

REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

OL KALOU MUNICIPALITY

**FOR THE YEAR
ENDED 30 JUNE, 2024**

PAPERS LAID	
DATE	6/3/2025
TABLED BY	Dep Maj/Whip
COMMITTEE	
CLERK AT THE TABLE	Maalim



OL'KALOU MUNICIPALITY
County Government of Nyandarua

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2024**

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

(Leave this page blank)

1.	Acronyms and Definition of Key Terms.....	ii
2.	Key Olkalou Municipality Information and Management.....	iii
3.	Municipality Board.....	vi
4.	Key Management Team.....	x
5.	Municipality Board Chairperson's Report.....	xi
6.	Report of the Municipality Manager	xiii
7.	Statement of Performance against Predetermined Objectives for the FY.....	xvi
8.	Corporate Governance Statement.....	xviii
9.	Management Discussion and Analysis.....	xx
10.	Environmental And Sustainability Reporting.....	xxv
11.	Report of the Municipality Board Members.....	xxxi
12.	Statement of Management's Responsibilities	xxxiii
13.	Report of the Independent Auditor (Olkalou Municipality)	xxxv
14.	Statement of Financial Performance for The Year Ended 30 June 2024.....	1
15.	Statement of Financial Position As At 30 June 2024	2
16.	Statement of Changes in Net Assets For the Year Ended 30 June 2024	4
17.	Statement of Cash Flows for The Year Ended 30 June 2024.....	5
18.	Statement of Comparison of Budget & Actual Amounts for the Year ended 30 June 2024.....	7
19.	Notes to the Financial Statements.....	9
20.	Financial liabilities	18
21.	Appendices	48

1. Acronyms and Definition of Key Terms

A. Acronyms

PSASB	Public Sector Accounting Standards Board
FY	Financial Year
PFMA	Public Financial, Management Act
KUSP	Kenya Urban Support Program
UACA	Urban Areas and Cities Act
UIG	Urban Institutional Grant
UDG	Urban Development Grant
CRF	County Revenue Fund
IFMIS	Integrated financial Management System

B. Definition of Key Terms

Fiduciary Management - Members of Management directly entrusted with the Olkalou Municipality's financial resources.

Comparative Year- Means the prior period.

2. Key Ol'kalou Municipality Information and Management

a) Background information

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

b) Principal Activities

The principal activity/mission/ mandate of the Municipality is to;

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

VISION STATEMENT

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

MISSION STATEMENT

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

CORE VALUES

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

c) Key Management

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

- The Department of Lands physical planning and urban Development
- Board of Management
- Municipality Manager
- Secretariat

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

Ref	Position	Name
1	Municipal Manager	Eric Igogo
2	Chief Officer-Land, Physical Planning & Urban Development	Julius Ngambi
3	Chief Officer-Finance	Joseph Wahome

e) Fiduciary Oversight Arrangements

The following committees provide fiduciary oversight to the Ol'kalou;

- i) County executive Audit and Risk Management Committee
- ii) Municipal Board Committees
- iii) County Assembly committees

iv) Committees of the Senate

f) Registered Offices

P.O. Box 701, 20303

Nyandarua County Ardhi House

Ol Kalou, KENYA

g) Contacts

Telephone: (+254) 0202660859

E-mail: info@nyandarua.go.ke

Website: www.nyandarua.go.ke

h) Bankers

Equity Bank

Ol Kalou Branch

P O. Box 215 – 20303

Ol Kalou

i) Independent Auditor

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

j) Principal Legal Adviser

The County Attorney

County Government of Nyandarua

P.O box 701-20303

Ol'kalou

3. Municipality Board



Priscillah Mwirigi
Municipal Board Chair Person

She is a PHD Scholar in Gender and Development Studies at Egerton University. Holds Master of Arts Degree in Sociology (Project Management and Community Development) from Egerton University, Bachelor of Arts Degree in Sociology from Moi University, Professional Certification Course in Monitoring and Evaluation from Kenya Institute of Management. She was born in 1983

She is a Lecturer at the department of Peace Security and Social Studies in Egerton University.



Mr. Josphat Murage Warui
Municipal Board Vice Chair Person

Josphat Murage Warui is a Board Member of Ol'Kalou Municipality. Before joining the Board in July, 2019, he had a long and successful working history. Briefly he had worked as a Senior Economist with Kenya Government and later on with Chase Manhattan Bank USA as Credit Manager, International Finance Corporation (USA) as Project Manager. He later came back to Kenya to work with Development Finance Co. of Kenya as Chief of Operations and later with Barclays Bank of Kenya as Business Development Executive. After retirement he started his own business known as ICON Investment and Finance Consultancy. In his career he had served as a Board Member in various enterprises in which his employers had an interest. He was born in 1952.

Josphat is a holder of BA (Econ), MPhil (Economic Development) and MBA (Finance & Banking). He is also ACPK and Fellow of the Institute of Bankers. He therefore brings a wealth of experience to Ol'Kalou Municipality.



Dr. Tom Kahigu
Municipal Board Member

Holds a Doctorate degree in Strategic Management from USIU-A, Master degree in Business Administration, Post Graduate Diploma in Computer Science, Bachelor Degree in Economics from University of Nairobi. Additionally, he has professional training in multiple disciplines including Leadership, Risk Management, Governance (COBIT), Enterprise Architecture (TOGAF), Service Management (ITIL), training in strategic management at Columbia University (New York). He was born in 1964.

He is a Fellow of Kenya Institute of Bankers (FKIB) with a career financial services sector spanning over 25 years, director of an International Bank, Member of the Institute of Directors and member of the Governing Council of the Payments Association of Kenya (PAK). Worked in the Public Service as an Economist in the Ministry of Planning and National Development.



John Mwangi
Municipal Board Member

Holds a Masters in Project Planning and Management from University of Nairobi; Bachelor of Science in Animal Production and Diploma in Range Management from Egerton University. He has experience spanning over 30 years of public service that includes working at both county and national level. Served as the Chair of the Data and Information Sub-committee of the Kenya Food Security Steering Group (KFSSG). He was born in 1967.

John is a food security specialist with interests in the application of disaster risk reduction policies and strategies that contribute to strengthening of resilience and the prevention and reduction of disaster losses.



Dr. Teresia W Rugah H
Municipal Board Member

Holds a doctorate degree in curriculum studies from Maasai Mara University, master's degree in Educational Administration planning, Economics and curriculum studies from the University of Nairobi. Bachelor degree in Education from the University of Nairobi, Diploma in Education management from KEMI. She was born in 1961.

She is a counselling psychologist holding a diploma in counselling from Kenya Institute of business studies and counselling (KIBCo) and holds a diploma in theology, She is currently a lecturer in the university of Nairobi and has a wide experience in teaching and public relations.



Hon. Samuel K. Njiraini:
Municipal Board Member

Holds a Bachelor of Arts and Business Administration from Machakos University, a diploma in animal Health and production as well as a certificate in computer packages and applications. He has a combined 24 years' experience working in the public sector as a Member of County assembly and an entrepreneur. He had the privilege of representing the people of Nyandarua County at the parliament. He was born in 1977.

He was involved in formation of laws governing the County foresight of projects within Kaibaga ward. Mr. Njiraini has been a member of environment and Natural resources committee as well as a chair of Agriculture, livestock and fisheries at the County assembly. He has a vast experience in sitting in parliament committees budget making process.



Charles Mbugua
Municipal Board Member

Born and bred in Wanjohi, Nyandarua County and with over 20 years experience in the public sector, Mr Charles is a graduate with a KISE Diploma in 2006 and a KEMI Diploma in 2017. He was born in 1970.



Hon. Stephen Kinyanjui Mburu KK
Municipal Board Member - CECM Land, Physical Planning and Urban Development

Holds Master's Degree in Business Administration and Master Degree in B.com (Marketing) from Kenya Methodist University and University of Nairobi respectively.

Served as elected member of parliament Kinangop constituency, Assistant and operation manager of Pyrethrum Board of Kenya, Nyandarua District KANU chairman, Marketing Director at Invesco Insurance Co., Marketing Agent of major Insurance companies, Managing Director of own businesses and industries. He was born in 1957.



Mr. Julius Ng'ambi
Municipal Board Member- Chief Officer Land, Physical

Holds a Bachelors Degree (Education), Diploma in Education Leadership (Kemi), Certificate in Senior management Course (KSG).

20 years experience in Senior Management and Administration in the Public Service. Former Chief Officer Public Administration and Devolution. He was born in 1965.



**Eric Igogo
Municipal Manager**

Holds Bachelor of international Business from Makerere University Uganda, Currently pursuing Masters in Business Administration at Nairobi University. He was born in 1983.

Member of Marketing Society of Kenya (MSK) served as Marketing manager at Almarai Dairy Company in Saudia Arabia, Financial Advisor with Royal Media Services.



**CPA Joseph Wahome
Head of Finance**

Mr. Wahome is a holder of Master degree in Business Administration. CPA (K) and Bachelor degree BBA (Finance & Accounting). He has 7 years working experience in government as director finance. He has over 17 years' experience as a senior accountant.

He was born on 02/01/1974. He is currently pursuing PHD in Organizational leadership at PAC university.

4. Key Management Team



**Eric Igogo
Municipal Manager**

Holds Bachelor of international Business from Makerere University Uganda, Currently pursuing Masters in Business Administration at Nairobi University. He was born in 1983.

Member of Marketing Society of Kenya (MSK) served as Marketing manager at Almarai Dairy Company in Saudia Arabia, Financial Advisor with Royal Media Services.



**Mr. Julius Ng'ambi
Municipal Board Member- Chief Officer Land, Physical**

Holds a Bachelors Degree (Education), Diploma in Eeducation Leadership (Kemi), Certificate in Senior management Course (KSG).

20 years experience in Senior Management and Administration in the Public Service. Former Chief Officer Public Administration and Devolution. He was born in 1965.



**CPA Joseph Wahome
Head of Finance**

Mr. Wahome is a holder of Master degree in Business Administration. CPA (K) and Bachelor degree BBA (Finance & Accounting). He has 7 years working experience in government as director finance. He has over 17 years' experience as a senior accountant.

He was born on 02/01/1974. He is currently pursuing PHD in Organizational leadership at PAC university.

5. Municipality Board Chairperson's Report

It is my pleasure to present Ol Kalou Municipal Board Annual Report and Financial Statements for the year ended 30th June 2024. The board made substantial steps in delivering its mandate of implementing the Integrated development Plan 2020-2025 (2020-2025 IDeP) amidst prevailing challenges.

The provision of adequate, safe and efficient, urban services remained the top priority for the board during the period. Consequently, the board made significant investments towards the construction of estate roads, paved pedestrian walkways, and parking lots within the municipality. Such developments have played a critical role in minimizing road user costs, enhancing county revenue, and minimizing travel time and accidents. To enhance social cohesion and community development within the municipality, the board also invested in the construction of a multipurpose hall. The board also sought to spur economic growth by supporting the completion of the Ol'Kalou Paving Block manufacturing plant, which is meant to provide affordable construction materials, open up employment opportunities, and enhance own source revenue base for the county.

To further facilitate economic development, the board also invested in the improvement of markets. The endeavour involved the renovation of old stall, construction of new stalls, installation of 6 metal gates, repainting works, and finishing works in Ol-kalou new markets. Additionally, the board sought for sustainable sanitation within the municipality by championing storm water drainage repair works and signages and the construction of a VIP toilet at Ol-kalou multipurpose hall.

The past year has also presented a number of challenges that have impacted the operations of Ol'kalou Municipality. Budget constraints were a significant issue, limiting the municipality's ability to execute planned projects and deliver services effectively. The municipality also faced difficulties related to inadequate human capital. A shortage of skilled personnel has affected the efficiency and effectiveness of service delivery, highlighting the need for continued efforts in recruiting and retaining qualified staff. Land-related disputes also posed considerable challenges as disagreements over land ownership and usage led to delays in several key initiatives, underscoring the need for greater emphasis on mediation and legal resolution.

The settlement of land disputes is also on the horizon, thanks to the recent approval of the Ol'kalou Integrated and Strategic Urban Development Plan (ISUDP) by the Assembly. This milestone is expected to resolve many of the ongoing land-related issues that have previously hampered development projects. The board is optimistic that with clear guidelines and legal frameworks now in

place, future land disputes can be minimized, allowing for smoother and more efficient implementation of development initiatives. The board is also focused on promoting sustainable urban planning and development. In alignment with the ISUDP, the board is committed to ensuring that development within Ol'kalou Municipality aligns with the principles of sustainability, considering both the current needs and the long-term well-being of the community.



.....

Name: Priscillah Mwirigi
Chairperson of the Board

6. Report of the Municipality Manager

This report has been prepared by the Municipal board to provide an overview of the projects and programmes implemented towards provision of affordable, accessible, high-quality municipal services in the 2023/2024 financial year. It highlights financial statements that describe the utilization of funds allocated to various projects and programmes over the period. The report conforms to the requirements and guidelines stipulated by section 164 of Public Finance Management Act, 2012 and the Public Sector Accounting Standards Board.

During the year, the Board continued to deliver on its mandate as envisioned in the strategic plan and the 2020-2025 County Integrated Development Plan 2020-2025. The Municipal Board initiated the construction of critical road infrastructure to enhance accessibility and road safety. The new projects included the construction of estate roads, paved pedestrian walkways, and parking lots within the municipality to minimize road user costs, enhance county revenue, and minimize travel time and accidents. Other projects include the construction of a multipurpose hall and a paving block manufacturing plant meant to enhance social cohesion and community development within the municipality. Additionally, we adjudicated the renovation of old stall, construction of new stalls, installation of 6 metal gates, repainting works, and finishing works in Ol-kalou new markets.

To ensure compliance with established environmental and social safeguard standards, we conducted environmental and social impact assessments for all new projects, thereby supporting sustainable ecological development.

The board is still dealing with challenges ranging from resource restrictions to scarcity of trained staff. Budget constraints are making it difficult for the municipality to complete planned projects and deliver services effectively. Additionally, we are facing a shortage of skilled workers, which is reducing the efficiency of service delivery. Land-related disputes are also complicating matters, as disagreements over ownership and usage are causing delays in important projects. These issues continue to slow down project timelines and often lead to higher costs.

Integrated Development Plan (IDeP)

This is a 5-year Municipal Integrated Development Plan for 2020-2025, designed to guide Ol'Kalou Municipality in fulfilling its service delivery mandate. The Plan outlines priority projects across various sectors and specifies the human and financial resources needed to implement these initiatives.

The Plan serves as a comprehensive framework that will direct the municipality's development programs and projects over the next five years in a coordinated and systematic way. It provides guidance for the municipality in carrying out its duties, responsibilities, and functions as outlined in the Urban Areas and Cities Act (No.13 of 2011) and the Ol Kalou Municipal Charter.

Municipal Spatial Plan - Integrated Sustainable Urban Development Plan (ISUD)

The preparation of Ol'Kalou's Integrated Strategic Urban Development Plan (ISUDP) comes at a time of significant change, with the Municipality rapidly expanding due to its new status as a county headquarters. This growth has led to increased population and heightened demand for a comprehensive planning framework to address both immediate and future needs.

Currently, the Municipality is operating without a current Local Physical and Land Use Plan (LP&LU DP), relying on an outdated Development Plan from 2000 that covers only a small portion of the area. This lack of an updated planning framework has resulted in several issues. These include inadequate infrastructure for water supply, sanitation, solid waste management, and stormwater drainage. Additionally, there is a shortage of housing and social amenities, and the Municipality faces challenges such as urban poverty, unemployment, and the proliferation of unplanned residential areas, slums, and informal settlements.

Furthermore, issues like uncontrolled land subdivision, land tenure insecurity, and the grabbing and double allocation of public land are significant concerns. Economic growth in trade, commerce, and industry is also low, contributing to poor revenue collection and insufficient service delivery. Addressing these challenges will require a robust and updated planning strategy to guide sustainable development and improve overall municipal management.

CHALLENGES

1. Budget Constraints

Financial limitations significantly hindered the municipality's ability to execute planned projects and deliver services effectively. These constraints restricted resource allocation, impacting the ability to implement various initiatives. Despite these challenges, the municipality worked to optimize available resources and prioritize essential services to meet community needs.

2. Land-Related Disputes

Disagreements over land ownership and usage led to significant delays in development and infrastructure projects. These disputes complicated the planning and execution of key initiatives, underscoring the need for improved mediation and legal resolution processes to facilitate smoother development.

I would like to extend my heartfelt thanks to the Municipal Board for the invaluable support and guidance they have provided to the Management throughout the year. Your commitment and leadership have been instrumental in helping us navigate various challenges and remain focused on our objectives. I also want to commend our dedicated staff members, whose unwavering efforts and professionalism have ensured that the Board successfully fulfilled its mandate.

Additionally, I wish to express my sincere gratitude to the Executive for their significant financial, technical, and leadership support. Your contributions have greatly assisted the Municipality in achieving its goals and addressing key issues. A special thanks also goes to the State Department of Housing and Urban Development and the Kenya Urban Support Program for their crucial role in financing our projects and programs. Your support has enabled us to implement initiatives that are essential for the development and progress of the Municipality.

Finally, I want to acknowledge and thank all other stakeholders for their invaluable contributions. Your engagement has been instrumental in driving positive change and fostering a collaborative environment that benefits our community.



.....
Name: Eric Igogo

Municipality Manager.

7. Statement of Performance against Predetermined Objectives for the FY

a. Guidance

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

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

Below we provide the progress on attaining the stated objectives:

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

Sub Programme	Key Output	Key Performance Indicators
Management		Better health
	Skip Bins Trash Cans	Clean and healthy environment Improved solid waste management
Climate change adaptation and environmental Management	Tree planting and beautification	Climate change resilience
Recreational and Social Facilities	Community Multipurpose Hall	Talent enhancement centre Social facility Source of revenue
	Cemetery	Source of revenue Decent burial ground

8. Corporate Governance Statement

a). Process of appointment and removal of Board members

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

b). Removal of Board member

A Board member can be removed from office by:-

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

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

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

d). Induction and training

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

e). Number of Municipality Board meetings held

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

f). Succession plan

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

g). Existence of a service charter

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

h). Conflict of interest

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

i). Board remuneration

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

j. Ethics and conduct

all the Ol'kalou Municipality employees are bound by the code of conduct of ethics as stipulated by the Public Officers Ethics Acts, 2023 the Municipality maintains a strict no tolerance attitude towards corruption and all officers found culpable are personally held liable.

9. Management Discussion and Analysis

The FY 2023/2024 marked the end of KUSP I funding program transitioning to KUSP II program in the FY 2024/25. The Ol'kalou Municipality management concentrated on finalizing all the KUSP I project and activities.

The county Government of Nyandarua supplemented the Ol'kalou municipality budget through an approved allocation of KSH 32,885,564 which was utilized as tabulated below through the CRF IFMIS system as tabulated below;

Vote	Approved amount	Expenditure
RECURRENT		
Uses of goods	5,863,900.00	4,965,455
Board expenses	1,000,000.00	829,468
Casual wages	3,024,000.00	2,524,200
IPPD salaries/ Employee salaries	4,000,000.00	15,331,927
Development	18,997,664.00	9,293,678
Total	32,885,564.00	32,944,728

Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Municipality recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. The Olkalou Municipality has adopted march 2020 public sector guideline on asset and liability management .

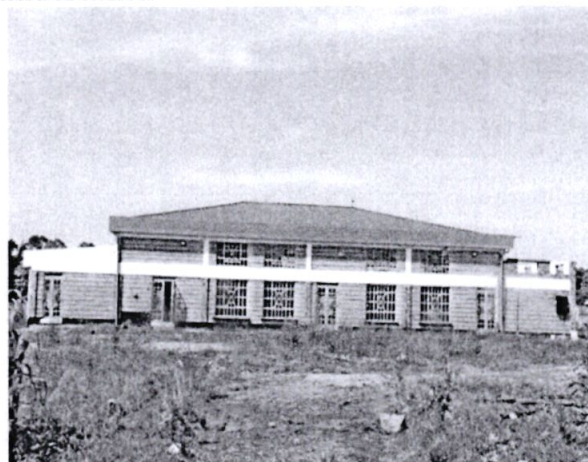
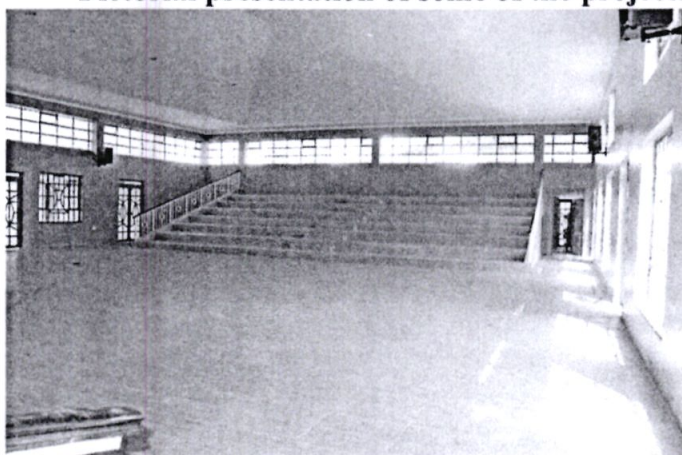
The Ol'kalou Municipality has successfully completed the listed projects below;

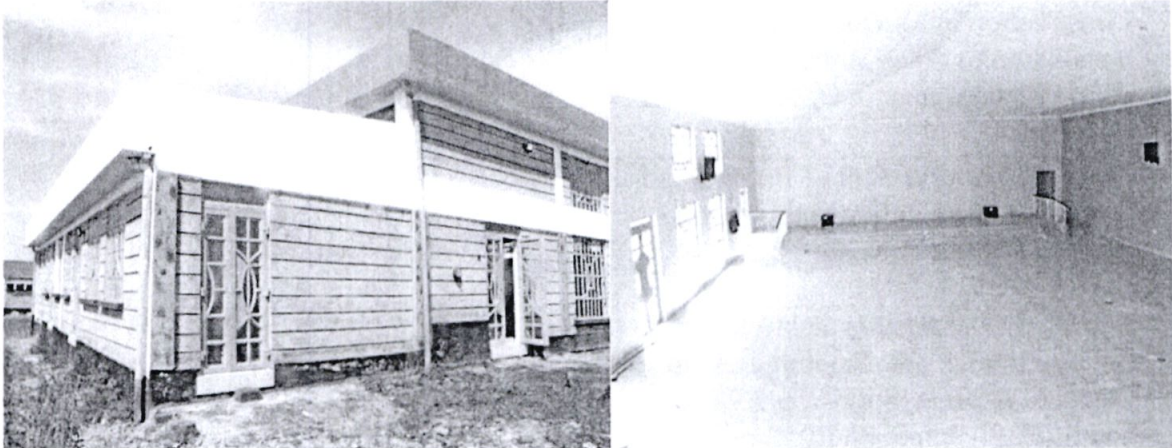
Sno.	Project Title	Funding	Percentage of Work Complete
1	Estate Roads Improvement, Public pathways parking lots & common storm water Drain in Olkalou Town	KUSP	100%

***Ol'kalou Municipality
County Government of Nyandarua
Annual Report and Financial Statements for the year ended June 30, 2024***

2	Construction of Modern Market Stalls, Installation of Solar Street Lights & Solid Waste Management in Ol Kalou Town	KUSP	100%
3	Proposed Improvement of Estate Roads to Bitumen, Paved Public Pathway and Parking Lots in Ol Kalou Town	KUSP	100%
4	Proposed Construction and Completion of Paving Block Plant, Modern Cemetery, Standard Kiosks, Solid Waste Management and Street Beautification	KUSP	100%
5	Proposed Construction and Completion of Ol Kalou Multi Purpose Hall	KUSP	100%
	Construction of Boundary Wall, Steel Gates, Septic Biodegester & other associated works for the new Ol Kalou Market		
6	Old Ol Kalou Market Renovation and Associated works	CG	100%
7	Ol Kalou New Market Installation of metal gates, Maintenance works and signage	CG	100%

Pictorial presentation of some of the projects undertaken

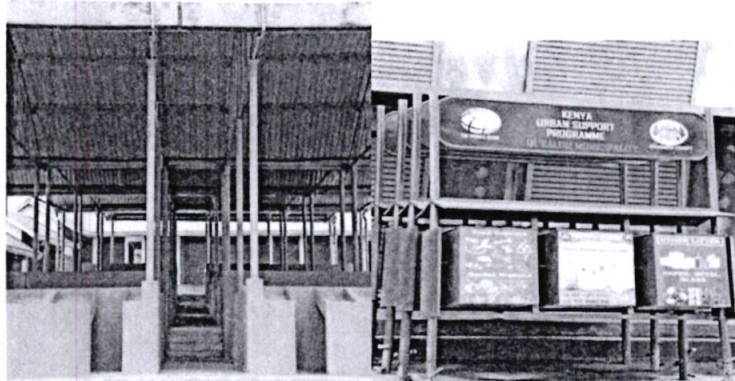
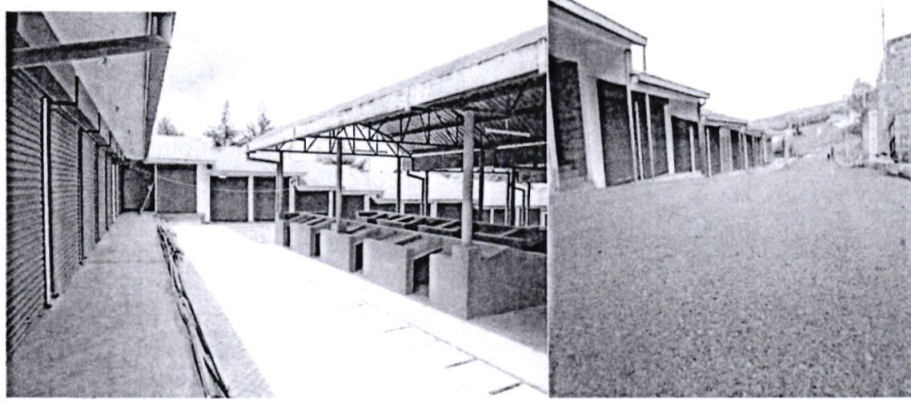




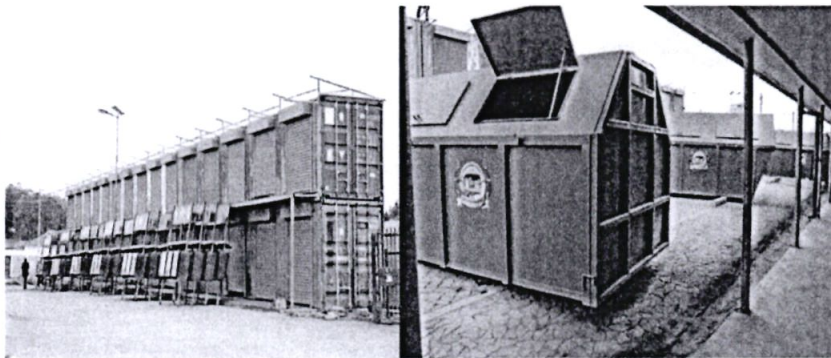
OI'KALOU MULTI PURPOSE SOCIAL HALL



Processing Plant



Ol'kalou New Market



Modern Kiosks & Solid Waste Management



Bitumen Works, Paved Pedestrian Parhways

a. Municipality's compliance with statutory requirements,

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

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

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

10. Environmental And Sustainability Reporting

1. Sustainability strategy and profile

The Ol Kalou Municipality was established with an aim of providing affordable, accessible high-quality municipal services, with a responsive local governance by ensuring the residents have the opportunity to contribute to municipality development. The municipal derives its functions from the Urban Areas and Cities Amendment Act 2019 and the Ol'Kalou Municipal Charter.

The strategic focus of the municipality is to ensure a well-planned town based on the following core areas:

- i. Sound physical planning and land management,
- ii. A vibrant urban economic development,
- iii. A robust revenue system,
- iv. Affordable and decent housing,
- v. A clean-living environment with functional solid and liquid waste
- vi. Management system

In order to archive the stipulated objectives, the municipality is funded by the County Government and other stakeholders. World Bank through the Kenya Urban Support Program has been supporting the Municipality through both infrastructure and institutional development funding. The allocation provided for in the budget for implementation of programmes and projects is little as compared to the expected outcomes. However, the municipality has continued to perform its mandates efficiently with the allocated resources.

2. Environmental performance

Environmental issues are clearly mainstreamed in the County Integrated Management Plan-CIDP. The Municipality has a solid waste management strategy which guides waste prevention, collection, transportation and disposal

The municipality has a waste management truck that assist in managing solid waste. There are has 8 skip bins and 16 waste separation structures strategically positioned at critical site around the municipality.

The Municipality has an approved Integrated Development Plan (IdeP) and Integrated Urban Development Plan-ISUD that guides development that is takes into consideration of the environment.

The municipality has a 79 acres county urban forest-Ol'kalou Arboretum and national tree planting site which are critical open space for climate change regulation and recreational facility. Three streams in the municipality are targeted for conservation of biodiversity and regulating storm water flow.

Environmental challenges are common in growing urban centres and municipality. These include inadequate collection and management of disposal site, effluent management from residential and industrial facilities luckily now the municipality has a sewerage system. Demand for clean energy contributes as the town grows hence the administration is promoting alternative sources.

All the projects undertaken in the municipality were screened and obtained relevant approvals for environment and social impacts. The projects constructed by Ol'kalou municipality havet an environmental impact assessment report and approval from the National Environment Management Authority-NEMA. The County Program Coordinating Team regularly monitored and reported on the environment and social management plans throughout the project cycle.

The municipality has installed energy savings bulbs and continually sensitizes staff on environmental issues.

3. Employee welfare

Ol'kalou Municipality uses the Human resource policy to ensure employ welfare is well catered for aspects such as; flexible work arrangements, mental health leave, and employee assistance programs, a safe and healthy environment have been taken into consideration.

4. Market place practices

Olkalou Municipality enhances market practices by ensuring:

A. Transparency and Honesty

Providing clear information about products/services

Avoiding exaggerated claims

B. Responsible Targeting.

ensuring marketing efforts respect demographic sensitivities

Avoiding exploitation of vulnerable populations

C. Sustainability and Social Responsibility

Incorporating ethical considerations in marketing strategies

Highlighting environmentally friendly and socially responsible practices

D. Training and Awareness

Educating employees about ethical marketing standards and practices

Fostering a culture of integrity within organizations

a) *Responsible competition practice.*

Olkalou Municipality ensures responsible practices through; Emphasis on fairness, transparency, and respect in competitive behavior.

II. Key Principles

A. Fair Marketing

Avoiding misleading advertisements and claims.

Promoting products based on genuine quality and benefits.

B. Respect for Competitors

No negative campaigning or disparagement.

Acknowledging competitors' strengths and contributions.

C. Collaboration and Innovation

Encouraging industry-wide cooperation for mutual benefits.

Fostering innovation while respecting intellectual property rights.

D. Compliance with Regulations

Adhering to antitrust laws and trade regulations.

Reporting unethical practices to appropriate authorities.

III. Benefits

Enhances brand reputation and consumer trust.

Promotes a healthier marketplace and consumer choice.

Responsible competition not only cultivates a positive business environment but also ultimately benefits consumers. If you want to delve into specific practices or examples, let me know.

b) Responsible Supply chain and supplier relations

Olkalou Municipality is guided by the Procurement Act and regulations in the area of supply and supply relations. This Ensures that supply chain practices are ethical, sustainable, and socially responsible.

II. Key Principles

A. Ethical Sourcing

Selecting suppliers based on ethical labor practices and environmental impact.

Conducting audits to ensure compliance with standards.

B. Transparency

Providing clear information about sourcing practices to consumers.

Maintaining open communication with suppliers regarding expectations.

C. Collaboration and Partnership

Building long-term relationships with suppliers for mutual growth.

Sharing best practices and supporting suppliers in improving their operations.

D. Sustainability

Prioritizing eco-friendly materials and processes.

Reducing waste and carbon footprint throughout the supply chain.

III. Benefits

Enhances brand reputation and consumer loyalty.

Mitigates risks related to supply chain disruptions and ethical scandals.

Responsible supply chain practices create a positive impact not only on businesses but also on communities and the environment. If you'd like to delve deeper into any specific aspect, just let me know!

c) Responsible marketing and advertisement

Olkalou Municipality ensures Emphasis on fairness, transparency, and respect in competitive behavior.

II. Key Principles

A. Fair Marketing

Avoiding misleading advertisements and claims.

Promoting products based on genuine quality and benefits.

B. Respect for Competitors

No negative campaigning or disparagement.

d) Product stewardship.

Olkalou Municipality ensures product stewardship through ensuring adherence to;

A. Consumer Protection Laws

B. Data Privacy Regulations

III. Transparency and Information Access

A. Clear Product Information

Mandating accurate labeling and advertising to avoid deception.

Providing comprehensive product descriptions and terms of service.

B. Accessibility of Information

Ensuring consumers can easily access information about their rights.

Creating user-friendly platforms for complaints and inquiries.

IV. Consumer Advocacy

B. Public Awareness Campaigns

Initiatives to inform consumers about common scams and unethical practices.

Encouraging informed decision-making through educational resources.

V. Mechanisms for Redress

A. Complaint Resolution Processes

Mediation and arbitration services for dispute resolution.

Product Recalls and Safety Alerts

5. Community Engagements.

The municipality engaged local community through public participation in identify projects to be implemented including building Ol'kalou markets, Social hall , Cabros processing plant and improving of foot paths and walkways.

11. Report of the Municipality Board Members

The Board Members submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the Municipality affairs.

Principal activities

The principal activities of the Municipality are

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

Performance

The performance of the Municipality for the year ended June 30, 2024 are set out on page 1

Board Members

The members of the Board who served during the year are shown on page vii to x. However there following change in board members.

*Ol'kalou Municipality
County Government of Nyandarua
Annual Report and Financial Statements for the year ended June 30, 2024*

Exited board members	Members who came in within the year
Judy Leah Gathoni	Julius Ngambi
Hellen Njeri Njoroge	Teresiah Ruga
	Samuel Njiraini
	John Mwangi
	Charles Mbugua

Auditors

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

By Order of the Board



.....
Name: Eric Igogo

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 manager is responsible for the preparation and presentation of the Municipality's financial statements, which give a true and fair view of the state of affairs of the Municipality for and as at the end of the financial year ended on June 30, 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 Municipality, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) Safeguarding the assets of the Municipality, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Municipality Manager accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *Urban* Areas and Cities Act No. 13 of 2011. The Municipality Manager is of the opinion that the financial statements give a true and fair view of the state of Municipality's transactions during the financial year ended June 30, 2024, and the financial position as at that date.

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

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

Approval of the financial statements

The Ol'kalou Municipality's financial statements were approved by the Board on 17th December 2024 and signed on its behalf by:



.....

Name: Priscillah Mwirigi
Chairperson of the Board

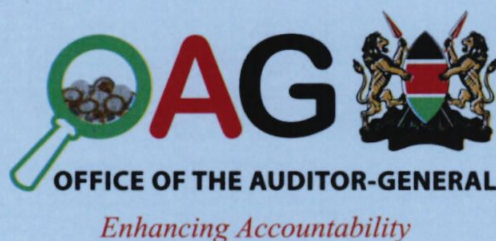


.....

Name: Eric Igogo
Accounting officer of the Board

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON OL KALOU MUNICIPALITY FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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 Ol Kalou Municipality set out on pages 1 to 49, which comprise of the statement of financial position as at

30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of OI Kalou Municipality as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Urban Areas and Cities Act, 2011, the Municipality OI Kalou Municipal Charter, 2019 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unconfirmed Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment with a net book value of Kshs.259,402,867 as disclosed in Note 24 to the financial statements. The balance includes buildings valued at Kshs.137,789,454 with accumulated depreciation totalling Kshs.6,088,191. However, there was no approved depreciation policy for the Municipality assets. Further, valuation reports supporting the value of the buildings were not provided for audit. In addition, computers, office equipment and fittings with a reported balance of Kshs.4,101,646 were not tagged.

In the circumstances, the accuracy and completeness of the property, plant and equipment amount of Kshs.259,402,868 as at 30 June, 2024 could not be confirmed.

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

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 matters described in the Basis for Qualified Opinion section of my report, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

The audit report for the prior year highlighted several unsatisfactory matters. Management has not provided any disclosure on progress made in resolving these issues and no information was provided to indicate if the issues were resolved or not as at 30 June, 2024.

Other Information

Management is responsible for the Other Information set out on page to iii to xiii which comprise of Key Entity Information and Management, Municipality Board, Municipality Chairpersons Report, Board, Report of the Municipality Manager, Integrated Development Plan, Municipal Spatial Plan, Challenges due to budget Constraints and Land Disputes, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting and Report of the Municipality Board Members.

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

In connection with my audit on the OI Kalou Municipality 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 USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Lack of Operational Autonomy at the Municipality

During the year under review, the County Government of Nyandarua incurred an expenditure amounting to Kshs. 32,944,728 in respect of the Municipality and although Management prepared separate financial statements as required by Section 46(1) of the

County Governments Act, 2012, it was observed that the County Government of Nyandarua continues to perform functions which should have been transferred to the Municipality of Nyandarua contrary to Section 48(1)(a) of the County Governments Act, 2012 which states that subject to Sub-Section (3), the functions and provision of services of each County Government shall be decentralized to the urban areas and cities within the county established in accordance with the Urban Areas and Cities Act, 2011.

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

2. Idle Projects

The Municipality entered into a contract on 2 March, 2021 for the construction and completion of paving block plant, cemetery, modern kiosks, waste management and street beautification at a cost of Kshs.66,016,065. The works were complete and a certificate of practical completion issued on 1 December, 2023. However, a visit to the projects in the month of November, 2024 revealed that they were not in use with the following observations.

- i. The paving block plant was complete and not in use and had overgrown vegetation around it.
- ii. The installed machine had started rusting.
- iii. The ablution block had over grown vegetation around it and the lights and waste pipes had been vandalized.
- iv. Thirty-six (36) shops were complete. however only one tenant was in place and the floor had visible cracks.
- v. The cemetery and office block were complete and not in use. Further, there was over grown vegetation around the buildings and the block had not been connected with electricity.

In the circumstances, although the projects were complete, value for money on the expenditure of Kshs.66,016,065 could not be confirmed.

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 are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance

section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Risk Management and Fraud Policies

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

In the circumstances, it has not been possible to confirm whether the internal controls built within the financial and operational systems were functioning as intended during the year under review.

2. Weaknesses in Information Communication Technology (ICT) Environment

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

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

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

Responsibilities of Management and the Municipality Board

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

In preparing the financial statements, Management is responsible for assessing the Municipality's ability to continue 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Municipality Board is responsible for overseeing the Municipality's financial reporting process, reviewing the effectiveness of how 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 overall 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 Supreme Audit Institutions (ISSAIs). The standards requires 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, CBS
AUDITOR-GENERAL

Nairobi

30 December, 2024

14. Statement of Financial Performance for The Year Ended 30 June 2024.

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from the County Government	6	32,944,728	1,145,356
Public contributions and donations	7	-	-
Levies Fines and Penalties	8	-	-
Other revenues (Payment by the county on behalf of the Olkalou Municipality)	9	-	-
		-	-
Revenue from exchange transactions			
Interest income	10	-	-
Miscellaneous Income	11	-	-
		-	-
Total revenue		32,944,728	1,145,356
Expenditure			
Use of goods and services	12	4,973,830	14,785,840
Staff costs	13	17,856,127	-
Board expenses	14	829,468	-
Finance costs	15	-	-
Depreciation and amortization	16	16,694,532	-
Repairs and maintenance	17	9,293,678	-
Total expenses		49,647,635	14,785,840
Other gains/losses			
Gain/loss on disposal of assets	18	-	-
Surplus/(deficit) for the period		-16,702,907	13,640,484

The notes set out on pages 8 to 48 form an integral part of these Financial Statements. The Olkalou Municipality financial statements were approved on 17th December 2024 and signed by:



Name: Eric Igogo
Municipal Manager



Name: Kibui Susan
Head of Finance
ICPAK M/No 16024

*Ol'kalou Municipality
County Government of Nyandarua
Annual Report and Financial Statements for the year ended June 30, 2024*

15. Statement of Financial Position As At 30 June 2024

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	19	11,388,799	64,477,695
Receivables from exchange transactions	20	-	-
Receivables from non-exchange transactions	21	-	-
Prepayments	22	-	-
Inventories	23	-	-
Total current assets		11,388,799	64,477,695
Non-current assets			
Property, plant, and equipment	24	259,402,867	233,187,485
Intangible assets	25	-	-
Total Non-current Assets		259,402,867	233,187,485
Total assets (A)		270,791,666	297,665,180
Liabilities			
Current liabilities			
Trade and other payables	26	9,075,131	19,245,738
Refundable deposits from customers	27	-	-
Provisions	28	-	-
Borrowings	29	-	-
Employee benefit obligations	30	-	-
Deferred Income	31	-	-
Social Benefits	32	-	-
Total current liabilities		9,075,131	19,245,738
Non-current liabilities			
Provisions	28	-	-
Borrowings	29	-	-
Non-current employee benefit obligation	30	-	-
Deferred Income	31	-	-
Social Benefits	32	-	-
Total liabilities (B)		9,075,131	19,245,738
Net Assets (A-B)		261,716,535	278,419,442

Ol'kalou Municipality
County Government of Nyandarua
Annual Report and Financial Statements for the year ended June 30, 2024

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs.	Kshs.
Represented by:			
Capital/Development Grants/Fund		-	1,194,559
Reserves		278,419,442	290,865,369
Accumulated surplus		-16,702,907	-13,640,484
Net Assets/Equity		261,716,535	278,419,442

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Olkalou Municipality financial statements were approved on 17th December 2024 and signed by:



Name: Eric Igogo
Municipal Manager
Date:



Name: Kibui Susan
Head of Finance
ICPAK M/No 16024
Date:

*Ol'kalou Municipality
County Government of Nyandarua
Annual Report and Financial Statements for the year ended June 30, 2024*

16. Statement of Changes in Net Assets For the Year Ended 30 June 2024

Description	Capital/ Development Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
Bal as at 1 July 2022			290,865,369	290,865,369
Surplus/(deficit) for the year	-	-	13,640,484	13,640,484
Funds received during the year	1,194,559	-	-	1,194,559
Revaluation gain/loss	-	-	-	-
Bal as at 30 Jun 2023	1,194,559	-	277,224,885	278,419,442
	-	-		
Bal as at 1 July 2023			278,419,442	278,419,442
Surplus/(deficit) for the year	-	-	16,702,907	16,702,907
Funds received during the year	-	-	-	-
Revaluation gain/loss	-	-	-	-
Balance as at 30 June 2024	-	-	261,716,535	261,716,535

17. Statement of Cash Flows for The Year Ended 30 June 2024

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6	32,944,728	1,145,356
Public contributions and donations	7	-	-
Interest received	10	-	-
Miscellaneous receipts (<i>Payment by the County Government on behalf of the Olkalou Municipality</i>)	11		-
Total Receipts		32,944,728	1,145,356
Payments			
Use of goods and services	12	15,144,439	14,785,840
Repair and maintenance	17	9,293,678	
Staff costs	13	17,856,127	-
Board expenses	14	829,468	-
Finance costs	15	-	-
Total Payments		43,123,712	-
Net cash flows from operating activities	33	-	-
		10,178,984	10,358,620
Cash flows from investing activities			
Purchase of PPE & intangible assets	24	-	-
		42,909,912	42,657,670
Proceeds from sale of PPE		-	-
Net cash flows used in investing activities		-	-
		42,909,912	42,657,670
Cash flows from financing activities			
Receipts from Capital grants		-	1,194,599
Proceeds from borrowings		-	-

Ol'kalou Municipality
County Government of Nyandarua
Annual Report and Financial Statements for the year ended June 30, 2024

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs.	Kshs.
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	1,194,599
Net increase/(decrease) in cash & cash equivalents		- 53,088,896	42,786,732
Cash And Cash Equivalents At 1 July	19	64,477,695	107,264,427
Cash And Cash Equivalents At 30 June	19	11,388,799	64,477,695

Note; The use of goods in the statement of financial performance are different with the Statement of cash flow. The Explanation is as per Appendix 6

*Ol'kalou Municipality
County Government of Nyandarua
Annual Report and Financial Statements for the year ended June 30, 2024*

**18. Statement of Comparison of Budget & Actual Amounts for the Year ended 30
June 2024**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
Revenue		Kshs.	Kshs.	Kshs.	Kshs.	
Transfers from the County Government	-	-	-	-	-	%
Public contributions and donations	-	-	-	-	-	%
Interest income	-	-	-	-	-	%
Use of goods and services	3,976,000	1,887,900	5,863,900	4,965,455	898,445	85%
Board	1,000,000	-	1,000,000	829,468	170,532	83%
Staff Cost allocation	7,024,000		7,024,000	17,856,127	10,832,127	254%
Repairs and maintenance	14,500,000	4,497,664	18,997,664	9,293,678	9,703,986	49%
Total Revenue	26,500,000	6,385,564	32,885,564	32,944,728	59,164	100%
Expenses					-	
Use of goods and services	3,976,000	1,887,900	5,863,900	4,973,830	890,070	85%
Board expenses	1,000,000	-	1,000,000	829,468	170,532	83%
Staff Costs	7,024,000		7,024,000	17,856,127	10,832,127	254%
Repairs and maintenance	14,500,000	4,497,664	18,997,664	9,293,678	9,703,986	49%
Finance costs		-	-	-	-	0%
Total Expenditure	26,500,000	6,385,564	32,885,564	32,953,103	67,539	100%
Surplus for the period	-	-	-	8,375	8,375	

Budget notes

.There was a supplementary budget that added Ksh 6,385,564.

The total of actual on a comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) **Appendix 5**

The budget performance was affected by the July exchequer which was not released. Repairs and maintenance payment was based on subject to the completion of the works.

19. Notes to the Financial Statements

1. General Information

Ol'kalou Municipality is established by and derives its authority and accountability from Urban Areas Act. The Municipality is under the Nyandarua County Government and is domiciled in Kenya.

The principal activity/mission/ mandate of the Municipality is to;

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

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 *Olkalou Municipality's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

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)

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.

There are no new standards effective in the financial year ended 30th June 2024.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Olkalou Municipality. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by:

	<ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an Olkalou Municipality shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

iii. Early adoption of standards

The Olkalou Municipality did not early – adopt any new or amended standards in the financial year

4. Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2023/24 was approved by the County Assembly on 18th November 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Municipality upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Municipality recorded additional appropriations of KShs 6,385,564 on 9th May 2023 following the governing body's approval.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of

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

The

d) Intangible assets

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

e) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The Olkalou Municipality assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Olkalou Municipality recognizes a loss allowance for such losses at each reporting date.

20. Financial liabilities

Classification

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

f) Inventories

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

Raw materials: purchase cost using the weighted average cost method

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

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

g) Provisions

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

h) Social Benefits

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

i) Contingent liabilities

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

j) Contingent assets

The Municipality does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that

an inflow of economic benefits or service potential will arise and the asset's value can be measured

reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits – Retirement benefit plans

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

n) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported in the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting

of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

o) Borrowing costs

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

p) Related parties

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

q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

r) Comparative figures

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

s) Events after the reporting period

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorized for issue. Two types of events can be identified:

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

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

The Olkalou Municipality had no material adjusting and non- adjusting events after the reporting period.

t) Currency

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

5. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made.

Estimates and assumptions.

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

Useful lives and residual values

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

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

Notes to the Financial Statements

6. Transfers from the County Government

Description	FY2023/2024	FY2022/2023
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	-	1,145,356
Payments by County on behalf of the Olkalou Municipality	32,944,732	-
Unconditional development grants	-	-
Total	32,944,732	1,145,356

(a) Transfers from County Government entities (Categorized)

Name Of The Olkalou Municipality Sending The Grant	Amount recognized to Statement of financial performance* Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	FY2022/2023
			Kshs	Kshs	Kshs
State Department	-	-	-	-	-
Ministry	-	-	-	-	-
Total	-	-	-	-	-

7. Public Contributions and Donations

Description	FY2023/2024	FY2022/2023
	Kshs.	Kshs.
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

8. Levies, Fines and penalties

Description	FY2023/2024	FY2022/2023
	Kshs.	Kshs.
Levies	-	-
Fines	-	-
Penalties	-	-
Others (<i>indicate and specify</i>)	-	-
Total	-	-

9. Other Revenues from Non-Exchange Transactions

Description	FY2023/2024	FY2022/2023
	Kshs.	Kshs.
Transfers from other government entities	-	-
Others	-	-
Total	-	-

10. Interest income

Description	FY2023/2024	FY2022/2023
	Kshs.	Kshs.
Interest income from investments	-	-
Interest income on bank deposits	-	-
Others	-	-
Total interest income	-	-

11. Miscellaneous income

Description	FY2023/2024	FY2022/2023
	Kshs.	Kshs.
Income from sale of tender documents	-	-
Others	-	-
Total other income	-	-

12. Use of Goods and Services

Description	FY2023/2024	FY2022/2023
	Kshs.	Kshs.
Utilities, supplies and services	134,180	-
Communication, supplies and services	57,580	-
Domestic travel and subsistence	544,990	-
Foreign travel and subsistence	-	-
Printing, advertising, supplies & services	68,990	-
Rent and rates	-	467,400
Training expenses	100,000	-
Hospitality supplies and services	384,792	-
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	200,000	-
Fuel, oil and lubricants	999,973	-
Other operating expenses	2,254,000	-
Routine maintenance – vehicles and other equipment		-
Routine maintenance – other assets	-	-
Contracted Professional Services	-	9,035,000
Audit fees	-	-
Hire of Transport, equipment etc	-	-
Bank Charges	8,375	7,320
Social Benefit expenses*	-	-
Total	4,973,830	9,509,720

13. Staff costs

Description	FY2023/2024	FY2022/2023
	Kshs.	Kshs.
Salaries and wages	15,331,927	-
Staff gratuity	-	-
Social security contribution	-	-
Other staff costs (<i>Specify</i>)	2,524,200	-
Total	17,856,127	-

14. Board expenses

Description	FY2023/2024	FY2022/2023
	Kshs.	Kshs.
Chairman/Members' Honoraria	-	-
Sitting allowances	227,780	-
Medical Insurance	-	-
Induction and Training	-	-
Travel and accommodation	601,688	659,900
Conference Costs	-	-
Other allowances (<i>Specify</i>)	-	-
Total	829,468	659,900

15. Finance costs

Description	FY2023/2024	FY2022/2023
	Kshs.	Kshs.
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
Total	-	-

16. Depreciation and amortization

Description	FY2023/2024	FY2022/2023
	KShs	KShs
Property, plant and equipment	16,694,532	5,276,120
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	16,694,532	5,276,120

17. Repairs and Maintenance

Description	FY2023/2024	FY2022/2023
	KShs	KShs
Property- Buildings	-	-
Office equipment	-	-
Furniture and fittings	-	-
Motor vehicle expenses	-	-
Maintenance of civil works	9,293,678	-
Total repairs and maintenance	9,293,678	-

18. Gain/(loss) on disposal of assets

Description	FY2023/2024	FY2022/2023
	Kshs.	Kshs.
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

19. Cash and cash equivalents

Description	FY2023/2024	FY2022/2023
	Kshs.	Kshs.
Fixed deposits account	-	-
On – call deposits	-	-
Current account	11,388,799	64,477,695
Others(<i>specify</i>)	-	-
Total cash and cash equivalents	11,388,799	64,477,695

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

Financial institution	Account number	FY2023/2024	FY2022/2023
		Kshs.	Kshs.
a) Fixed deposits account			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
Sub- total		-	-
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-

*Ol'kalou Municipality
County Government of Nyandarua
Annual Report and Financial Statements for the year ended June 30, 2024*

Financial institution	Account number	FY2023/2024	FY2022/2023
		Kshs.	Kshs.
Sub- total		-	-
c) Current account			
Equity bank UDG	0620277326491	3,770,756	54,239,485
Equity Bank - UIG	0620278998041	1,790	10,238,210
Equity Bank- retention	0620284416874	7,616,253	-
Sub- total		11,388,799	64,477,695
d) Others(specify)		-	-
Cash in transit		-	-
Cash in hand		-	-
Mobile Money		-	-
Sub- total		-	-
Grand total		11,388,799	64,477,695

20. Receivables from exchange transactions

Description	FY2023/2024	FY2022/2023
	Kshs.	Kshs.
Current Receivables		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total Current receivables (a)	-	-
Non-Current receivables		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total Non- current receivables (b)	-	-
Total	-	-

Ageing analysis for Receivables from exchange transactions

Description	FY2023/2024		FY2022/2023	
	Kshs		Kshs	
	Current FY	% of the total	Current FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%

*Ol'kalou Municipality
County Government of Nyandarua
Annual Report and Financial Statements for the year ended June 30, 2024*

Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

21. Receivables from Non-Exchange transaction

Description	FY2023/2024	FY2022/2023
	Kshs.	Kshs.
Transfer from County Executive	-	-
Transfer from X Fund	-	-
Total	-	-

Ageing analysis for Receivables from non-exchange transactions

Description	FY2023/2024		FY2022/2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

22. Prepayments

Description	FY2023/2024	FY2022/2023
	Kshs.	Kshs.
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments	-	-
Total	-	-

23. Inventories

Description	FY2023/2024	FY2022/2023
	Kshs.	Kshs.
Stationery	-	-
Consumables	-	-
Other inventories	-	-
Total inventories at the lower of cost and net realizable value	-	-

*Ol'kalou Municipality
County Government of Nyandarua
Annual Report and Financial Statements for the year ended June 30, 2024*

24. Property, Plant and Equipment

Description	Buildings	Roadworks	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Capital Work in progress	Total
		Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 1 July 2022	35,605,680	64,843,041	17,932,324	6,484,930	1,500,000	11,959,436	89,628,423	227,953,834
Additions	-	65,725,590	-	-	-	-	31,060,570	96,786,160
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-54,128,490	-54,128,490
As at 30th June 2023	35,605,680	130,568,631	17,932,324	6,484,930	1,500,000	11,959,436	66,560,503	270,611,504
Additions for the year	108,271,965	-	-	-	1,198,450	-	-	109,470,415
Disposals for the year	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-66,560,503	-66,560,503

*Ol'kalou Municipality
County Government of Nyandarua
Annual Report and Financial Statements for the year ended June 30, 2024*

Description	Buildings	Roadworks	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 30th June 2024	143,877,645	130,568,631	17,932,324	6,484,930	2,698,450	11,959,436	-	313,521,416
Depreciation and impairment	-							
At 1 July 2022	2,386,019	-	15,690,784	2,107,602	1,200,000	10,763,493	-	32,147,898
Depreciation	890,142	-	2,241,541	648,493	300,000	1,195,944	-	5,276,120
Impairment	-	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-	-
As at 30 June 2023	3,276,161	-	17,932,325	2,756,095	1,500,000	11,959,437	-	37,424,018
Depreciation for the year	2,812,030	13,056,863	-	466,104	359,535	-	-	16,694,532
Disposals for the year	-	-	-	-	-	-	-	-
Impairment for the year	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
As at 30th June 2024	6,088,191	13,056,863	17,932,325	3,222,199	1,859,535	11,959,437	-	54,118,550

*Ol'kalou Municipality
County Government of Nyandarua
Annual Report and Financial Statements for the year ended June 30, 2024*

Description	Buildings	Roadworks	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Capital Work in progress	Total
		Shs	Shs	Shs	Shs	Shs	Shs	Shs
NBV as at 30 th Jun 2023	32,329,519	130,568,631	-	3,728,835	-		66,560,503	233,187,486
NBV as at 30 th Jun 2024	137,789,454	117,511,768	-	3,262,731	838,915	-	-	259,402,868

25. Intangible assets

Description	FY2023/2024	FY2022/2023
	Kshs.	Kshs.
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

26. Trade and other payables from exchange transactions

Description	FY2023/2024		FY2022/2023	
	Kshs.		Kshs.	
Trade payables	-		-	
Retentions	9,075,131		10,210,738	
Accrued expenses	-		-	
Other payables	-		9,035,000	
Total trade and other payables	9,075,131		19,245,738	
Ageing analysis:	FY2023/2024	% of the Total	FY 2022/2023	% of the Total
Under one year	5,475,627	60%	13,347,903	69%
1-2 years	3,599,504	40%	5,897,835	31%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	9,075,131	%	19,245,738	%

27. Refundable deposits from customers

Description	FY2023/2024		FY2022/2023	
	KShs		KShs	
Rent deposits	-		-	
Others (<i>specify</i>)	-		-	
Total	-		-	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

28. Provisions

Description	FY2023/2024	FY2022/2023
	Kshs.	Kshs.
Balance at the beginning of the year	-	-
Additional Provisions	-	-
Provision utilised	-	-
Balance at the end of the year	-	-
Current Portion of provision	-	-
Long term portion of provision	-	-
Total Provisions	-	-

29. Borrowings

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

Description	FY2023/2024	FY2022/2023
	Kshs.	Kshs.
Short term borrowings (current portion)	-	-
Long term borrowings	-	-
Total	-	-

Description	FY2023/2024	FY2022/2023
	Kshs.	Kshs.
Balance at beginning of the period	-	-
Borrowings during the year	-	-

*Ol'kalou Municipality
County Government of Nyandarua
Annual Report and Financial Statements for the year ended June 30, 2024*

Repayments of borrowings during the period	-	-
Balance at end of the period	-	-

The table below shows the Distribution of borrowings:

Description	FY2023/2024	FY2022/2023
	Kshs.	Kshs.
Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
Total balance at end of the year	-	-

30. Employee Benefit Obligations

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

31. Deferred Income

	FY2023/2024	FY2022/2023
National/County Government	-	-
International Funding Bodies	-	-
Public Contributions and Donations	-	-
Total Deferred Income	-	-

The deferred income movement is as follows:

Description				
	Kshs	Kshs	Kshs	Kshs
Balance brought forward	-	-	-	-
Additions during the year	-	-	-	-
Transfers to capital fund	-	-	-	-
Transfers to income statement	-	-	-	-
Other transfers	-	-	-	-
Balance carried forward	-	-	-	-

Analysed as:

Description	Amount
Current	-
Non- Current	-
Total	-

32. Social Benefit Liabilities

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
PWD benefit scheme		
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

33. Cash generated from operations

Description	FY2023/2024	FY2022/2023
	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax	-16,702,907	13,640,484
Adjusted for:		
Depreciation	16,694,532	5,276,120
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
decrease in payables	-10,170,609	7,040,744
Net cash flow from operating activities	-10,178,984	15,405,108

34. Related party balances

a) Nature of related party relationships

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

- a) The County Government.
- b) The department of Lands , Physical planning and Urban development
- c) County Assembly.
- d) Key management.
- e) Municipality Board; etc.

b) Related party transactions

Description	FY2023/2024	FY2022/2023
	Kshs.	Kshs.
Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

Description	FY2023/2024	FY2022/2023
	Kshs.	Kshs.
Board Members	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	FY2023/2024	FY2022/2023
	Kshs.	Kshs.
Due from parent Ministry	-	-
Due from County Government	-	-
Due from County Assembly	-	-
Total	-	-

e) Due to related parties

Description	FY2023/2024	FY2022/2023
	Kshs.	Kshs.
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Due to County Assembly	-	-
Total	-	-

35. Contingent liabilities

Contingent liabilities	FY2023/2024	FY2022/2023
	Kshs.	Kshs.
Court case xxx against the Olkalou Municipality	-	-
Bank guarantees	-	-
Total	-	-

36. Contingent Assets

Contingent liabilities	FY2023/2024	FY2022/2023
	Kshs.	Kshs.
Court case against the Olkalou Municipality	-	-
Others Specify	-	-
Total	-	-

37. Financial risk management

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

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

I. Credit risk

The Municipality has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience, and other factors. Individual risk limits are set based on internal or external assessments in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Municipality's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the Municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
At 30 June 2024				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2024				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-

Total	-	-	-	-
--------------	---	---	---	---

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Municipality has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Municipality has no significant concentration of credit risk

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

II. Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 Jun 2024				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 Jun 2023				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-

Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

III. Market risk

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

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

IV. Foreign currency risk

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

Description		Other currencies	Total
	Kshs.	Kshs.	Kshs.
At 30 June 2024			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables	-	-	-
Liabilities			
Trade and other payables	-	-	-

Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs.	Kshs.	Kshs.
2024			
Euro	10%	-	-
USD	10%	-	-
2023			
Euro	10%	-	-
USD	10%	-	-

V. Interest rate risk

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

Management of interest rate risk

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

VI. Capital risk management.

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

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Revaluation reserve	-	-
Capital/Development Grants/Municipality	-	-
Accumulated surplus	-	-
Total Funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-%	-%

38. Program for Results (PforR) Disclosure

Name of the PforR:	
Financing Partners:	
Purpose of the PforR:	
Expenditure Details	Amount in Kshs
Cumulative actual expenditures for the previous years	-
Actual expenditure in the current financial year.	
1. Employee Cost	-
2. Use of goods and Services	-
3. Grants and Subsidies	-
4. Building of ECDE facilities	-
5. Others (specify)	-
Sub-total	-
Cumulative Actual Expenditures to date	-

*Ol'kalou Municipality
County Government of Nyandarua
Annual Report and Financial Statements for the year ended June 30, 2024*

21. 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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
1	Absence of internal audit function	An internal auditor has been seconded to the municipality	Resolved	
2	Lack of risk management & fraud policies	The management is in the process of developing the management & fraud policy	Not resolved	
3	Weakness in information communication technology (ICT) environment	The management shall develop an ICT policy	Not resolved	
4	Lack of Financing & Accounting policy manual	The management shall develop a finance & accounting policy manual	Not resolved	

*Ol'kalou Municipality
 County Government of Nyandarua
 Annual Report and Financial Statements for the year ended June 30, 2024*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
5	understaffing	Staff has been seconded to the Municipality by the County Government of Nyandarua.	Resolved	



.....

To be Signed by the Accounting officer of the Ol'kalou Municipality

*Ol'kalou Municipality
County Government of Nyandarua
Annual Report and Financial Statements for the year ended June 30, 2024*

Appendix 2: Inter-Entity Transfers

MUNICIPALITYNAME:Olkalou Municipality				
Breakdown of Transfers from the County Executive of NyandaruaCounty				
FY 2023/2024				
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
		Total	-	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
		Total	-	
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
		Total	-	

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

.....
Signed by the Head of Accounts of the Olkalou Municipality and the transferring Entities

Appendix 3: Reporting of Climate Relevant Expenditures

Name of the Organization
Telephone Number
Email Address
Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications)

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

*Ol'kalou Municipality
County Government of Nyandarua
Annual Report and Financial Statements for the year ended June 30, 2024*

Appendix 4: Disaster Expenditure Reporting Template

Date:

Olkalou Municipality

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

APPENDIX 5; Reconciliation of Difference Between Comparison of Budget & Actuals And Statement of Financial Performance Surplus

Details	Amount
Surplus/ deficit as per amended statement of financial performance	-16,702,907
Add depreciation	16,694,532.14
Surplus/ deficit as per amended statement of comparison of budget and actual	-8,375

APPENDIX 6; Reconciliation of Difference Between Statement of Financial Performance use of goods and statement of cashflow use of goods

Details	Amount
Surplus/ deficit as per amended statement of financial performance use of goods	4,973,830
Statement of cashflow	15,144,439
Variance (This is the decrease in trade payables as per note 33 of the financial statement)	10,170,609