|
|   | Kshs.             | Kshs.             |
| Utilities, supplies and services                      | 100,000           | 0                 |
| Communication, supplies and services                  | 0                 |                   |
| Domestic travel and subsistence                       | 1,073,800         | 7,847,600         |
| Foreign travel and subsistence                        | 0                 | 0                 |
| Printing, advertising, supplies & services            | 0                 | 0                 |
| Temporary imprest                                     | 3,416,000         | 396,000           |
| Training expenses                                     | 3,755,500         | 2,905,600         |
| Hospitality supplies and services                     | 42,000            | 2,206,000         |
| Safety gear   | 46,800            | 0                 |
| Specialized materials and services                    | 233,404           | 579,699           |
| Office and general supplies and services              | 0                 | 1,235,590         |
| Fuel, oil and lubricants                              | 2,640,000         | 5,378,000         |
| Other operating expenses ()                           | 0                 | 0                 |
| Routine maintenance<br>– vehicles and other equipment | 45,472            | 0                 |
| Routine maintenance – computers                       | 0                 | 111,100           |
| <b>Total</b>  | <b>11,352,976</b> | <b>20,659,589</b> |

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**8. Staff cost.**

| Description                          | 2024-2025         | 2023-2024        |
|--------------------------------------|-------------------|------------------|
|                                      | Kshs.             | Kshs.            |
| Salaries and wages                   | 46,361,133        | 9,788,374        |
| Staff gratuity                       | 0                 | 0                |
| Social security contribution         | 0                 | 0                |
| Other staff costs ( <i>Specify</i> ) | 0                 | 0                |
| <b>Total</b>                         | <b>46,361,133</b> | <b>9,788,374</b> |

**9. Board expenses**

| Description                         | 2024-2025 | 2023-2024        |
|-------------------------------------|-----------|------------------|
|                                     | Kshs.     | Kshs.            |
| Chairman/Members' Honoraria         | 0         | 0                |
| Sitting allowances                  | 0         | 0                |
| Medical Insurance                   | 0         | 0                |
| Induction and Training              | 0         | 0                |
| Travel and accommodation            | 0         | 2,037,600        |
| Conference Costs                    | 0         | 1,004,000        |
| Other allowances ( <i>Specify</i> ) | 0         | 0                |
| <b>Total</b>                        | <b>0</b>  | <b>3,041,600</b> |

**10. Depreciation and amortization**

| Description                                | 2024-2025         | 2023-2024         |
|--|-------------------|-------------------|
|  | KShs              | KShs              |
| Property, plant and equipment              | 23,727,347        | 22,134,330        |
| Intangible assets                          | 1,226,250         | 1,226,250         |
| Investment property carried at cost        | 0                 | 0                 |
| <b>Total depreciation and amortization</b> | <b>24,953,597</b> | <b>23,360,580</b> |

### 11. Cash and cash equivalents

| Description                            | 2024-2025         | 2023-2024        |
|--|-------------------|------------------|
|  | Kshs.             | Kshs.            |
| Recurrent Grant Account                | 32,310,598        | 1,298            |
| Development Grant Account              | 158,718           | 4,607,638        |
| Rention Account                        | 0                 | 3,826,535        |
| <b>Total cash and cash equivalents</b> | <b>32,469,316</b> | <b>8,435,471</b> |

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

| Financial institution              | Account number    | 2024-2025         | 2023-2024        |
|------------------------------------|-------------------|-------------------|------------------|
|                                    |                   | Kshs.             | Kshs.            |
| <b>a)Institutinal Grant</b>        |                   |                   |                  |
| Central Bank of kenya (UIG)        | 1000404841        | 1,298             | 1,298            |
| Family Bank                        | 02600003549<br>5  | 32,309,300        | 0                |
| <b>Sub- total</b>                  |                   | <b>32,310,598</b> | <b>1,298</b>     |
| <b>b)development grant account</b> |                   | 0                 | 0                |
| Central bank of kenya UDG          | 1000394374        | 0                 | 0                |
| Equity bank account UDG            | 05202800234<br>57 | 158,718           | 4,608,936        |
| <b>Sub- total</b>                  |                   | <b>158,718</b>    | <b>4,608,936</b> |
| Rention account                    | 1000323938        | 0                 | 3,826,535        |
|                                    |                   | <b>32,469,316</b> | <b>8,436,769</b> |

### 12. Inventories

| Description  | 2024-2025        | 2023-2024        |
|--|------------------|------------------|
|  | Kshs             | Kshs             |
| Stationery   | 835,986          | 820,002          |
| Consumables  | 2,356,418        | 0                |
| Other inventories-tools  | 860,000          | 875,984          |
| <b>Total inventories at the lower of cost and net realizable value</b> | <b>4,052,404</b> | <b>1,695,986</b> |

**Detailed Disclosure on Inventories**

|   | <b>2024-2025</b> | <b>2023-2024</b> |
|---|------------------|------------------|
| <b>Opening balance</b>                            | <b>1,695,986</b> | <b>0</b>         |
| Additional Inventory in the year                  | 233,404          | 0                |
| Inventory expensed in the year                    | (233,404)        | 0                |
| Write-downs in the year                           | 0                | 0                |
| Others specify-Prior years inventory not captured | 2,356,418        | 0                |
| <b>Closing balance</b>                            | <b>4,052,404</b> | <b>1,695,986</b> |



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| Description                                | Land     | Building          | Motor vehicle | Furniture and fittings | Computers        | Other Assets ROADS | Capital Work in progress(K URA ROAD) | Total              |
|--|----------|-------------------|---------------|------------------------|------------------|--------------------|--------------------------------------|--------------------|
|  | 0%       | 2%                | 25%           | 12.5%                  | 30%              | 10%                | 0%                                   |                    |
|  | Shs      | Shs               | Shs           | Shs                    | Shs              | Shs                | Shs                                  | Shs                |
| Transfers/ Adjustments                     | 0        | 0                 | 0             | 0                      | 0                | 0                  | 0                                    | 0                  |
| <b>As at 30 June 2023</b>                  | <b>0</b> | <b>0</b>          | <b>0</b>      | <b>539,996</b>         | <b>2,130,791</b> | <b>31,311,964</b>  | <b>0</b>                             | <b>12,823,943</b>  |
| Depreciation for the year                  | 0        | 1,010,387         | 0             | 269,998                | 2,130,791        | 18,723,154         | 0                                    | 22,134,330         |
| Disposals for the year                     | 0        | 0                 | 0             | 0                      | 0                | 0                  | 0                                    | 0                  |
| Impairment for the year                    | 0        | 0                 | 0             | 0                      | 0                | 0                  | 0                                    | 0                  |
| Transfer/adjustment                        |          | 0                 | 0             | 0                      | 0                | 0                  | 0                                    | 0                  |
| <b>As at 30<sup>th</sup> June 2024</b>     | <b>0</b> | <b>0</b>          | <b>0</b>      | <b>809,994</b>         | <b>4,261,582</b> | <b>50,035,118</b>  |                                      | <b>113,635,831</b> |
| <b>NBV as at 30<sup>th</sup> June 2023</b> | 0        | 50,519,523        | 0             | 1,619,984              | 4,971,847        | 73,061,249         | 0                                    | 151,317,244        |
| <b>NBV as at 30<sup>th</sup> June 2024</b> | <b>0</b> | <b>49,509,136</b> | <b>0</b>      | <b>1,349,986</b>       | <b>2,130,791</b> | <b>137,196,426</b> | <b>0</b>                             | <b>190,186,339</b> |
| <b>As at 30 June 2024</b>                  | 0        | 49,509,136        | 0             | 1,349,986              | 2,130,791        | 137,196,426        | 0                                    | 190,186,339        |
| Additions for the year                     | 0        | 0                 | 0             | 0                      | 0                | 15,930,168         | 0                                    | 15,930,168         |
| Disposals for the year                     | 0        | 0                 | 0             | 0                      | 0                | 0                  | 0                                    | 0                  |
| Transfer/adjustments                       | 0        | 0                 | 0             | 0                      | 0                | 0                  | 0                                    | 0                  |
| <b>As at 30 June 2025</b>                  | 0        | 49,509,136        | 0             | 1,349,986              | 2,130,791        | 153,126,594        | 0                                    | 206,116,507        |

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| Description                                | Land | Building          | Motor vehicle | Furniture and fittings | Computer  | Other Assets ROADS | Capital Work in progress(K URA ROAD) | Total              |
|--|------|-------------------|---------------|------------------------|-----------|--------------------|--------------------------------------|--------------------|
|  | 0%   | 2%                | 25%           | 12.5%                  | 30%       | 10%                | 0%                                   |                    |
|  | Shs  | Shs               | Shs           | Shs                    | Shs       | Shs                | Shs                                  | Shs                |
| Depreciation for the year                  | 0    | 1,010,387         | 0             | 269,998                | 2,130,791 | 20,316,171         | 0                                    | 23,727,347         |
| Disposals for the year                     | 0    | 0                 | 0             | 0                      | 0         | 0                  | 0                                    | 0                  |
| <b>NBV as at 30<sup>th</sup> June 2025</b> |      | <b>48,498,749</b> | <b>0</b>      | <b>1,079,988</b>       | <b>0</b>  | <b>132,810,423</b> | <b>0</b>                             | <b>182,389,160</b> |

Depreciation rates is on straight line basis as per Asset-Liability management policy and the method used is on straight line.

**14. Intangible assets**

| Description                        | 2024-2025        | 2023-2024        |
|------------------------------------|------------------|------------------|
|                                    | Kshs.            | Kshs.            |
| <b>Cost</b>                        |                  | <b>9,810,000</b> |
| At beginning of the year           | 6,131,250        |                  |
| Additions                          | 0                | 0                |
| <b>At end of the year</b>          | <b>6,131,250</b> | <b>9,810,000</b> |
|                                    |                  |                  |
| <b>Amortization and impairment</b> |                  | <b>1,226,250</b> |
| At beginning of the year           | 0                |                  |
| Amortization                       | 1,226,250        | 0                |
| <b>At end of the year</b>          |                  | <b>2,452,500</b> |
| Impairment loss                    | 0                |                  |
| <b>At end of the year</b>          | <b>1,226,250</b> | <b>1,226,250</b> |
| <b>NBV</b>                         | <b>4,905,000</b> | <b>6,131,250</b> |

**15. Trade and Other Payables**

| Description                           | 2024-2025         |                       | 2023-2024             |                       |
|---------------------------------------|-------------------|-----------------------|-----------------------|-----------------------|
|                                       | Kshs.             |                       | Kshs.                 |                       |
| Trade payables                        | 22,762,268        |                       | 17,079,215            |                       |
| Retentions                            | 499,900           |                       | 3,826,535             |                       |
| Accrued expenses                      | 0                 |                       | 0                     |                       |
| Other payables                        | 0                 |                       | 0                     |                       |
| <b>Total trade and other payables</b> | <b>23,262,168</b> |                       | <b>20,905,750</b>     |                       |
|                                       |                   |                       |                       |                       |
| <b>Ageing analysis:</b>               | <b>Current FY</b> | <b>% of the Total</b> | <b>Comparative FY</b> | <b>% of the Total</b> |
| Under one year                        | 22,762,268        | 96%                   | 16,571,331            | 79%                   |
| 1-2 years                             | 0                 | 0%                    | 507,884               | 3%                    |
| 2-3 years                             | 499,900           | 4%                    | 3,826,535             | 18%                   |
| Over 3 years                          | 0                 | 0%                    | 0                     | 0%                    |
| <b>Total</b>                          | <b>23,262,168</b> | <b>100%</b>           | <b>20,905,750</b>     | <b>100%</b>           |

**16. Cash generated from operations**

| Description                                       | 2024-2025         | 2023-2024         |
|---|-------------------|-------------------|
|   | Kshs.             | Kshs.             |
| <b>Surplus/ (deficit) for the year before tax</b> | <b>15,010,416</b> | <b>67,902,270</b> |
| <b>Adjusted for:</b>                              | 0                 | 0                 |
| Depreciation                                      | 23,727,347        | 22,134,330        |
| Amortisation                                      | 1,226,250         | 1,226,250         |
| Gains/ losses on disposal of assets               | 0                 | 0                 |
| <b>Working Capital adjustments</b>                | <b>39,964,013</b> | <b>91,262,850</b> |
| Increase in inventory                             | 0                 | 0                 |
| Increase in receivables                           | 0                 | 0                 |
| Increase in payables                              | 0                 | 0                 |
| <b>Net cash flow from operating activities</b>    | <b>39,964,013</b> | <b>91,262,850</b> |

**20. 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.

| <b>Reference No. on the external audit Report</b> | <b>Issue / Observations from Auditor</b>  | <b>Management comments</b>  | <b>Status:<br/>(Resolved / Not Resolved)</b> | <b>Timeframe:<br/>(Put a date when you expect the issue to be resolved)</b> |
|---|---|---|--|---|
|   | <p><b>Unsupported Board Expenses</b><br/>                     The statement of financial performance and as disclosed in Note 9 to the financial statements reflects a balance of Kshs. 3,041,600 in respect of Board expenses. However, payment vouchers on board expenses of an amount of Kshs.1,229,000 were not provided audit review. Further, the Board expenses were not supported with documents including Board minutes, Attendance register, Calendar of Board meetings and the Gazette notice of appointment of the Board members. In the circumstances the accuracy and completeness of board expenses amounting to</p> | <p>Management appreciates the auditors' observation that board expenses lacked supportive documents such as Board minutes, Attendance register, Calendar of Board meetings and the Gazette notice. However, this has since been provided.</p> |  |   |

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| Reference<br>No. on the<br>external<br>audit Report | Issue / Observations<br>from Auditor  | Management<br>comments   | Status:<br>(Resolved /<br>Not<br>Resolved) | Timeframe:<br>(Put a date<br>when you<br>expect the<br>issue to be<br>resolved) |
|---|---|--|--|---|
|   | Kshs. 3,041,600 could not be confirmed.   |  |  |   |
|   | <p><b>Understatement of Employee Cost</b><br/>Included in the statement of financial performance for the year ended 30 June, 2024 is staff cost of Kshs. 9,788,374 as disclosed under Note 8 to the financial statement. A schedule for the expenditure included payment of Wages to casuals from July 2023 to April 2024 and did not include wages for May to June, 2024 amounting to Kshs.661,875 leading to understatement of staff costs by similar amount.<br/>In addition, Management provided payroll records for casuals of an amount of Kshs. 3,784,594.00. Payroll records for the balance of the staff costs of Kshs.6,003,780 were not provided for audit verification.</p> | <p>Management appreciates the auditors' observation that casual wages was understated by Kshs. 661,875. This was an error of omission however; the financial statement has since been amended as per the accrual accounting basis. Payroll records for the balance of the staff costs of Kshs. 6,003,780 was not availed since by the time of audit we did not have a separate</p> |  |   |

| Reference<br>No. on the<br>external<br>audit Report | Issue / Observations<br>from Auditor   | Management<br>comments   | Status:<br>(Resolved /<br>Not<br>Resolved) | Timeframe:<br>(Put a date<br>when you<br>expect the<br>issue to be<br>resolved) |
|---|--|--|--|---|
|   | <p>Further, the staff costs for permanent staff attached to the Municipality were not included in the expenditure for the year ended 30 June, 2024. In the circumstances the accuracy and completeness of staff costs amounting to Kshs. 9,788,374 could not be confirmed.</p> <p><b>Lack of Training Needs Assessment</b><br/>The statement of financial performance for the year ended 30 June, 2024 reflects Use of goods and services of Kshs. 20,659,589. Included in this expenditure is Training expenses of Kshs. 2,905,600 as detailed under Note 7 to the financial statements. No evidence was provided to confirm training needs assessment for each staff member was conducted during the year as required by Section 1.3 (1) of the County Public Service Human Resource</p> | <p>payroll for municipality however, this financial year 24/25 from the month of November 2024 the municipality is maintaining its own payroll. Further management wishes to clarify that the staff costs for permanent staff attached to the Municipality are captured in one common payroll which is maintained by the county executive.</p> |  |   |

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| Reference<br>No. on the<br>external<br>audit Report | Issue / Observations<br>from Auditor   | Management<br>comments   | Status:<br>(Resolved /<br>Not<br>Resolved) | Timeframe:<br>(Put a date<br>when you<br>expect the<br>issue to be<br>resolved) |
|---|--|--|--|---|
|   | <p>manual of May 2013 that states training in the County Public Service shall be based on Training Needs Assessment which shall be conducted every two years in each County Department. It is therefore not clear how Management identified those who were to be trained and the areas which they were to be trained on.</p> <p>In addition, there was no selection criteria on how the trainees were identified for the trainings and the annual training plan was also not presented to support the expenditure on trainings contrary to section 1.3 (2) of the County Public Service Human Resource manual of May 2013 that states County Departments shall prepare training projections based on Training Needs Assessment to guide the training</p> | <p>Management concurs with the auditors' observation that there was lack of training need assessment, however the municipal board had prioritized trainings to officers whose registration and licenser which has mandatory continuous professional development.</p> |  |   |

| Reference<br>No. on the<br>external<br>audit Report | Issue / Observations<br>from Auditor   | Management<br>comments  | Status:<br>(Resolved /<br>Not<br>Resolved) | Timeframe:<br>(Put a date<br>when you<br>expect the<br>issue to be<br>resolved) |
|---|--|---|--|---|
|   | <p>committees in nominating officers for training. In the circumstances, the propriety of Kshs. 2,905,600 on training for the year could not be confirmed.</p> | <p>Currently Management is committed to ensure that we comply to the County Public Service Human Resource manual of May 2013 that states training in the county public service shall be based on Training Needs Assessment which the municipality will be conducting every two years.</p> |  |   |
|   | <p><b>Irregular Engagement of Casual Workers</b></p>   | <p>The Management wishes to clarify that,</p>   |  |   |

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|---|--|--|--|---|
|   | <p>The Nyamira County Public Service Board engaged forty (40) casual employees who were deployed by the County Public Service Board to Nyamira Municipality. However, records available indicates that the casuals were engaged on a continuous basis for more than three (3) months contrary to Section 37 of the Employment Act, 2007. There was no evidence of requisition from the user their wages, approvals for the recruitments from the County Public Service Board, advertisements for the respective posts and job interview records were not presented for audit. In the circumstances, management was in breach of the law.</p> | <p>it engages casuals to perform duties like solid waste collection and disposal ,such duties are continuous in nature and they comply with with employment act sec 37(1) b which stipulated that casual employs performing work which cannot be reasonably be expected to be completed within a period or number of working days amounting in the aggregated to the equivalent of 3 months or more, the contract of</p> |  |   |

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|---|---|---|--|---|
|   |   | service of the casual employee shall be deemed to be one where wages are paid daily as per the attached approved payroll. Therefore, the casuals are engaged on the basis of requisition and approval of the county public service board. |  |   |
|   | <p><b>Lack of Independence of the Municipality</b></p> <p>The Municipality of Nyamira was granted Municipal Charter on 24 September, 2018 for operational independence from the County Government of Nyamira. The Urban Areas and Cities Act,</p> | a) Management wishes to clarify that the budget is prepared by municipality management approved by the board and forwarded to county executive for  |  |   |

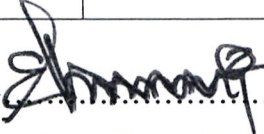
| Reference<br>No. on the<br>external<br>audit Report | Issue / Observations<br>from Auditor  | Management<br>comments   | Status:<br>(Resolved /<br>Not<br>Resolved) | Timeframe:<br>(Put a date<br>when you<br>expect the<br>issue to be<br>resolved) |
|---|---|--|--|---|
|   | <p>2011, section 9 (3) provides, for conferment of municipal status, a town satisfies among other criteria demonstrating revenue collection or revenue collection potential, demonstrable capacity to generate sufficient revenue to sustain its operations and has the capacity to effectively and efficiently deliver essential services to its residents. However, review of the operations of the Municipality revealed lack of autonomy as detailed below: -</p> <p>The Municipality's budget was prepared and controlled by the County Executive and there was no budget approval by the Municipality Board. The Municipality's expenditure was controlled by the County Treasury and did not have independent operations account. Funds accounted as</p> | <p>inclusion in the county budget before forwarded to county assembly as per the attached board minutes</p> <p>b) The county budget includes the municipality budget once approved by the assembly is uploaded into central IFMIS system where payment is done. all payments to Nyamira municipality are approved by the manager municipality as the accounting officer in the</p> |  |   |

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|---|--|---|--|---|
|   | <p>transferred to the municipality from the County Government were expended at the County Executive and no actual transfer took place.</p> <p>The municipality's payroll is done at the county executive, implying staff are only seconded to the Municipality.</p> <p>Collection of revenue is done by the County Executive.</p> <p>Monies allocated by a county assembly for the purposes of the management and service delivery of the board as per section 43 (1) (a) of the Act is not transferred to the Municipality. In the year under review, an amount of Kshs. 41,446,498 was appropriated by the County Assembly for recurrent expenditure and Kshs. 83,305,915 for Development expenditure. The monies were not transferred to the Municipality.</p> <p>This was in contravention of Section 12(1) of the Urban</p> | <p>IFMIS system</p> <p>c) The management appreciate that the payroll was maintained by executive but as from November 2024 the municipality of Nyamira started maintaining its own payroll</p> <p>d) Management take note on auditor's observation that executive was collecting revenue on behalf of municipality board however, currently municipality has taken over the</p> |  |   |

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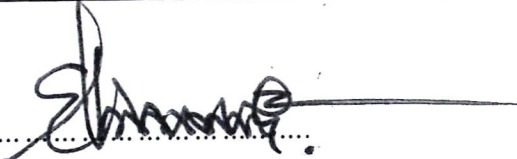
| Reference<br>No. on the<br>external<br>audit Report | Issue / Observations<br>from Auditor   | Management<br>comments   | Status:<br>(Resolved /<br>Not<br>Resolved) | Timeframe:<br>(Put a date<br>when you<br>expect the<br>issue to be<br>resolved) |
|---|--|--|--|---|
|   | <p>Areas and Cities Act, 2011, which states that Management of a city and municipality shall be vested in the County Government and administered on its behalf by a Board constituted in accordance with section 13 or 14 of the Act, a Manager appointed pursuant to Section 28 and such other staff or officers as the County public service may determine. Lack of independence of the Municipality was in contravention of section 20 of the Act on functions of the board. In the circumstances, Management was in breach of the law.</p> | <p>collection of revenue within its jurisdiction</p> <p>e)<br/>Management wishes to clarify that since the municipality operates through IFMIS system then transfer of funds is not possible. For transfer of funds to happen then municipality will operate outside IFMIS system.</p> |  |   |


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 Accounting officer of the Municipality of Nyamira

County Government of Nyamira  
Municipality of Nyamira  
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Appendix 2: Inter-Entity Transfers

| CITY/MUNICIPALITY NAME:  |                    |                            |                       |  |
|--|--------------------|----------------------------|-----------------------|--|
| Breakdown of Transfers from the County Executive of Nyamira County |                    |                            |                       |  |
| FY 20xx/20xx   |                    |                            |                       |  |
| a.   | Recurrent Grants   | <u>Bank Statement Date</u> | <u>Amount (Kshs.)</u> | <u>Indicate the FY to which the amounts relate</u> |
|  | UIG Family Bank    | 30/ 07 /2025               | 32,309,300            | FY 2024-2025                                       |
|  |                    | <b>Total</b>               | <b>32,309,300</b>     |  |
| b.   | Development Grants | <u>Bank Statement Date</u> | <u>Amount (Kshs.)</u> | <u>Indicate the FY to which the amounts relate</u> |
|  | UDG CBK            | 30/ 07 /2025               | 0                     | FY 2024-2025                                       |
|  | UDG EQUITY         | 30/ 07 /2025               | 0                     | FY 2024-2025                                       |
|  |                    | <b>Total</b>               | <b>0</b>              |  |
| c.   | Direct Payments    | <u>Bank Statement Date</u> | <u>Amount (Kshs.)</u> | <u>Indicate the FY to which the amounts relate</u> |
|  |                    | 30/ 07 /2025               | 65,368,821            | FY 2024-2025                                       |
|  |                    | 30/ 07 /2025               |                       | FY 2024-2025                                       |
|  |                    | <b>Total</b>               | <b>97,678,122</b>     |  |

  
.....  
Nyamira Municipality Accounting Officer

  
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Head of Treasury and Accounting Officer

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