

REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

KIKUYU MUNICIPALITY

FOR THE YEAR ENDED

30 JUNE, 2023

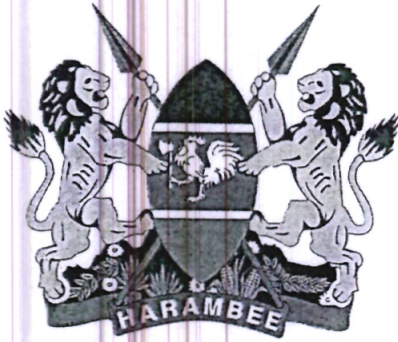
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P. O. Box 30084 - 00100, NAIROBI
REGISTRY

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Revised 30th June 2023



KIKUYU MUNICIPALITY

County Government of Kiambu

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

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

*County Government of Kiambu
Kikuyu Municipality
Annual Report and Financial Statements for the year ended June 30, 2023*

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1. Acronyms & Glossary of Terms

PSASB	Public Sector Accounting Standards Board
FY	Financial Year
OSHA	Occupational Safety & Health Act
DOSH	Department of Occupational Health and Safety
KUSP	Kenya Urban Support Programme
MAUD	Municipal Administration and Urban Development
OAG	Office of the Auditor General
UACA	Urban Areas and Cities Act
AUIP	Annual Urban Investment Plans
ISUDP	Integrated Strategic Urban Development Plans
IPSAS	International Public Sector Accounting Standards
APA	Annual Performance Assessment
IDEP	Integrated Development Plans
PAP	Project Affected Persons
P4R	Performance for Results
PFMA	Public Finance Management Act
PPADA	Public Procurement and Disposal Act
NMT	Non-Motorized Transport
NEMA	National Environment and Management Authority
CIDP	County Integrated Development Plan
SDG	Sustainable Development Goals
ESMP	Environmental and Social Management Plan

2. Key Entity Information and Management

a) Background information

Kikuyu Municipality was established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011 and Cities and Municipal Charter on 27th June 2018 the Municipality is under the County Government of Kiambu and is domiciled in Kenya.

b) Principal Activities

The municipality vision is to provide affordable, reliable and equitable distribution of services by creating a world class industrial and technological hub through harnessing partnerships and promoting green energy use.

The municipality's mission is to be an innovative and sustainable industrial city.

The municipality will strive to achieve the above Mission by;

- a) Contributing actively to the development of its environment, human and social capital;
- b) Offering high-quality services to all who live in, do business in or visit Kikuyu Municipality; and being known for its responsive, efficient, effective

c) Key Management

The Municipality management is under the following key organs:

- County department of in charge of Municipalities i.e., Municipal Administration and Urban development
- Board of Management
- Municipal Manager
- Management
- County Planning and Urbanization Assembly Committee

d) Fiduciary Management

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

SN	Position	Name
1	Municipality Manager	Emmaculate Njeri
2	Resident Engineer	Eng Peter Karanja
3	Programme Coordinator	Martin Kangiri
4	Assistant Resident Engineer	Eng. Simon Sibhora

e) Fiduciary Oversight Arrangements

- i) Audit and Risk Management Committee-The board sub-committee comprises of three key board members who reports to the overall board on audit and risk matters. Members who sit in this committee are representatives of professional bodies who are in good standing.
- ii) Kiambu County Assembly: The municipal budget is anchored in the department of Land, Housing Physical Planning Municipal Administration and Urban Development before execution, it's approved by the County Assembly of Kiambu. Quarterly reports are also submitted to ensure budget executions are adhered.
- iii) Kenya Urban Support Program – The State Department of Housing and Urban Development manages the overall grant for all the municipalities in the counties. As part of their monitoring, the County submit quarterly statements of expenditure as part of control
- iv) Office of the Auditor General: The OAG has a statutory obligation where it audits financial statements for all the municipals in the County
- v) Internal Audit: The county has a vibrant internal audit office that undertakes internal controls for the undertaking of the programs.
- vi) World Bank Office: This is the main donor of the program and undertakes impact assessments on improvement of urban areas in the counties to support devolution.

f) Registered Offices

P.O. Box 149-00902 Kikuyu
KENYA

g) Contacts

Telephone: (+254) 721818380

E-mail: kikyumunicipality@kiambu.go.ke

Website: <https://kiambu.go.ke/kikuyu-municipality/>

h) Bankers

Commercial Banks

1. Family Bank Kikuyu Branch-10200003407

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 Office of the County Attorney




County Government of Kiambu

P.O. Box 2344 - 00200




Kiambu, Kenya

3. Municipality Board

Name	Details of qualifications and experience
 Grace Nduta -Chairperson	<p>Grace is a hardworking Lady focused on completing work quickly and effectively to consistently exceed targets. Reliable team member accustomed with proactive approach to addressing challenges to taking on challenging tasks. Dedicated to success with a strong track record of using administration knowledge to inform decision making.</p>
 Stephen Maina Kanja	<p>Mr. Stephen is 41 years old and has worked at Medecins sans frontiers as a medical translator at IDH Mbagathi district hospital, programs officer with Sauti ya wamama vijana na watoto – Africa. A non- governmental organization that champions for the rights of youth, women and children. I was based in Thika and Kajiado working with youth out of school in social economic forums through rehabilitation and income generating projects</p>
 Mary Njeri Mungai	<p>Mary is 64 years old with vast experience in both public and private sector. She was awarded the Order of the Grand Warrior (OGW) in 2018 by President of Kenya. Mary has worked with programmes funded by the Government of Kenya, World Bank, European Union, FAO, IFAD, SIDA and Kenya post Lome Trade (Keplotrade. She has therefore participated in the development and review of these programs and projects gaining a lot of experience in designs, appraisal, management, implementation, budgeting process, monitoring and evaluation</p>
 Reuben Wanjihia Karanja	<p>Mr. Reuben has wide range of experienced in finance and management of donor funding and private sector finance. He has been in charge of the implementation of the PROFIT programme by IFAD, Kenya Treasury & Agra in the counties</p>

<p>Rev. Robert Theuri Maina</p>	<p>Rev. Robert has been for more than thirty years actively been involved in community mobilization and sensitization activities. He brings on board a wealth of community mobilization and goodwill to the Kikuyu Municipality.</p>
 <p>Edmund Njihia Chief Officer – MAUD</p>	<p>Professional & Academic Qualification: He is an Environmental Safety & Health, Food Safety, Quality Management, Procurement & Supply Chain and Project Management expert. Work experience: Over 20 years Current Chief Officer Department of Municipal Administration and Urban Development in Kiambu County</p>
<p>CECM MAUD</p>  <p>Salome Muthoni Wainaina</p>	<p>Salome Wainaina is a holder of a Bachelor of Economics and Political Science degree and has an MBA in Strategic Management. She additionally has certifications in Leadership and Governance courses. She has over 20 years' experience in marketing and strategic management in both private and public sector.</p>
 <p>Emmaculate Njeri Mwaura Minucipal Manager</p>	<p>I am an Urban planning and Socio-economic specialist. Previously worked as a planning economist in the Public sector and currently working with County government. In charge of the Municipality daily running and a World Bank Programme (Core aim- Urban institutions strengthening and improvement of Urban areas infrastructure) with an annual budget of more than 5.3m US dollars. Currently Pursuing my Masters in Urban and Regional Planning. A business development expert with experience in marketing and sales in the private sector including at Barclays Bank Kenya. Successfully founded and operated Stripe Enterprises for 7 years where I was in charge of bringing in new business and maintaining relationships with existing customers.</p>

4. Key Management Team

Name	Details of qualifications and experience
<p>1. Manager I:</p>  <p>Emmaculate Njeri Mwaura</p>	<p>I am an Urban planning and Socio-economic specialist. Previously worked as a planning economist in the Public sector and currently working with County government. In charge of a Municipality daily running and a World Bank Programme (Core aim- Urban institutions strengthening and improvement of Urban areas infrastructure) with an annual budget of more than 5.3m US dollars. Currently Pursuing my Masters in Urban and Regional Planning. A business development expert with experience in marketing and sales in the private sector including at Barclays Bank Kenya. Successfully founded and operated Stripe Enterprises for 7 years.</p>
<p>2. Resident Engineer</p>  <p>Peter Karanja Njenga</p>	<p>Eng. Njenga is a holder of a Master's of Science in civil engineering from the University of Nairobi. He holds a BSc degree in Civil Engineering from the University of Nairobi and has 12 years' experience in different fields of structural and civil engineering works namely Projects management, material testing and analysis, construction supervision of structures and road projects and structures design.</p> <p>Registered Professional Engineer with the Engineer's Board of Kenya and a Corporate Member Engineer under the Institution of Engineers of Kenya</p>
<p>3. Assistant Resident Engineer</p>  <p>Eng. Simon Sibhora</p>	<p>B.Tech. in Civil & Structural Engineering Civil and Structural Professional Engineer (A4291) registered by Engineers Board of Kenya and a Corporate Member (M9334) of Institution of Engineers of Kenya.</p> <p>Over ten (10) years engineering experience in planning/initiation, design and construction supervision of Roads and has served as a resident Engineer, assistant Resident Engineer and site Manager for various projects.</p>

4. KUSP Program

Coordinator



4. Martin Kangiri

Martin has an ongoing Ph.D. Urban Economics-University of South Africa, an Executive Diploma in Urban Development - London School of Economics and Political Science, Master of Economics (Finance) and Bachelor of Arts (Economics).

Martin is an Economist with over ten years working experience for both public and private sector organizations in Coordination, supervision and promotion of economic ties with development partners.

He is currently the County Programme Coordinator-Kenya Urban Support Programme and the Technical Team Leader (TTL)-Creation of Thika Industrial Smart City, Kabete, Githunguri, Juja, Gatundu, Githurai and Kimende Municipalities.

5. Municipality Board Chairperson's Report

Successes made.

- Municipal Manager, Municipal board members and seconded county staff in place.
- Formation of the Project Implementation Committee to oversee the overall execution of works in the municipality in the various infrastructural projects within the municipality.
- Delegation of specific functions by the Governor to the Municipalities as envisaged in the municipal service charter.
- Improvement of urban infrastructure such connectivity- roads, street lighting, sewer, landscaping and beautification

Review of the Municipality Board's performance

During the period under review, Kikuyu Municipal Board was able to implement three infrastructural development projects which include;

- Upgrading of Ondiri Road 0.9Km to Bituminous Standards (phase I).
- Proposed upgrading of Mwimuto Access Road, Kiharu Drive, Wambaa outfall drain, Kikuyu NMT, Jeevanjee Alution Block and Lusigetti Market sheds in Kikuyu Municipality.
- Proposed Upgrading of Kidfarmco Road 1.15Km to Bituminous Standards and street lighting.

The financial performance during the period under review was exceptional with absorption of all the funds in line with the Program Operations Manual (POM) of the KUSP World Bank conditional grant.

Challenges faced

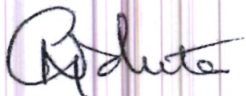
- Competition for projects to be selected in the Annual Urban Investment Plans by citizens during project selection exercise.
- Delegation of functions and Gazettement of more roles. There has been consistent lobbying by the board to ensure delegation and Gazettement of more functions.
- Lack of a municipality vote head despite numerous request by the board. This has led to challenges in sorting out the recurrent expenditures.

- Resource allocation of conditional grant (Urban Development Grant) is based on 2009 population census which has since grown massively to population according to 2019 census.
- Delayed relocation of services and utilities during infrastructural development such KPLC and water companies.

Future outlook of the Municipality Board

During the year the board successfully formulated its new proposed strategic plan FY 2022/2023-FY2027/2028 which aims to ensure Kikuyu Municipality growth including implementation of projects under the Kiambu Integrated Strategic Urban Development Plan. The main objectives of the proposed strategic plan are to; Promote a stable, progressive, resilient and self-sufficient community, facilitate an empowered citizenry, build a sustainable environment and to create and maintain a competent and dynamic workforce.

Name: Grace Nduta



.....
Chairperson of the Board

6. Report of the Municipality Manager

The Municipality was established under section 9 of the Urban Areas and Cities Act (2011) and granted the Municipal charter gazetted on 2nd November 2018.

The municipal board was constituted on 27th June 2018 headed by the board chairman elected by the board members.

The Municipal manager was appointed in accordance with the Urban Areas and Cities Act, 2011 (Amended 2019) and reports to the Municipal Board.

The municipality through the Kenya Urban Support Program has received a conditional grant towards development of infrastructural projects ranging from roads, street lighting, solid waste management equipment, urban aesthetics, recreational facilities, non-motorized transport, market shed among others.

The management of these projects is overseen by Project Implementation Teams which handle various issues ranging from Environmental issues, social safeguard issues, and contract payment structures.

These projects have changed the face of the municipality with the following key benefits realized:

- Newly constructed roads and those recarpeted in the town have enhanced the movement of goods, people and services.
- Led to decongesting of the town.
- Street lighting has helped beef up security as well as enabling more night working hours for traders in the informal sector such as street hawkers and vendors.
- Public parks contribute to the carbon sinks of the highly urbanized municipality as well as providing a place where people can recreate.
- The solid waste management equipment such as the tippers, skip loaders and skips, back hoes etc have helped enhance waste collection resulting to a cleaner environment.
- Job creation.

A number of challenges have however been realized, ranging from:

- Inadequacy of funds to invest more on infrastructural projects to serve the high population.
- Vandalism of street furniture such as road signs.
- Unpredictable weather conditions thus delaying the programmed works.
- Delayed relocation of the sewer line encroaching the corridor
- Scramble for the projects during public participation
- Issues of storm water outfalls.
- Leaking sewer manholes and Decic tanks along some sections of the corridor thus compromising the earthworks.
- Delayed relocation of services along the road reserves.
- The local community is against the setting up of a waste transfer station.

As per the strategic focus areas outlined in the Municipal Draft Strategic Plan (2022-2027), emphasis has been put on the following areas; ease of doing business, employment creation, environmental sustainability, health, youth and gender empowerment, education, trade and industry as well as improving the overall road connectivity of the municipality.

Our ability to serve the public in the municipality has been clearly outlined and an exciting future lies ahead if we all work together to make this the incredible Municipality that our children will inherit from us.



.....
Name: Emmaculate Njeri
Municipality Manager

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

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a County Government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board including a statement of the county government entity's performance against predetermined objectives. The key development objectives of the Kikuyu Municipality are:

- a) Provide quality physical infrastructure.
- b) Urban planning.
- c) Urban governance and administration

Detailed analysis for each objective and outcome is presented in the table below;

Programme Name: Kikuyu Municipality						
Objective: To Improve Infrastructural Developments in Kikuyu Municipality and it's Urban Areas						
Outcome: Creation of liveable cities, improved urban infrastructure, revenue improvement						
Sub Programme	Key output	Key performance indicator	Baseline			
			Year	Value	Planned Target FY 22/23	Actual FY 22/23
General Administration & Support Services: Costing of Salaries	Improved efficiency and effectiveness in quality service delivery	No. of Officers Recruited	2022	0	2	1
Staff Training and development programs	Sustainable and satisfied work force	No. of staff sponsored for promotional, refresher courses & CPD programs	2022	0	10	12
Operation & Maintenance: General office	Consistency of information, methods, skills and controls	No. of offices equipped & furnished and general office maintenance	2022	0	1	1
Construction and upgrading of Municipal Infrastructures	Improvement of Roads	Kilometres of Roads Constructed	2022	km	7km	7km
	Improvement of Sewer System	Kilometres of Sewer lines constructed	2022	km	0km	0km
	Improvement of Street Lighting	No. of Street Lights Installed	2022	0	30	30
	Improvement of Bus Parks	No. Bus parks Rehabilitated	2022	0	0	0
	Improvement of Market sheds & Ablution Blocks	No. of Market sheds & Ablution Blocks	2022	0	1	1
	Construction & Rehabilitation of	No. of Stadia built or rehabilitated	2022	0	0	0

County Government of Kiambu
Kikuyu Municipality

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	Stadium					
	Provision of Waste Management & Equipment	No. of Waste Management stations constructed or/& Equipment bought	2022	0	0	0
	Improvement of NMT & Parking Lots	No. of NMTs & Parking Lots constructed	2022	km	10km	10km
	Construction of Recreational centers	No. Recreational facilities Constructed	2022	0	1	1
	Construction of Fire station and Purchase of Disaster management Equipment	No. of Fire stations constructed and Disaster management Equipment Purchased	2022	0	0	0
	Construction of Storm water Drains	Kilometers of storm water Drains Constructed	2022	km	7 km	6km
Renewable Energy and Climate Change	Incorporation of green energy as an alternative source of power within the municipality	No. of KWh units of wind energy generated	2022	0	0	0
		Volume of bio gas produced	2022	0	0	0
		No. of KWh units of solar PV energy generated	2022	0	0	0
Total						

8. Corporate Governance Statement

Roles of the Municipal Board

Kikuyu Municipal Board is responsible for overall management of the municipality and is committed to ensuring that its business and operations are conducted with integrity, professionalism and in compliance with the law.

In recent years, various recommendations have been made in several legal and professional publications in an attempt to determine the most appropriate way for boards to be structured to achieve the highest standards of corporate governance.

The corporate governance of the board takes place within a framework which exists to regulate the conduct of board members, staff, customers and members of the public.

The key instruments within the framework are

- i) The Kenya Constitution
- ii) UACA (2011,2019)
- iii) PFM Act, 2012
- iv) PPADA,2015
- v) Employment Act 2007
- vi) SRC Guidelines on Remuneration of board members
- vii) Municipal Board Charter
- viii) Board Bylaws, policies and procedures

In accordance with the Urban Areas and Cities 2011 (amended 2019) the board of the Municipality shall perform the following functions:

- i. Oversee the affairs of the Municipality;
- ii. Develop or adopt policies, plans, strategies and programmes and set targets for service delivery;
- iii. Formulate and implement an integrated development plan;
- iv. Control land, land sub-division, land development and zoning by public and private sectors for any purpose, including industry, commerce, markets, shopping and other

- employment centers, residential areas, recreational areas, parks, entertainment, passenger transport, agriculture, and freight and transit stations within the framework of the spatial and master plans for the Municipality as delegated by the County executive committee.
- v. Promoting and undertaking infrastructural development and services within Municipality as delegated by the County executive committee.
 - vi. Developing and managing schemes, including site development in collaboration with the relevant national and county agencies;
 - vii. Maintaining a comprehensive database and information system of the administration;
 - viii. administering and regulating its internal affairs;
 - ix. Implementing applicable national and county legislation;
 - x. Entering into contracts, partnerships or joint ventures as it may consider necessary for the discharge of its functions;
 - xi. Monitoring and, where appropriate, regulating municipal services where those services are provided by service providers other than the Board of the Municipality;
 - xii. Preparing and submitting its annual budget estimates to the relevant County Treasury for consideration and submission to the County Assembly for approval as part of the annual County Appropriation Bill;
 - xiii. Collecting rates, taxes levies, duties, fees and surcharges on fees as delegated by the County Government.
 - xiv. Settling and implementing tariff, rates and tax and debt collection policies as delegated by the County Government.
 - xv. Monitoring the impact and effectiveness of any services, policies, programs or plans;
 - xvi. Establishing, implementing and monitoring performance management systems;
 - xvii. Promoting a safe and healthy environment;
 - xviii. Facilitating and regulating public transport
 - xix. Performing such other functions as delegated by the County executive committee.

Board Induction and Training

In consultation with the State Department of Housing and Urban Development, the Department of Municipal Administration under the Kiambu County Government has officially inducted all the Kiambu County board members.

Board Meetings

The board meets at least four times in a financial year.

The Board is remunerated as guided by the salaries and remuneration commission.

Ethics and conduct as well as governance audit

Several audits have been conducted by the World Bank, State Department of Housing and Urban Development, Internal auditors and the Office of the Auditor General.

9. Management Discussion and Analysis

Key projects 2020/2021

Project Name	Contract Sum	Implementation %	Start date	End date	Works done
Upgrading of Ondiri Road 0.9Km to Bituminous Standards (phase I)	50,534,962.10	85%	10th March 2022	11th October 2023	Project substantially Complete
Proposed Upgrading of Kidfarmco Road 1.15Km to Bituminous Standards and street lighting	78,733,234.94	100%	10th March 2022	30th June 2023	Project Complete and In Use
Proposed upgrading of Mwimuto Access Road, Kiharu Drive, Wambaa outfall drain, Kikuyu NMT, Jeevanjee Alution Block and Lusigetti Market sheds in Kikuyu Municipality	99,958,414.87	100%	10th March 2022	30th June 2023	Project Complete and In Use

Compliance with statutory requirements

The municipality is compliant with the various statutory requirements:

- NEMA requirements were complied with by obtaining the licenses for our projects
- KRA on remittance of statutory deductions

Major risks facing the organization

1.Unaligned Kikuyu Municipality Charter

The municipality needs support and goodwill from the County Government for the charter to be reviewed and aligned to the UACA 2011,2019

2.Lack of implementation of the Governance and Institutional Framework

The municipality needs support and goodwill from the County Government for deployment of staff and delegation of responsibilities according to the UACA 2011,2019.

10. Environmental and Sustainability Reporting

1. Sustainability strategy and profile

The municipality sustainability strategy has been informed by various sustainable development efforts where the municipality is focused on SDG no. 11 which is to ‘make cities and human settlements inclusive, safe, resilient and sustainable urban areas which ensures effective urban development and management.’ Programmes of the National Government and the CIDP also informs that sustainability strategy of the municipality. The municipality has been able to develop a strategic plan anchored in the CIDP III of the Kiambu County Government. This strategic plan, a product of public participation considers the five pillars of sustainability: Governance, The Economy, Environment, Culture and Social pillars.

2. Environmental performance

The municipality recognizes that environmental sustainability as the greatest challenge of the 21st century and commits to ensuring that all its major strategies and operations consider their environmental and ecological aspects and impacts.

The Municipality has a robust Solid Waste Management Policy and Solid Waste Management Plan approved by the Municipality Board. This policy framework is a response to the growing challenges of solid waste management within the municipality and creates a blueprint for:

- i. Protecting public health and environment
- ii. Facilitating public and private sector collaboration and participation.
- iii. Encouraging full stakeholder support.
- iv. Unfolding of more detailed plans, programmes and project
- v. Structure planning and sustainability
- vi. Effective and achievable implementation and monitoring

Promoting greater public awareness and behavior change.

The municipality has ensured that contractors adhere strictly to their Environmental and Social Management Plan (ESMP) has been prepared by municipality and contractors

The ESMP prepared is based on an overall environmental and social assessment, which includes
(i) The general baseline at project areas

(ii) Evaluation of potential environmental and social impacts of different project components and subcomponents and

(iii) Assessment of environmental practices in different ongoing and completed projects.

This standardized ESMP provides the guidelines for the preparation of all mitigation plans to respond to the anticipated project impacts, once projects begin after contractors are procured.

3. *Employee welfare*

Currently, the hiring of employees is guided by the County Public Service Board with a manager appointed on 27 June 2018. Four more employees i.e., Civil and Electrical Engineer, Surveyor and Environment Officer were seconded to the manager from the County to assist the manager in the implementation of the Kenya Urban Support Program -World Bank Grant.

Policies that guide Staff development are currently undertaken by the Department of Municipal Administration although the municipality has been willing to take care of its own employees.

The municipality has requested for the deployment of more staff in order to discharge its mandate under the UACA 2011,2019 after delegation of responsibilities by the County and its allocation of attendant resources.

The municipality always ensures that contractors of projects stay on compliance to the *Occupational Safety and Health Act of 2007*, OSHA guidelines and require registration of contractors with Department of Occupational Health and Safety(DOSH).

11. Report of the Municipality Board Members

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

Principal activities

The principal activities of the Municipality are to strengthen urban institution and to provide the necessary urban infrastructure to the residents.

Performance

The performance of the Municipality for the period ended June 30th, 2023 is set out in section 8 of this report.

Board Members

The members of the Board who served during the year is as shown in section 2 of this report.

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.



.....
Name: Emmaculate Njeri

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 period ended on June 30th, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Municipality, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) Safeguarding the assets of the Municipality, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

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

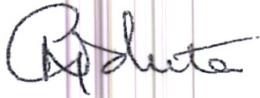
The Municipality Manager further confirms the completeness of the accounting records which have been relied upon in the preparation of financial statements as well as the adequacy of the systems of internal financial control. In preparing the financial statements, the Municipality Manager has assessed the Municipality's ability to continue as a going concern and disclosed, as

applicable, matters relating to the use of going concern basis of preparation of the financial statements.

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 Municipalities financial statements were approved by the Board on 15th September 2023 and signed on its behalf by:



.....
Name: Grace Nduta
Chairperson of the Board



.....
Name: Emmaculate Njeri
Accounting officer of the Board

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
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Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Kikuyu Municipality set out on pages 1 to 30, which comprise of the statement of financial position as at 30 June, 2023

statement of financial performance, statement of changes in net assets, statement of cash flows and the 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 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Kikuyu Municipality as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Urban Areas and Cities Act, 2011 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Presentation and Disclosure of the Financial Statements

Review of the Municipality's financial statements revealed the following anomalies;

- i. The table of content is numbered (iii) instead of (i) hence an error in subsequent page numbering up to (xxviii).
- ii. Municipality Board composition did not define whether the Board member is independent or executive and did not state the committee of the Board member.
- iii. Report of Municipality Manager did not include project performance against actual, programmes implemented and risk management strategies.
- iv. Management discussion analysis did not contain discussion on operational and financial performance of the entity.
- v. Report of the Municipality Board members did not include the page numbers for reference and 'by order' was not included.
- vi. Financial statements were signed by Head of Finance, but the ICPAK membership number was not indicated.
- vii. The statement of cash flows reflects net cash flows from operating activities amounting to Kshs.1,107,175 and Kshs.138,285,981 for 2022/2023 and 2021/2022 financial years respectively. However, Note 28 to the financial statements reflects Nil balances for cash generated from operations.
- viii. Progress on follow up of auditors' recommendations was not included in the financial statements.

- ix. The statement of financial performance reflects transfers from the County Government amounting to Kshs.1,194,559. However, Note 29 to the financial statements on related party transactions reflects nil transfers from related parties.

In the circumstances, the accuracy, completeness and fair presentation of the financial statements could not be confirmed.

2. Inaccuracies in the Financial Statements

Review of the Municipality's financial statements revealed the following anomalies;

- i. The statement of financial position reflects Nil balance for property, plant and equipment while Note 22 to the financial statements reflects property, plant and equipment balance of Kshs.475,035,581. The variance of Kshs.475,035,581 was not explained.
- ii. The statement of changes in net assets reflects Nil balance for development grant while the grant for the infrastructure projects totals to Kshs.1,206,431,009.
- iii. The statement of cash flows reflects cash and cash equivalents balance of Kshs.270,932,836 for the comparative year which differs with the cash and cash equivalents comparative balance of Kshs.271,700,743 as disclosed in the statement of financial position resulting to an unexplained variance of Kshs.767,907.
- iv. The statement of comparison of budget and actual amounts reflects Nil total revenue for both original budget and actual on comparable basis columns. However, re-computation of the amounts revealed total original budgeted revenue and actual revenue of Kshs.100,000,000. and Kshs.1,194,559. The variances of Kshs.100,000,000 and Kshs.1,194,559 respectively were not explained or reconciled.
- v. The statement of comparison of budget and actual amounts reflects transfer from the County Government under original budget and final budget columns of Kshs.100,000,000 and Kshs.1,194,559 respectively. However, the statement reflects nil adjustments resulting to an unexplained variance of Kshs.98,805,441.
- vi. The statement of comparison of budget and actual amounts reflects Nil balances for infrastructure projects payment and finance costs-bank charges under performance difference column. However, recomputation of the balances revealed infrastructure projects payment and finance costs-bank charges amounting to Kshs.21,869,776 and Kshs.12,616 respectively. The variances of Kshs.21,869,776 and Kshs.12,616 for infrastructure projects payment and finance costs-bank charges respectively were not reconciled.

- vii. The statement of comparison of budget and actual amounts reflects Nil total expenditure and surplus for the period under performance difference column. However, recomputation of the balances revealed total expenditure and surplus for the period amounting to Kshs.21,882,392 and Kshs.21,782,392 respectively. The variances were not explained.

In the circumstances, the accuracy and completeness of the financial statements as presented could not be confirmed.

3. Double Counting of Payments for Infrastructure Projects

The statement of financial performance and Note 15b to the financial statements reflects infrastructure projects payments amounting to Kshs.228,130,224. Further, Note 22 to the financial statements reflects property, plant and equipment balance of Kshs.228,130,224 for other assets as additional assets, an indicator of capitalisation of projects. Review of the schedules revealed that the balance related to payments for the projects whose contracts occurred and were recognised in the year of occurrence.

In the circumstances, the accuracy and completeness of the infrastructure projects payments amounting to Kshs.228,130,224 could not be confirmed.

4. Inaccurate Infrastructure Projects Payments

The statement of financial performance and Note 15b of the financial statements reflects infrastructure project payments amounting to Kshs.228,130,224 which includes retention money deducted from infrastructure payments of Kshs.767,907 that should be a component of payables. Review of the supporting schedules and trial balance revealed total payments of Kshs.228,985,515 and Kshs.228,898,131 leading to unexplained variances of Kshs.855,291 and Kshs.767,907 respectively.

In the circumstances, the accuracy, validity and completeness of the infrastructure projects payments in the statement of financial performance amounting to Kshs.228,130,224 could not be confirmed.

5. Misstatement of Property Plant and Equipment Balance

Note 22 to the financial statements reflects property, plant and equipment balance of Kshs.475,035,581 relating to infrastructure projects. Review of the donor fund transfer schedule revealed that a total amount of Kshs.1,206,431,009 was received for project development for Kikuyu Municipality resulting to an unexplained variance of Kshs.731,395,428.

In the circumstances, the accuracy, completeness and existence of property, plant and equipment balance of Kshs.475,035,581 could not be confirmed.

6. Unreconciled Cash and Cash Equivalents

The statement of financial position and Note 17 to the financial statements reflects cash and cash equivalents balance of Kshs.43,909,787. However, Management did not

provide monthly bank reconciliations for audit and no evidence was provided to show that Management submitted monthly bank reconciliation to the County Treasury and a copy to the Auditor General as required. Further, Management did not maintain a retention account and as a result the amounts owed to contractors in form of retention money which is included in the cash and cash equivalents balance could not be determined.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.43,909,787 could not be confirmed.

7. Failure to Depreciate Property, Plant and Equipment

Note 22 to the financial statements reflects property, plant and equipment balance of Kshs.475,035,581 which is a cumulative balance since 1 July, 2021. However, the financial statements reported Nil amount for depreciation charge and accumulated depreciation for the year under review.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.475,035,581 could not be confirmed.

8. Omission of Trade and Other Payables

The statement of financial position and Note 24 to the financial statements reflects nil balance for trade and other payables. Review of records provided for audit revealed that the total contract sum for the eight (8) projects totalled Kshs.516,749,072 while the total payments made to date amounted to Kshs.475,035,581 hence an unpaid amount of Kshs.41,713,491 to the contractors for the projects implemented which ought to have been disclosed under payables.

In the circumstances, the accuracy and completeness of the statement of financial position as presented could not be confirmed.

9. Unaccounted for Retention Monies

The statement of financial position and Note 24 to the financial statements reflects Nil balance for trade and other payables from exchange transactions for the year under review. However, Note 15b to the financial statements reflects retention monies amounting to Kshs.767,907 which were not disclosed in trade and other payables from exchange transactions. Further, review of payment vouchers provided for audit revealed that outstanding retention monies for the year amounted to Kshs.51,674,907. However, the retention monies were not supported by the retention register and ledger.

In the circumstances, the accuracy and completeness of the statement of financial position as presented could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kikuyu 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 audit of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

The audit report for the year ended 30 June, 2022 raised several unsatisfactory issues in regard to balances reflected in the financial statements, lawfulness and effectiveness in use of resources and effectiveness of internal controls, risk management and governance. However, the issues remained unresolved as at 30 June, 2023.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for conclusion

1. Lack of Board Committee Charter

Review of the Board records indicated that the Board has three (3) committees namely technical, planning and oversight, human resources, finance and administration and partnership, audit and risk management committees established to run its affairs. However, the committees did not have a charter that outlines their roles and responsibilities. This was contrary to Section 26 of the Urban Areas and Cities Act, 2011 which provides that the Board may delegate to such committee such functions as are necessary for the efficient performance of its duties in respect to the whole or any part of the area under the jurisdiction of a Board and include persons who are not members of the Board in any committee.

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

2. Failure to Provide Approved Budget and Annual Revenue Estimates

Management did not provide for audit the approved budget for the financial year 2022/2023. This was contrary to Section 20(1)(l) of the Urban Areas and Cities Act, 2011 which requires a Board of a City or Municipality to prepare and submit its annual budget estimates to the relevant County Treasury for consideration and submission to the County Assembly for approval, as part of the annual County Appropriation Bill.

Further, Management did not prepare and submit revenue estimates for approval by the Board and the County Assembly. This was contrary to Section 45(1) of the Urban Areas and Cities Act, 2011 which requires that three (3) months before the commencement of each financial year, a Board or Town committee shall cause to be prepared estimates of revenue and expenditure of a Board or Town committee for that year.

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

3. Failure to Conduct Annual Performance Review of Integrated Development Plan

Review of Municipality records provided for audit revealed that there was no evidence provided to confirm that annual performance review of the Integrated Development Plan was conducted as required by the law. This was contrary to Section 42 of the Urban Areas and Cities Act, 2011 which requires the City or Municipal Board to review its Integrated Development Plan annually to assess its performance in accordance with performance management tools set by it.

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

4. Proposed Upgrading of Kidfarmaco Road (1.15Km) to Bituminous Standards and Street Lighting (Phase 1)

The Municipality entered into a contract for proposed upgrading of Kidfarmaco Road (1.15Km) to bituminous standards and street lighting (Phase 1) in Kikuyu Municipality amounting to Kshs.78,733,235 through tender No: CGK/MAUD/KUSP/KKU/001/20/21 was awarded to a local contractor on 23 December, 2021. Review of payment vouchers revealed that payments of seven interim certificates were made; the second to seventh interim certificates were made during the year under review totalling to a net amount of Kshs.65,560,264. Further, a five percent of the contract sum was deducted as retention amount of Kshs.3,936,662 which was five percent less of the required ten percent retention amount deductible of Kshs.7,873,323.

In addition, the project was completed and handed over and the defect liability of twelve months had not yet lapsed, However, the quarterly inspections reports during 12 months defect period were not provided for audit. Further, fifty per cent of the retention amount of Kshs.1,968,331 had been paid before the defect liability period lapsed. It was observed that Kshs.57,580 was stated as contract balance payable to the contractor despite having paid all raised interim certificates.

In the circumstances, value for money expended on the project could not be confirmed.

5. Unapproved Over Expenditure

The statement of comparison of budget and actual amount reflects actual revenue of Kshs.1,194,559 against actual expenditure of Kshs.228,217,608 resulting in an over-expenditure of Kshs.227,023,049. No approval of the over expenditure was provided for audit. This was contrary to Regulation 43 (2) of Public Finance Management (County Governments) Regulations, 2015 which states that County Government entities shall execute their approved budgets based in the annual appropriations, and the approved annual cash flow plan with exception of unforeseen and unavoidable spending dealt with through the County Emergency Fund, or supplementary estimates.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Risk Management Policy and Disaster Recovery Plan

Review of the Municipality records, processes and systems revealed that the Municipality operated without a risk management policy and thus had no framework for management of risks. As a result, it was not possible to define the Municipality's risk appetite and set the risk tolerance levels by identifying boundaries against unacceptable exposure to risk.

Further, the Municipality did not have a disaster recovery or business continuity plan in place. In the absence of a disaster recovery or business continuity plan, the Municipality lacks a blue print for identifying, preventing and mitigating against disasters and ensuring that its operations are not interrupted. This was contrary to Regulation 158 (1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer to ensure that the County Government entity develops risk

management strategies, which include fraud prevention mechanism; and also develops a system of risk management and internal control that builds robust business operations.

2. Incomplete Asset Register

Note 22 to the financial statements reflects property, plant and equipment balance of Kshs.475,035,581 relating to other assets. However, review of the asset register provided for audit revealed that the asset register did not include details on cost/value of the assets and year of acquisition and the assets disclosed in the financial statements had not been included in the asset register. This was contrary to Section 149(2)(o) of the Public Finance Management Act, 2012 which requires the Accounting Officer to ensure that the respective County Government entity has adequate systems and processes in place for the maintenance of an assets register that is current, relevant and available to the relevant County Treasury and Auditor General.

In the circumstances, the existence of effective internal controls to safeguard the assets 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 overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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


Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

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

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

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


FCPA Nancy Gatindiga, CBS
AUDITOR-GENERAL

Nairobi

20 March, 2024

County Government of Kiambu
Kikuyu Municipality
Annual Report and Financial Statements for the year ended June 30, 2023

14. Statement of Financial Performance for the Year ended 30th June 2023.

	Notes	FY 2022/2023	FY 2021/2022
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from the County Government	6	1,194,559	138,344,409
Public contributions and donations	7	-	-
Levies Fines and Penalties	8	-	-
Other revenues (<i>Specify</i>)	9	-	-
		1,194,559	138,344,409
Revenue from exchange transactions			
Interest income	10	0	0
Other Income	11	0	0
		0	0
Total revenue		1,194,559	138,344,409
Expenditure			
Use of goods and services	12	-	-
Staff costs	13	-	-
Board expenses	14	-	-
Finance costs	15a	87,384	58,428
Infrastructure Projects	15b	228,130,224	247,673,265
Total expenses		228,217,608	247,731,693
Other gains/losses			
Gain/loss on disposal of assets	16	-	-
Surplus/(deficit) for the period		(227,023,049)	(109,387,284)

The notes set out on pages 20 to 32 form an integral part of these Financial Statements. The entity financial statements were approved on 15th September 2023 and signed by:



.....
Name: Emmaculate Njeri
Municipality Manager



.....
Name: Brian Mwangi
Head of Finance
ICPAK M/No

15. Statement of Financial Position As At 30th June 2023

	Note	FY 2022/2023	FY 2021/2022
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	17	43,909,787	271,700,743
Receivables from exchange transactions	18	-	-
Receivables from Non- exchange transactions	19	-	-
Prepayments	20	-	-
Inventories	21	-	-
Total Current Assets		43,909,787	271,700,743
Non-current assets			
Property, plant, and equipment			
Intangible assets	23	-	-
Total Non-current Assets		-	-
Total assets		43,909,787	271,700,743
Liabilities			
Current liabilities			
Trade and other payables	24	-	767,907
Provisions	25	-	-
Borrowings	26	-	-
Employee benefit obligations	27	-	-
		-	767,907
Non-current liabilities			
Provisions	25	-	-
Borrowings	26	-	-
Non-current employee benefit obligation	27	-	-
		-	-
Total liabilities		-	767,907
Net assets		43,909,787	270,932,836
Capital/Development Grants/Fund			
Reserves			
Accumulated surplus		43,909,787	270,932,836
Total net assets and liabilities		43,909,787	270,932,836

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 15th September 2023 and signed by:



.....
Name: Emmaculate Njeri

Municipality Manager

Date:

.....
Name: Brian Mwangi

Head of Finance

ICPAK M/No

Date:

16. Statement of Changes In Net Assets for the Year ended 30th June 2023

	Capital/ Development Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
Balance as at 1 July 2021			380,320,120	380,320,120
Surplus/(deficit) for the period			(109,387,284)	(109,387,284)
Funds received during the year				-
Revaluation gain				-
Balance as at 30 June 2022	-	-	270,932,836	270,932,836
				-
Balance as at 1 July 2022	-	-	270,932,836	270,932,836
Surplus/(deficit) for the period		-	(227,023,049)	(227,023,049)
Funds received during the year				
Revaluation gain				
Balance as at 30 June 2023	-	-	43,909,787	43,909,787



.....
 Name: Emmaculate Njeri
 Municipality Manager



.....
 Name: Brian Mwangi
 Head of Finance
 ICPAK M/No

17. Statement of Cash Flows for the Year ended 30th June 2023

	Note	FY 2022/2023	FY 2021/2022
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6	1,194,559	138,344,409
Public contributions and donations	7	-	-
Interest received	10	-	-
<i>Other receipts (Specify)</i>			
Total Receipts		1,194,559	138,344,409
Payments			
Use of goods and services	12	-	-
Staff costs	13	-	-
Board expenses	14	-	-
Finance costs	15a	(87,384)	(58,428)
Total Payments		(87,384)	(58,428)
Net cash flows from operating activities		1,107,175	138,285,981
Cash flows from investing activities			
Purchase of PPE & intangible assets		(228,130,224)	(247,673,265)
Proceeds from sale of PPE		-	-
Net cash flows used in investing activities		(228,130,224)	(247,673,265)
Cash flows from financing activities			
Receipts from Capital grants		0	0
Proceeds from borrowings		0	0
Repayment of borrowings		0	0
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash & cash equivalents		(227,023,049)	(109,387,284)
Cash And Cash Equivalents At 1 July		270,932,836	380,320,120
Cash And Cash Equivalents At 30 June	17	43,909,787	270,932,836



.....
Name: Emmaculate Njeri

Municipality Manager



.....
Name: Brian Mwangi

Head of Finance

ICPAK M/No

County Government of Kiambu

Kikuyu Municipality

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

18. Statement of Comparison of Budget & Actual Amounts for Year ended 30th June 2023

DESCRIPTION	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	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	100,000,000	0	1,194,559	1,194,559	0	91%
Public contributions and donations	-	(-)	-	-	(-)	%
Interest income	-	(-)	-	-	(-)	%
Other income (<i>specify</i>)	-	(-)	-	-	(-)	%
Total Revenue	0	0	0	0	0	%
Expenses						
Infrastructural projects payment	250,000,000	(-)	250,000,000	228,130,224	(-)	91%
Board expenses	-	(-)	-	-	(-)	%
staff expenses	-	(-)	-	-	(-)	%
Finance costs –bank charges	100,000	(-)	100,000	87,384	(-)	87%
Total Expenditure	250,100,000	(0.00)	250,100,000	228,217,608	(-)	79%
Surplus for the period	(150,100,000)	0	(248,805,441)	(227,023,049)	0	91%
Capital Expenditure	-	-	-	-		

19. Notes to the Financial Statements

1. General Information

Kikuyu Municipality is established by and derives its authority and accountability from the Urban Areas and Cities Act 2011 amended 2019. The Municipality is under the Kiambu County Government and is domiciled in Kenya

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts, and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the *entity'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 *entity*.

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 periods presented.

Notes to financial statements continued

3. Application of New and revised standards (IPSAS)

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022

IPSASB deferred the application date of standards from 1st January 2022 owing to covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was done on 1st January 2023.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

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

iii. Early adoption of standards

The entity adopted new IPSAS standards as above mentioned in FY year 22/23

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 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 has been acquired using such funds.

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2022/23 was approved by the County Assembly on April 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Municipality upon receiving the respective approvals in order to conclude the final budget. The Municipality's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

c) Property, plant and equipment

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

d) Intangible assets

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

e) Financial instruments

The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

f) Inventories

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

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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

g) Provisions

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

h) Social Benefits

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

i) Contingent liabilities

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

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

q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial period. For the purposes of these financial statements, cash and cash equivalents also include short-term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial period.

r) Comparative figures

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

s) Events after the reporting period

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

- (a) Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) Those that are indicative of conditions that arose after the reporting date.

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

t) Currency

The financial statements are presented in Kenya Shillings (Kshs) with the values being 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 e.g.

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 period, 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.

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 (Notes to the Financial Statements)

6. Transfers from the County Government

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Transfers from County Govt. – Development	1,194,559	138,344,409
Payments by County on behalf of the entity	-	-
Total	1,194,559	138,344,409

b) Transfers from County Government entities

Name Of The Entity Sending The Grant	Amount recognized to Statement of Financial performance for the period KShs	Amount deferred under deferred income during the period KShs	Amount recognised in capital fund during the period KShs	Total transfers for the period ended June 2023 KShs	Comparative period prior year KShs
Department	0	0	0	0	0
Department	0	0	0	0	0
Total	0	0	0	0	0

7. Public Contributions and Donations

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Donation from development partners	0	0
Contributions from the public	0	0
Total	0.00	0.00

8. Levies, Fines and penalties

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Levies	0	0
Fines	0	0
Penalties	0	0
Others (<i>indicate and specify</i>)	0	0
Total	0.00	0.00

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9. Other Revenues from Non-Exchange Transactions

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Transfers from other government entities	0	0
Others (<i>indicate and specify</i>)	0	0
Total	0.00	0.00

10. Interest income

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Interest income from investments	0	0
Interest income on bank deposits	0	0
Others (<i>Specify</i>)	0	0
Total interest income	0.00	0.00

11. Other income

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Income from sale of tender documents	0	0
Others (<i>specify</i>)	0	0
Total other income	0.00	0.00

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(Notes To the Financial Statements (Continued))

12. Use of Goods and Services

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Utilities, supplies and services	0	0
Communication, supplies and services	0	0
Domestic travel and subsistence	0	0
Foreign travel and subsistence	0	0
Printing, advertising, supplies & services	0	0
Rent and rates	0	0
Training expenses	0	0
Hospitality supplies and services	0	0
Insurance costs	0	0
Specialized materials and services	0	0
Office and general supplies and services	0	0
Fuel, oil and lubricants	0	0
Other operating expenses (<i>Specify</i>)	0	0
Routine maintenance – vehicles and other equipment	0	0
Routine maintenance – other assets	0	0
Contracted Professional Services	0	0
Audit fees	0	0
Hire of Transport, equipment etc	0	0
Bank Charges	0	0
Depreciation and amortisation	0	0
Total	0.00	0.00

13. Staff costs

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Salaries and wages	0	0
Staff gratuity	0	0
Social security contribution	0	0
Other staff costs (<i>Specify</i>)	0	0
Total	0.00	0.00

County Government of Kiambu

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(Notes To the Financial Statements (Continued))

14. Board expenses

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Chairman/Members' Honoraria	0	0
Sitting allowances	0	0
Medical Insurance	0	0
Induction and Training M&E, Design & Costing	0	0
Travel and accommodation	0	0
Conference Costs	0	0
Other allowances (<i>Specify</i>)	0	0
Total	0.00	0.00

15. (a) Finance costs

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Interest on Bank overdrafts	-	-
Bank Charges	87,384	58,428
Retention Pay	-	-
Total	87,384	58,428

15b. Infrastructure Projects

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Infrastructure payments	228,898,131	246,905,358
Others (Retention Monies)	(767,907)	767,907
Total	228,130,224	247,673,265

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 (Notes To the Financial Statements Continued)

16. Gain/(loss) on disposal of assets

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Property, plant and equipment	0	0
Intangible assets	0	0
Total	0.00	0.00

17. Cash and cash equivalents

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Fixed deposits account	0	0
On – call deposits	0	0
Current account	43,909,787	271,700,743
Others(<i>specify</i>)	-	-
Total cash and cash equivalents	43,909,787	271,700,743

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

Financial institution	Account number	FY 2022/2023	FY 2021/2022	Audited June 2022
		Kshs.	Kshs.	Kshs.
a) Fixed deposits account				
Kenya Commercial bank		-		-
Equity Bank, etc		-		-
Sub- total		-		-
b) On - call deposits				
Kenya Commercial bank		-		-
Equity Bank - etc		-		-
Sub- total		-		-
c) Current account				
Family bank UDG Account	102000034007	43,909,787	271,700,743	271,700,743
Equity Bank - etc				
Sub- total				
d) Others(specify)				
Cash in transit				
Cash in hand				
Mobile Money				
Sub- total				
Grand total		43,909,787		271,700,743

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 {Notes To the Financial Statements Continued}

18. Receivables from exchange transactions

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Current Receivables		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	(0)	(0)
Total Current receivables (a)	0.00	0.00
Non-Current receivables		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	(0)	(0)
Total Non- current receivables (b)	-	-
Total receivables from exchange transactions	0.00	0.00

19. Receivables from Non-Exchange transaction

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Transfer from County Executive	0	0
Transfer from Fund	0	0
Total receivables from non-exchange transactions	0.00	0.00

20. Prepayments

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Prepaid rent	0	0
Prepaid insurance	0	0
Prepaid electricity costs	0	0
Other prepayments(<i>specify</i>)	0	0
Total	0.00	0.00

21. Inventories

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Stationery	0	0
Consumables	0	0
Other inventories(<i>specify</i>)	0	0
Total inventories at the lower of cost and net realizable value	0.00	0.00

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(Notes to the Financial Statements Continued)

22. Property, Plant and Equipment

	Infrastructure	Building	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Capital Work in progress	Total
Description	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 1st July 2021	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	246,905,358	-	246,905,358
Disposals	(-)	(-)	(-)	(-)	(-)	-	-	-
Transfers/adjustments	-	-	(-)	-	(-)	-	-	-
As at 30th June 2022	-	-	-	-	-	246,905,358	-	246,905,358
Additions	0	0.0	0.00	0.00	0.00	228,130,224	-	228,130,224
Disposals	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	-	-	-
Transfer/adjustments	(0.00)	-	0.00	0.00	(0.00)	-	-	-
As at 30th June 2023	-	-	-	-	-	475,035,581	-	475,035,581
Depreciation and impairment								
At 1st July 2022		-	-	-	-	-	-	-
Depreciation		-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-
Transfers/ Adjustments		-	-	-	-	-	-	-
As at 30th June 2023		-	-	-	-	-	-	-

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	Infrastructure	Building	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Capital Work in progress	Total
Description	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Depreciation		-	-	-	-	-	-	-
Disposals		(0.00)	(0.00)	(0.00)	-	-	-	-
Impairment		-	(0.00)	-	-	-	-	-
Transfer/adjustment		-	(0.00)	(0.00)	-	-	-	-
As at period ended 30th June 2023		-	-	-	-	-	-	-
NBV as at Audited 30th June 2022	0.00	0.00	0.00	0.00	0.00	246,905,358	-	246,905,358
NBV as at period ended 30th June 2023	0.00	0.00	0.00	0.00	0.00	475,035,581	-	475,035,581

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 Annual Report and Financial Statements for the year ended June 30, 2023
 (Notes to The Financial Statements Continued)

23. Intangible assets

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Cost		
At beginning of the year	0	0
Additions	0	0
At end of the year	0.00	0.00
Amortization and impairment		
At beginning of the year	0	0
Amortization	0	0
At end of the year	0	0
Impairment loss	0	0
At end of the year	0	0
NBV	0.00	0.00

24. Trade and other payables from exchange transactions

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Trade payables	0	0
Refundable deposits (Retentions, court bonds etc)	-	767,907
Accrued expenses	-	
Other payables (<i>Specify</i>)		
Total trade and other payables	-	767,907

25. Provisions

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Balance at the beginning of the year	0	0
Additional Provisions (<i>Specify</i>)	0	0
Provision utilised	(0)	(0)
Balance at the end of the year	0.00	0.00
Current Portion of provision	0	0
Long term portion of provision	0	0
Total Provisions	0.00	0.00

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

(Notes To the Financial Statements Continued)

26. Borrowings

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

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Short term borrowings (current portion)	0	0
Long term borrowings	0	0
Total	0.00	0.00

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Balance at beginning of the period	0	0
Borrowings during the year	0	0
Repayments of borrowings during the period	(0)	(0)
Balance at end of the period	0.00	0.00

The table below shows the Distribution of borrowings:

	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Borrowings		
Kenya Shilling loan from KCB	0	0
Kenya Shilling loan from Barclays Bank	0	0
Kenya Shilling loan from Consolidated Bank	0	0
Borrowings from other government institutions	0	0
Total balance at end of the year	0.00	0.00

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27. Employee benefit obligations

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

28. Cash generated from operations

	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax	-	-
Adjusted for:		
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	(-)	(-)
Interest income	(-)	(-)
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	(-)	(-)
Increase in receivables	(-)	(-)
Increase in payables	-	-
Net cash flow from operating activities	-	-

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Other Disclosures

29. 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 is related to the following entities:

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

b) Related party transactions

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

c) Key management remuneration

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

d) Due from related parties

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

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 (Other Disclosures continued)

e) Due to related parties

	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Due to County Assembly	-	-
Total	-	-

30. Contingent liabilities

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

(Give details)

31. Contingent Assets

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

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Annexes

Annexe 1: Statement of Financial Performance

	Notes	Period ended September	Period ended December	Period ended March	Period ended June	Cumulative*	Prior year total
		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue from non-exchange transactions							
Transfers from the County Government	6	1,194,559	-	-	-	1,194,559	138,344,409
Public contributions and donations	7	-	-	-	-	-	-
Levies Fines and Penalties	8	-	-	-	-	-	-
Other revenues (<i>Specify</i>)	9	-	-	-	-	-	-
		-	-	-	-	-	-
Revenue from exchange transactions							
Interest income	10	-	-	-	-	-	-
Other Income	11	-	-	-	-	-	-
Total revenue		1,194,559	-	-	-	1,194,559	138,344,409
Expenditure							
Use of goods and services	12	-	-	-	-	-	-
Staff costs	13	-	-	-	-	-	-
Board expenses	14	-	-	-	-	-	-
Finance costs	15a	21,846	21,846	21,846	21,846	87,384	58,428
Infrastructure Projects	15b	57,032,556	57,032,556	57,032,556	57,032,556	228,130,224	247,673,265
Total expenses		57,054,402	57,054,402	57,054,402	57,054,402	228,217,608	247,731,693
Other gains/losses							
Gain/loss on disposal of assets	16	-	-	-	-	-	-
Surplus/(deficit) for the period		(55,859,843)	(57,054,402)	(57,054,402)	(57,054,402)	(227,023,049)	(109,387,284)

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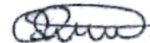
Annex 2: Inter Entity Transfers for the period ended 30th June 2023

KIKUYU MUNICIPLALITY				
Breakdown of Transfers from the County Executive of Kiambu County				
FY 2022/2023				
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			0	
			0	
		Total	0	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
		12 th June 2023	1,194,559	Relate to FY 2020/2021
			0	
			0	
		Total	0	
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			0	
			0	
		Total	0	

Signed by



Accountant Municipalities



Director Finance Kiambu County

**County Government of Kiambu
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Annex 3: Reporting of Climate Relevant Expenditures for the period ended 30th June 2023

Name of the Organization Kikuyu Municipality

Telephone Number (+254) 721818380

Email Address kikuyumunicipality@kiambu.go.ke

Name of CEO/MD/Head Emmaculate Njeri Mwaura

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

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Appendix 4: Disaster Expenditure Reporting Template

Date: 15TH September 2023

Entity Kikuyu 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
N/A						