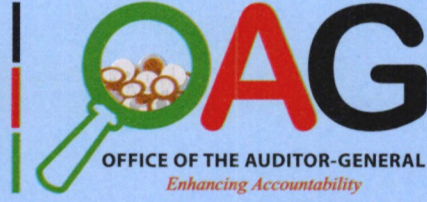
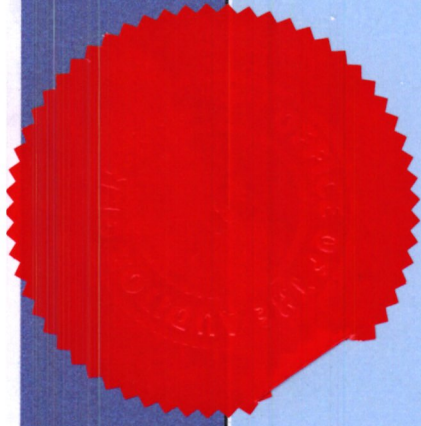


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL  
*Enhancing Accountability*



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**REPORT**

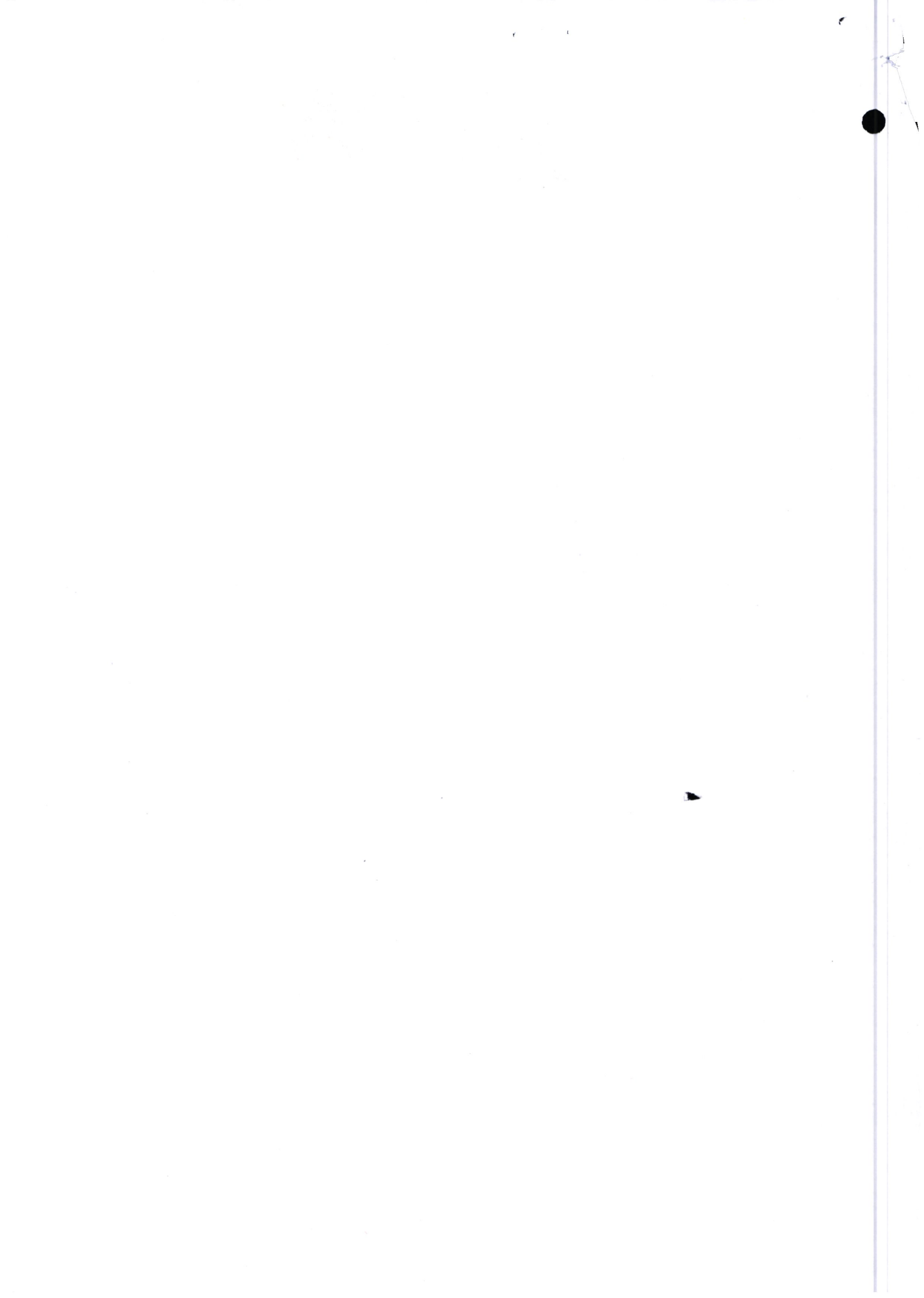
**OF**

**THE AUDITOR-GENERAL**

**ON**

**KENOL MUNICIPALITY  
COUNTY GOVERNMENT OF MURANG'A**

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





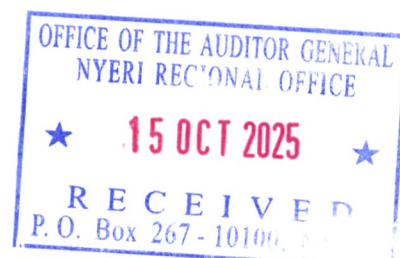
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**KENOL MUNICIPALITY**  
*County Government of Murang'a*

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

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



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

### **A. Acronyms**

BOM	Board of management
PSASB	Public Sector Accounting Standards Board
FY	Financial Year
KUSP	Kenya Urban Support Program
OSHA	Occupational Safety & Health Act
OAG	Office of Auditor General
OCOB	Office of the Controller of Budget
PBB	Program based Budget
UDG	Urban Development Grant
UIG	Urban Institutional

### **B. Definition of Key Terms**

**Fiduciary Management** - Members of Management directly entrusted with the entity's financial resources.

Comparative- This is the first year of reporting and therefore there are no comparative figures.

## **2. Key Entity Information and Management**

### **a) Background information**

Kenol Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011(amended 2019) and Cities and Municipal Charter on 20<sup>th</sup> July 2022. The Municipality is under the County Government of Murang'a and is domiciled in Kenya.

### **b) Principal Activities**

The principal activity/mission/ mandate of the City/ Municipality is to provide requisite infrastructure services to the municipal residents as provided in the first schedule of the Urban Areas and Cities (Amendment) Act, 2019.

### **Objectives of the Municipality**

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

### **3. Functions of the Municipality**

The functions of the Municipality based on the Charter and gazetted delegated functions include;

- (a) Construction and maintenance of walkways and other non-motorized transport infrastructure;
- (b) Construction and maintenance of recreational parks and green spaces;
- (c) Construction and maintenance of street lighting;
- (d) Construction, maintenance and regulation of traffic controls and parking facilities;
- (e) Construction and maintenance of bus stands and taxi stands;
- (f) Regulation of outdoor advertising;
- (g) Construction, maintenance and regulation of municipal markets and abattoirs;
- (h) Construction and maintenance of fire stations; provision of fire-fighting services, emergency preparedness and disaster management;
- (i) Promotion, regulation and provision of municipal sports and cultural activities;
- (j) Promotion, regulation and provision of animal control and welfare;
- (k) Development and enforcement of municipal plans and development controls;
- (l) Municipal administration services (including construction and maintenance of administrative office
- (m) Promotion, regulation and provision of refuse collection and solid waste management services;
- (n) Promotion and provision of water and sanitation services and infrastructure (in areas within the Municipality not served by the Water and Sanitation Provider);
- (o) Construction and maintenance of municipal roads and associated infrastructure;
- (p) Construction and maintenance of storm drainage and flood controls.

#### **c) Key Management**

The Murang'a Municipality management is under the following key organs:

- County Department of in charge of Urban Planning
- Board of Management
- Accounting Officer/ Municipality Manager
- Management

**County Government of Murang'a**  
**Kenol Municipality**  
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**d) Fiduciary Management**

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

<b>Ref</b>	<b>Position</b>	<b>Name</b>
1	Municipality Manager	Beatrice W. Gicheha
2	Municipal Planner	George Ndung'u
3	Municipal Accountant	CPA Charles Wamagata
4	Municipal Engineer	Eng Eliud Gachago
5	Environment and Social safeguard officer	Josephine Kagoi
6	Social Development officer	Prisca Gitau
7	Lucy Gachiri	Procurement officer

**e) Fiduciary Oversight Arrangements**

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

**f) Registered Offices**

P.O. Box 205  
Municipal Offices  
Murang'a Law Court Road  
NAIROBI, KENYA

**g) Contacts**

Telephone: (+254) 060-2030271  
Email [kenolmunicipal@go.ke](mailto:kenolmunicipal@go.ke)  
Website: [kenolmunicipal.go.ke](http://kenolmunicipal.go.ke)

**h) Bankers**

Kenya Commercial Banks  
Murang'a  
UDG Account 1331450284  
Operations Account 1335457844

**i) Independent Auditor**




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

**j) Principal Legal Adviser**

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

County Attorney  
**Murang'a County Government**

### 3. Municipality Board

Serial No.	Name	Details of qualifications and experience
1	<p><i>Robert Kimani Ndungu</i> Chairman</p> 	<p>Robert Kimani is the Chairperson of the Kenol Municipality Board with over 20 years' experience in legal practice and related fields. He holds a Bachelor of Laws (LLB) degree. He is an Advocate of the High Court of Kenya, Certified Public Secretary and a Certified Government Auditor. Associate member of the Kenya Institute of Management. He is currently the Chief Executive Officer and Managing Partner of Robert Ndung'u &amp; Co. Advocates and Africa Registrars. He is a seasoned legal practitioner and public administrator through good governance and institutional performance.</p>
2	<p><i>Rosemary Ngige</i> Vice Chairperson</p> 	<p>Rosemary holds a Bachelor of Arts in Education degree and a Diploma in Education Management. She has over 10 years of experience in teaching and community engagement, demonstrating a strong commitment to education, leadership, and community development.</p>
3	<p><i>Clement Kamau</i></p> 	<p>Clement Kamau is an experienced Operations and Strategy Manager with a strong background in marketing and business management. He earned a Bachelor of Commerce (Marketing Option) from the University of Nairobi (2003–2008)</p> <p>His professional experience spans senior roles, including Director of Fine Touch Auto Garage and Lounge (Aug 2017–Present). He also served as a Senior Relationship Manager at Equity Bank (Jan 2008–Aug 2017), and was a Marketing Lead Agent for Mount Kenya TV (2020–2021). He is as well a dedicated human rights activist focusing on youth rights within his Community as the Chairman, 4kagama Community.</p> <p>He is the convener for Environment, Water, Health and Sanitation</p>
4	<p><i>John Gathuma</i> Member</p>	<p>He is the convener for Transport, Infrastructure, Public works, Housing and Urban Planning. He holds a degree in Theology and a diploma in Agricultural Engineering</p>


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		<p>with over 30 years of work experience in church leadership and administration</p>
<p>5</p>	<p>Dr Anne Wanjiku Muiru Member</p> 	<p>Dr Anne is a member of Kenol Municipality board. She holds a Ph.D. in Educational Psychology from Mount Kenya University. She has a Master of Education (Educational Psychology) from University of Nairobi. Her undergraduate qualification is a Bachelor of Education (Arts) from University of Nairobi. She is a lecturer in the School of Education at Kirinyaga University and has over 20years experience in public service</p>
<p>6</p>	<p>Charles Kabuga Githatu Member</p> 	<p>CPA Charles Kabuga holds a Bachelor of commerce (Finance) from Kenyatta University. He is a certified Accountant (with Institute of Certified Public Accountants of Kenya) and a certified public secretary CPS (K). He is an experienced and seasoned professional in accounting/auditing and management. He has worked in Demonte K Ltd, Brookside Dairies Ltd and Kakuzi Limited in various capacities in the accounting and audit sections. Currently he is the lead consultant at Cynma Consulting. He is the convener for Finance, Administration, Public service, IT and Economic planning committee in the Board</p>
<p>7</p>	<p>Josphine W. Wanjiku Member</p> 	<p>Ms. Josephine is an alumna of the Royal Institute of Technology, Sweden, where she graduated with an M.Sc. in Land Management. She has a B.Sc. degree in Surveying(UON) and has extensive experience in topographical mapping, geomatics, cadastral surveying, and land law. She currently serves as the Chief Officer in charge of Lands, Physical Planning, and Urban Development in the Murang'a County Government</p>
<p>8</p>	<p>Beatrice Wairimu Gichecha Board Secretary</p>	<p>Beatrice Gichecha is a seasoned Public Administrator with 16 years of experience in both the private and public sectors. She has extensive expertise in policy implementation, public service management, public funds management, stakeholder engagement, and crisis management. She has served for five years in the banking</p>

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		<p>sector and 11 years with the Murang'a County Government, She holds a Bachelor of Education (Arts) and a Master of Arts in Public Policy and Administration.</p>
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4. Key Entity and Management

Ref	Name	Position
1	<p>Beatrice Gicheha Municipal Manager</p> 	<p>Manager and Secretary to the Board</p> <p>Before she was deployed to work at Kenol Municipality she served as Sub County Administrator, and later as County Director of Administration. There after she was appointed to serve as the Manager of Murang'a Municipality wherefrom she called upon to handle the task of establishing Kenol Municipality.</p>
2	<p>George Ndung'u Municipal Planner</p> 	<p>Mr Ndung'u holds MSc in Geo - Information Science and Earth Observation, from University Twente, The Netherlands and a Bachelor of Arts (Urban and Regional Planning) from Maseno University. He is a registered planner. He has over nineteen years (19 yrs) work experience in the field of Urban Planning and Management. He has worked in different capacities starting as a District Physical Planner with the GOK Ministry of Lands (yr 2006), to Chief Officer in charge of lands and Physical Planning. Presently he is a deputy Director Lands and Physical Planning and now in charge of Kenol Municipality as Municipal Planner.</p>
3	<p>Eliud Gachago Municipal Engineer</p> 	<p><b>Eng Eliud</b> is a registered Engineer with Engineers Board of Kenya (EBK), and Corporate Member, Institute of Engineers of Kenya (IEK). He holds a Bachelor of Science in Civil and Structural Engineering and is also a Certified Public Accountant</p> <p>He has a wealth of experience having work for many with many construction firms and consortiums as a lead engineer He Joined the Municipality in May 2025</p>

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	<p>Prisca Njeri Gitau Social Development officer</p> 	<p>She holds a Bachelors of arts in social work</p> <p>She was served for over 16years as a social development officer in the Defunct local Government and in the County before being appointed as Municipal Social development officer.</p>
6	<p>Josephine Kagoni Environment and social safe guard officer</p> 	<p>Josephine Holds a Degree in Environmental Science and Community Development.</p> <p>She has worked with National Environment Management Authority NEMA <b>and at the Murang'a Municipality</b></p> <p>She has over 7 years' experience in public service</p>
7	<p>Lucy Gachiri Procurement officer</p> 	<p>Lucy Gachiri holds a Bachelor's degrees in Commerce (BCOM) supply chain management, and Diploma in education.</p> <p>She has over 16 years in public service and has served in <b>Murang'a County Government in various capacities in the procurement Section</b></p>

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

Kenol Municipality board was sworn into office in March 2024. The initial work of the board was to set structures of the Municipality to ensure effective and efficient management of the operations of the Municipality. The board also appointed technical committees to deal with technical aspect of the matters before the board before they are submitted to the Full board.

In order to achieve the aspiration of the residents, the board held public fora to get views from the stakeholders. These views were latter captured in the Municipals integrated Development plans and Municipals investment plans. The environmental and social concern were also incorporated in the development plans. These plans and policies are available at the Municipal Website.

This Being the first year, there were only a few operations that were achieved, mainly we were able through county budgetary allocation to pave the sidewalks at Kenol Town at a cost of 5million Kenyan shillings. We were expecting to receive funding from Kenya Urban Support Program but the same was yet to be released as at the Close of the Financial year

The Municipal was also able to comply with all the requirement of Kenya Urban Support Program and thus we are expecting the funds for development to be released in the next financial year.

We therefore undertake more development projects in future.

The Chair appreciates the input of the members of the board who have been sitting regularly to put in place the structures of the Municipality



Robert K. Ndung'u

Chairperson of the Board

## **6. Report of the Municipality Manager**

The Municipality of Kenol registered notable progress in implementing its core mandates despite financial and operational challenges. During Financial Year 2024/2025, Kenol municipality was allocated Kshs. 39,976,200 by the County Government and grant from UDG of Kshs 35,371,824. Despite being the first operational year, the Municipality recorded tangible progress in various priority areas. This include preparation and adoption of various policy documents and establishment of the required structures while on development, Municipality utilised the amount allocated by the County Government (Kshs 5million) for upgrading of roads and walkways using paving blocks in Kenol town.

On environmental management we launched the Clean Kenol Initiative which led to installation of waste bins, organised community clean ups and tree planting activities. We identified temporary waste transfer site to improve solid waste collection and fast tracked the opening of County landfill which is situated in Kimorori ward in Kenol

The Kenol Municipal Board has also been very active, we operationalised key Municipal Board Committees that is; finance and administration, environment and public health, Planning and infrastructure and Audit committee. We Establishment of internal controls for procurement, financial management and performance and performance monitoring and initiated stakeholder engagement forums to ensure inclusivity in decision making.

The board Conducted four public participation foras to gather the resident's views on the Municipal plans and budget. The board also adopted key development policies such as Kenol Municipal Integrated Plan (IDEP), Municipal Investment plan (MIP) Municipal Environment Management policy and plans and Municipal risk management plans. It also adopted the organization structure.

The Municipality emphasized cost efficiency and accountability through open tendering and prudent resource utilization. All implemented works were supervised by the Municipal Technical Committee and County Engineers ensuring adherence to standards and timelines. The municipality through the County Public Service recruited registered engineer to manage Municipal infrastructure developments The visible improvement in Kenol Town walkways and drainage represents the concerted effort of the board and the management.

While progress was notable several challenges were experienced:

- Delayed disbursement of funds from both County and KUSP slowed project implementation.
- Limited staff capacity in technical departments affected the speed of project implementation
- Inadequate office infrastructure and logistical support.

Looking ahead, the Municipality will focus on consolidating its foundation and scaling up development initiatives. Key priorities include:

- Completion of the Kenol Urban Roads and Drainage Project.
- Establishing a parking bay for all passenger service vehicles
- Development of a modern waste management system including a material recovery facility.
- Providing and managing street lighting program
- Implementation of KUSP-funded projects upon release of funds.
- Continued public engagement to ensure updated citizen-driven urban development,

*County Government of Murang'a*

*Kenol Municipality*

*Annual Report and Financial Statements for the year ended June 30, 2025*

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- Engaging the County Government on adequate resources transfer to implement Institutional goals
- Strengthening institutional capacity through recruitment, training, and automation of core processes.

Key Risk Management Strategies:

- Strengthening financial and operational controls to prevent misuse of funds.
- Continuous monitoring and evaluation of project progress.
- Building resilience against climate related disruptions
- Enhancing interdepartmental coordination and reporting

*B. Gicheha*

.....  
**Beatrice W. Gicheha**  
**Municipality Manager**

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

**Guidance**

The key development objectives of the Municipality of Kenol, as outlined in its Strategic Plan and the Urban Areas and Cities Act, are to:

- a) Provide quality physical infrastructure.
- b) Strengthen urban planning and management.
- c) Enhance good urban governance, administration, and service delivery.

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
<b>Urban Planning and Development Control</b>	To promote orderly and sustainable urban development	Improved physical planning and regulated development within the Municipality	Number of approved development applications conforming with planning and building regulations	95% of applications approved met planning standards; zoning plan implementation ongoing.
<b>Infrastructure Development</b>	To improve access and mobility within the Municipality	Improved road network, drainage, and lighting systems	Kilometres of roads upgraded to bitumen standards; Number of streetlights installed	2 km of roads upgraded; 60 new streetlights installed, improving safety and business activity.
<b>Solid Waste Management and Environment</b>	To enhance environmental cleanliness and waste management	Clean and healthy municipal environment	Percentage of waste collected and properly disposed; Number of dumpsites rehabilitated	90% of solid waste collected weekly; new landfill opened; community sensitization on 5Rs ongoing
<b>Governance and Administration</b>	To strengthen municipal governance and accountability	Improved compliance, transparency, and citizen participation	Number of public participation forums held; Compliance with audit recommendations	4 public participation meetings held; 80% of audit recommendations implemented.
<b>Social Services and Economic Empowerment</b>	To promote inclusive social and economic development	Increased access to social amenities and youth empowerment opportunities	Number of youth and women programs supported; Number of education and training centres assisted	3 youth sports initiatives supported; 2 ECDE centres equipped; vocational training programs sustained.

Overall, Kenol Municipality achieved satisfactory progress in implementing its 2024/2025 objectives. However, some planned targets were partially achieved due to delayed fund disbursement, though notable improvement was realized in infrastructure, governance, and environmental management. The Municipality continues to prioritize Urban planning and development and citizen engagement.

## 8. Corporate Governance Statement

### a) Process of appointment and removal of Board Members

#### i. Appointment

As outlined in the Urban Areas and Cities Act sec.8 the board shall comprise of (9) members. Four (4) members shall be appointed through a competitive process by the County Executive Committee and approved by the County Assembly. Three (3) members shall be nominated by the following umbrella bodies

- An umbrella body representing professional associations in the area;
- An association representing the private sector in the area;
- A cluster representing registered associations of the informal sector in the area;
- 8A cluster representing registered neighborhoods associations in the area;
- An association of the Municipality;

Other members include:

- The County Executive Member for the time being responsible for cities and urban areas or his/her representative;
  - The chief officer responsible for urban development; and
- Two (2) members; the executive responsible for finance and the municipal manager who shall be ex-officio members. The municipal manager shall be the Secretary of the Board.

In appointing the members of the Board of the Municipality; the County Executive Committee shall ensure gender equality, representation of persons with disability, youth and marginalized groups. Each member should have the following qualifications: -

- Be a Kenyan Citizen
- Be ordinarily resident or have a permanent dwelling in the Municipality or;
- Carry on business in the municipality or;
- Have lived in the Municipality for at least five (5) years.

#### ii. Removal from office

The term of the members of the Board of the Municipality shall be **five (5) years** on part time basis. However, the chairperson and vice-chairperson of the Board of the Municipality may be removed by-

- A majority decision of the members of Board of the Municipality at a duly convened meeting where quorum is present or;
- Upon petition by the resident of the Municipality.

### b. Roles and functions of the Municipality Board Members

- The board of the Municipality shall have powers and perform all functions vested in boards of municipalities under the Urban Areas and Cities Act, 2011, the County Government Act, 2012 and the Municipality By-laws.
- The Board of the Municipality shall provide for the exercise of these powers and for the performance of all the duties and obligations imposed on the Board of the Municipality.

- iii. Subject to the Kenya Constitution and any other written law, the Board of the Municipality shall; within the boundaries of the Municipality of Murang'a-
- Exercise executive authority as delegated by the County Executive Committee of the County government of Murang'a.
  - Ensure implementation and compliance with policies formulated by both the National and County Government
  - Ensure participation of the residents in decision making, its activities and programs
  - Promote constitutional values and principles
  - Make By-laws or make recommendations for issues to be included in the By-laws.

**b) Induction and training, Municipality Board members and member's performance**

The board was trained on strategic leadership to enhance their leadership skills. More so, the board members have participated in benchmarking with other board members from various Municipalities during meetings called by the Council of Governance

**c) Number of Municipality Board meetings held and the attendance to those meetings by members**

We have established 4 Committees as follows: -

- Finance, Administration, Public Service, IT & Economic Planning
- Public Health, Sanitation, Water & Environment
- Legal, Education & Social Services
- Transport, Infrastructure, Public Works & Housing

The committees held quarterly meetings thereafter, the full board meeting is held once in a quarter (3 months) to deliberate on the committee's report and make the final decision on the same

**d) Succession Plan**

Any vacancy arising out of removal of any member of the board of the Municipality may be filled in the manner provided under Article 10 and 12 respectively of the Urban Areas and Cities Act.

**e) Existence of a Municipal Charter**

Kenol Municipality has a gazetted Municipality charter that details the functions and objectives of the Municipality. The charter was gazetted on 20<sup>th</sup> July 2022.

Key among them include;

- i. To provide for efficient and accountable management of the affairs of the Municipality.
- ii. Provide for services, regulations and other matters for Municipality's benefit
- iii. Fostering the economic, social and environmental well-being of its community.
- iv. Pursue the development developmental opportunities which are available in the Municipality and institute such measures as are necessary for achieving public order and the provisions of civic amenities, so as to enhance the quality of life of the inhabitants of the Municipality.

**f) Conflict of interest**

The board members are not supposed to procure or enter into contract for supply of goods and services because they are part of the management. In any case one of them is interested he/she has to declare the interest and withdrawal from the deliberations from the matter in question.

**g) Board Remunerations**

The board members are not entitled to any salaries. However, they are paid allowances as determined by the County Executive Committee with approval of the County Assembly and as advised by the Salaries and Remuneration Commission.

- All payment to board members are prepared in total adherence to laid down guidance assalary and remuneration commission directives.
- Board members are paid sitting allowance, transport reimbursement when they attendcommittee meetings.
- The board members are not salaried and therefore do not qualify for salaries because theyare not full-time director.

**h) Ethics and conduct as well as governance audit undertaken if any**

Before entering upon the duties of their offices, the members of the board must take and subscribe to the oath or affirmation as stipulated in the Urban Areas and Cities Act sec.52

We have also established an attendance register where every member signs the register. This is alsoused to tabulate the remuneration.

- The board members were vetted by the county assembly before taking the prescribed oath.
- Every committee meeting maintains attendance register from which board remunerationare computed from.

**9. Management Discussion and Analysis**

- a) During the year Kenol Municipality was able to prepare integrated plans and other policies that will guide the functions of the municipality areas of revenue collection.
- b) On project implementation we undertook key programs on Road Infrastructure development by upgrading roads using paving (cabro) blocks. We also did drainages tunnels for storm water drain.
- c) We are in total compliance with the statutory requirements like statutory payment to the Kenya Revenue Authority, carry out Environmental Impact Assessment (EIA) before the start of every project and ensuring strict adherence to the Public Finance Management Act that govern smoothness on the use of Public Funds.
- d) The Municipality is facing risk from lack of sustainable funding from the County Government in order to carry out its mandate. There is also health hazard posed by poor solid waste disposal due to lack of financial facilitation to collect refuse on daily basis from all the garbage pits

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

Environmental policy, refers to measures put in place regarding the effects of human activities on the environment, particularly those measures that are designed to prevent or reduce harmful effects of human activities on ecosystems. Environmental law works to protect land, air, water, and soil. Negligence of these laws results in various punishments like fines, community service, and in some extreme cases, jail term. Without these environmental laws, the government would not be able to punish those who threaten the environment poorly. The department of Environment is guided by 7 principles namely:

### **i. Sustainability Strategy and Profile**

- Polluter Pays Principle (PPP)
- User Pays Principle (UPP)
- Precautionary Principle (PP)
- Principle of Responsibility.
- Principle of Effectiveness and Efficiency.
- Principle of Proportionality.
- Principle of Participation.

The department also is guided by EMCA guidelines and has a solid waste management policy

Efforts to manage biodiversity include:

- a) Support local farms.
- b) Save the bees.
- c) Plant local flowers, fruits and vegetables.
- d) Take shorter showers.
- e) Respect local habitats.
- f) Know the source

### **ii. Environmental Performance**

Success and Shortcoming efforts to manage solid waste.

#### **Success**

- Improved health due to timely collection of garbage.
- Opening of modern Landfill
  
- Availability of vehicles to collect garbage
- Availability of waste bin
- Cleaned markets and streets.
- Improved hygiene.

#### **Shortcoming**

- Limited environmental awareness combined with low motivation has
- Inhibited innovation and the adoption of new technologies that could transform waste management.
- Lack of public awareness on good sanitary practices.
- Inadequate legal and regulatory.

The Municipality is engaging stakeholders to improve solid waste management.

### **3. Employee Welfare**

The County Public Service Board (PSB) is responsible for competitively recruiting the employees of the municipality whenever the vacancies are available. The board and the management carried out employee satisfaction and identify areas where there is need of improvement. Staff have also been trained on the roles of the board and the management.

**11. Report of the Municipality Board Members**

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

**Principal activities**

The principal activities of the Municipality are as set in page 3 and 4

**Performance**

The performance of the Municipality for the year ended June 30, 2025 are set out on page xx

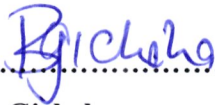
**Board Members**

The members of the Board who served during the year are shown on page vii and viii. There were no changes in the Board during the financial year.

**Auditors**

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

By Order of the Board



.....  
**Beatrice W. Gicheha**

**Secretary of the Board**

## **12. Statement of Management's Responsibilities**

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

The Municipality manager is responsible for the preparation and presentation of the Municipality's financial statements, which give a true and fair view of the state of affairs of the Municipality for and as at the end of the financial year ended on June 30, 20xx. 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 City/Municipality, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Municipality Manager accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Urban Areas and Cities Act No. 13 of 2011. The Municipality Manager is of the opinion that the financial statements give a true and fair view of the state of Municipality's transactions during the financial year ended June 30, 20xx, 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.

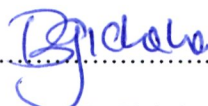
Approval of the financial statements

The Municipal's financial statements were approved by the Board on 14 August 2025 and signed on its behalf by:



Name: Robert K. Ndungu

Board Chairman



Beatrice W. Gicheha

Manager/ Accounting officer of the Board

# REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON KENOL MUNICIPALITY-COUNTY GOVERNMENT OF MURANG'A FOR THE YEAR ENDED 30 JUNE, 2025**

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### **PREAMBLE**

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

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

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities 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**

#### **Opinion**

I have audited the accompanying financial statements of Kenol Municipality-County Government of Murang'a set out on pages 1 to 17, which comprise of the statement of

financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenol Municipality-Murang'a County as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Urban Areas and Cities Act No. 13 of 2011(amended 2019) and the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

### **Other Matter**

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

Review of the statement of comparison of budget and actual amounts revealed the following:

- i) The final receipts budget was Kshs.63,848,024 against actual receipts of Kshs.12,161,282, resulting in under-performance of Kshs.51,646,642 or 80% of the target.
- ii) The actual expenditure was Kshs.7,799,763 against actual receipts of Kshs.12,161,382, an under-performance of Kshs.4,361,619 or 33%.
- iii) Final capital expenditure budget was Kshs.40,371,824 against actual expenditure of Kshs.4,926,924 resulting in under-expenditure of Kshs.35,444,900 or 88%.

In the circumstances, under-receipt and under-expenditure hindered the Municipality's ability to implement planned programs and may have affected delivery of services to the public.

My opinion is not modified in respect of these matters.

### **Other Information**

The Management is responsible for the Other Information set out on page iii to xxii which comprise Key Entity Information and Management, Functions of the Municipality, Municipality Board, Municipality Chairperson's Report, Report of the Municipality Manager, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Municipality Board Members and the Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

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

#### **Conclusion**

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

#### **Basis for Conclusion**

##### **1. Failure to Submit Bank Reconciliation Statements to the National Treasury**

Review of the bank reconciliation statements for the financial year under review showed that bank reconciliations were not submitted to the National Treasury and a copy to the Auditor-General as required under Regulation 90(1) of Public Finance Management (National Government) Regulations, 2015.

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

## **2. Independence of the Municipality**

The Municipality was granted a Municipal Charter on 20th July 2022, which was intended to confer operational independence from the County Government of Murang'a. However, a review of the Municipality's operations revealed that it has not fully exercised the expected autonomy, as outlined below.

- i) The Municipality's budget was prepared and controlled by the County Executive, with no evidence of approval by the Municipality Board.
- ii) The County Government has continued to perform several functions that were formally transferred to the Municipality under Paragraph 2.3.1 of the Kenol Municipal Charter, including:
  - Regulation and provision of refuse collection and solid waste management services.
  - Development and enforcement of municipality plans and development controls.
  - Oversight of advertisements.
  - Construction and maintenance of street lighting.

This is contrary to Section 12(1) of the Urban Areas and Cities Act, 2011 which states that the Management of a municipality shall be vested in the County Government and administered on its behalf by a board constituted in accordance with the Act; a manager appointed pursuant to section 28; and such other staff or officers as the county public service may determine. Section 12 (2) of the Act further provides that the Board shall be a body corporate with perpetual succession and a common seal and shall, in its corporate name, be capable of doing or performing all other acts or things for the proper performance of its functions in accordance with this Act or any other written law which may lawfully be done or performed by a body corporate.

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

## **3. Unsupported Deductions for Capacity Building Levy**

During the Year under review the management entered into contract worth Kshs.49,269,248 with a company. However, no evidence was provided as a proof that Management deducted Capacity Building Levy at the rate of 0.03% on the Contracts and remitted to the Authority through the eCitizen platform.

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

## **4. Failure to Open Interest-Bearing Operations Account**

The statement of financial position reflects cash and cash equivalents balance of Kshs.4,495, as disclosed under Note 12 to the financial statements. A review of supporting documents revealed that the Municipality operated a project bank account which was not an interest-bearing account. This is contrary to Clause 2.4.3 of the Kenya Urban Support Programme (KUSP) Financial Management Procedures Manual, 2017, which requires that project bank accounts be interest-bearing and operated by the Project

Coordination Team (PCT) at a bank in line with Treasury policies and the Public Finance Management Act.

In the circumstances, Management was in breach of agreed upon procedures with a donor.

## **5. Non-Compliance with Data Controller Registration Requirements**

The audit revealed that in the financial year under review, the Management of the Municipality processed payment of allowances for which information was collected from the payees. Management did not have a certificate of registration as a data controller from the ODPC, as required under Section 18 of the Data Protection Act, 2019. Further, no application for registration had been submitted, and no evidence was provided to confirm compliance with statutory registration requirements.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis of Conclusion**

#### **1. Lack of Risk Management Strategies and Internal Control Systems**

The audit revealed that Management did not develop risk management strategies or fraud prevention mechanisms as required by the Public Finance Management Act, County Government Regulations 2015 under section 158 (1) (a) states that an Accounting Officer shall ensure that the county government entity develops risk management strategies, which include fraud prevention mechanism; and (b) the county government entity develops a system of risk management system and internal controls that builds

robust business operations. Further, there was no documented system of risk management or internal controls to support robust and sustainable business operations.

In the circumstances, the effectiveness of the risk management and internal control systems could not be confirmed.

## **2. Lack of Data Protection Policy**

The audit revealed that the Municipality did not have a formally documented Data Protection Policy. Further, there were no internal guidelines or documented procedures outlining how personal data was collected, processed, stored, or shared, contrary to Regulation 23 of the Data Protection Regulations, 2021. In the absence of a documented policy, the entity is exposed to the risk of non-compliance with data protection requirements and potential misuse or mishandling of personal data.

In the circumstances, there is high risk of unauthorized access, misuse, or breach of personal data.

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 controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

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

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

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

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

Those charged with governance are responsible for overseeing the Municipality's financial reporting process, reviewing the effectiveness of how Management monitors

compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1) (a) of the Public Audit Act, 2015.

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

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

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

**Nairobi**

**6 November, 2025**


County Government of Murang'a


Kenol Municipality

Annual Report and Financial Statements for the year ended June 30, 2025

14. Statement of Financial Performance for the period ended 30<sup>th</sup> June 2025

Description	Note	Period ended June
		2025
		KSh
<b>Revenue From Non-Exchange Transactions</b>		
Public Contributions and Donations		
Transfers From the County Government	6	12,161,382
Fines, Penalties and Other Levies		
<b>Revenue From Exchange Transactions</b>		
Interest Income		
Other Income		
<b>Total Revenue</b>		
<b>Expenses</b>		
Employee Costs	11	6,733,458
Use of goods and services	12	206,805
Depreciation and Amortization Expense		
Committee Allowances	15	859,500
<b>Total Expenses</b>		<b>7,799,763</b>
<b>Other Gains/Losses</b>		
Gain/Loss on Disposal of Assets		
Gain /Loss on fair value of investments		
<b>Surplus/(Deficit) For The Period</b>		<b>4,361,618</b>

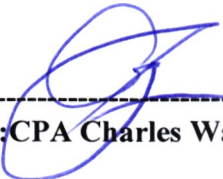
  
.....  
Name: Beatrice Gicheha  
Municipality Manager

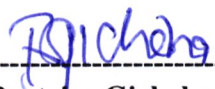
  
.....  
Name: CPA Charles Wamagata  
Head of Finance  
ICPAK M/No 8799

15. Statement of Financial Position as at 30<sup>th</sup> June,2025

Description	Notes	Period ended June
		2025
		Kshs
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	16	4,495
Prepayments		
Inventories		
Investments in financial assets		
<b>Total current assets</b>		4,495
<b>Non-Current Assets</b>		
Property, Plant, Equipment and infrastructure assets	18	5,530,924
Intangible Assets		
<b>Total non- current assets</b>		
<b>Total Assets (A)</b>		5,535,419
<b>Liabilities</b>		
<b>Current Liabilities</b>	17	569,800
<b>Total Liabilities (B)</b>		
<b>Net Assets (A-B)</b>		4,965,619
<b>Represented By:</b>		
Revolving Fund		
Revaluation of asset	18	604,000
Accumulated Surplus		4,361,619
<b>Net Assets</b>		4,965,619

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 25<sup>th</sup> August, 2025 and signed by:

  
 -----  
 Name :CPA Charles Wamagata  
 Accountant  
 ICPAK Member No. 8799

  
 -----  
 Name: Beatrice Gicheha  
 Municipal Manager

16. Statement of Changes in Net Assets for the period ended 30<sup>th</sup> June, 2025

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
<b>Balance as at the beginning of Previous period</b>				
Surplus/(Deficit) For the Period				
Funds Received During the Period				
Transfers				
Revaluation Gain				
<b>Balance as at the end of Previous period</b>				
<b>Balance as at the beginning of current period</b>				
Surplus/(Deficit) For the Period			4,361,619	
Funds Received During the period				
Transfers				
Revaluation Gain		604,000		
<b>Balance as at the end of Current period</b>		<b>604,000</b>	<b>4,361,619</b>	<b>4,965,619</b>

**County Government of Murang'a**  
**Kenol Municipality**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**17. Statement of Cash Flows for the period ended 30<sup>th</sup> June, 2025**

Description	Note	Period ended June, 2025
		Kshs
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Public contributions and donations		
Transfers from the county government		12,161,382
Interest received		
Receipts from other operating activities		
<b>Total receipts</b>		
<b>Payments</b>		
Employee Cost	11	6,733,458
Use of Goods	10	206,805
Board Expense	15	289.700
Other payments		
<b>Total payments</b>		<b>7,229,963</b>
<b>Net cash flows from operating activities</b>	19	<b>4,931,419</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant, equipment and Infrastructure assets		4,926,924
Proceeds from sale of property, plant & equipment		
<b>Net cash flows used in investing activities</b>		<b>(4,926,923)</b>
<b>Cash flows from financing activities</b>		
Proceeds from revolving fund receipts		
Additional borrowings		
Repayment of borrowings		
<b>Net cash flows used in financing activities</b>		
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		
Cash and cash equivalents at the beginning of the period		
<b>Cash and cash equivalents at the end of the period</b>	16	<b>4,495</b>

(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)

18. Statement of Comparison of Budget and Actual Amounts for the Period

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
<b>Revenue</b>						
Public Contributions and Donations						
Transfers From County Govt.	38,976,200	(10,500,000)	28,478,200	12,161,382	27,814,818	30%
Urban Grant	35,371,824	0	35,371,824	0	35,371,824	0
<b>Total Income</b>	<b>74,348,024</b>	<b>0</b>	<b>63,848,024</b>	<b>12,161,382</b>	<b>51,646,642</b>	<b>20%</b>
<b>Expenses</b>						
Use of goods and services (UIG)	10,500,000	-10,500,000	0	0	0	0
Board expenses	1,000,000		1,000,000	859,500	140,500	86%
Staff Costs	20,000,000		20,000,000	6,733,458	13,266,542	25%
Other Expenses	2,476,200		<b>2,476,200</b>	<b>206,805</b>	<b>2,269,395</b>	<b>8%</b>
<b>Total Expenses</b>	<b>33,976,200</b>		<b>23,476,200</b>	<b>7,799,763</b>	<b>15,676,437</b>	<b>33%</b>
<b>Surplus For the Period</b>				<b>4,361,619</b>		
<b>Capital expenditure</b>	40,371,824		<b>40,371,824</b>	<b>4,926,924</b>	<b>35,444,900</b>	<b>12.5%</b>

*County Government of Murang'a*  
*Kenol Municipality*  
*Annual Report and Financial Statements for the year ended June 30, 2025*

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**Budget notes**

**The Municipality did not receive the expected Urban Development Fund from the Kenya Urban Support program**

**The County Government did not release the budgeted funds for recurrent expenditure**

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	4,361,618
1	Net asset	(4,926,923)
2	Difference between actual board allowances paid and total accrued allowance for the period. (859,500-289,700)	569,800
	<b>Closing Cash and Cash Equivalent as per the statement of Cash flows</b>	<b>4,495</b>

**19. Notes to the Financial Statements**

**1. General Information**

Kenol Municipal was granted a charter in 2023 as provided in the Urban Areas and Cities Act, 2011 (as amended) and a board was constituted in March 2024. The objective of establishment of the Municipality is to provide for integrated development of the area under the Municipality. The Act provide that the Municipality shall

- (a) give effect to the development of urban areas and cities as required by this Act and any other written law;
- (b) strive to achieve the objects of devolved government as set out in Article 174 of the Constitution;
- (c) contribute to the protection and promotion of the fundamental rights and freedoms contained in Chapter Four of the Constitution and the progressive realization of the socio economic rights among others.

**2. Statement of compliance and basis of preparation**

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Municipality.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

**3. Application of New and revised standards (IPSAS)**

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

There were no new and amended standards issued in the financial year.

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.*

**County Government of Murang'a  
Kenol Municipality**

**Annual Report and Financial Statements for the year ended June 30, 2025**

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43: Leases	<i>The entity is not effected by the standard</i>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>The entity is not effected by the standard</i>
IPSAS 45: Property Plant and Equipment	<i>The entity is not effected by the standard</i>
IPSAS 46: Measurement	<i>The entity is not effected by the standard</i>
IPSAS 47: Revenue	<i>The entity is not effected by the standard</i>
IPSAS 48: Transfer Expenses	<i>The entity is not effected by the standard</i>
IPSAS 49: Retirement Benefit Plans	<i>The entity is not effected by the standard</i>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>The entity is not effected by the standard</i>

**iii. Early adoption of standards**

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

**4. Significant Accounting Policies**

**a) Revenue recognition**

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

**Revenue from exchange transactions**

**a) 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 each period.

**b) Budget information**

The original budget for FY 2024-2025 was approved by the County Assembly on 26<sup>th</sup> June, 2024. The entity'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.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

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 8 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 entity 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) Nature and purpose of reserves**

The Municipality creates and maintains reserves in terms surplus funds

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

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

**f) 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.

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**g) 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 the Central Bank of Kenya and 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.

**h) Comparative figures**

This is the first financial year of the Municipality and as such there are no comparative figures.

**i) Events after the reporting period**

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

**j) Ultimate and Holding Entity**

The Municipality is a Murang'a County Government wholly owned Entity established Under the Urban areas and cities Act 2011 under the Department of Lands and Urban Planning

**Currency**

The financial statements are presented in Kenya Shillings (Kshs).

**5. Useful lives and residual values of Assets**

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

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

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**Notes To The Financial Statement**

**6. Public contributions and donations**

<b>Description</b>	<b>Period ended June 2025</b>
	<b>Kshs</b>
Donation From Development Partners	
Contributions From The Public	
<b>Total</b>	

**7. Transfers from County Government**

<b>Description</b>	<b>Period ended June 2025</b>
	<b>Kshs</b>
Transfers From County Govt. –Operations	501,000
Payments By County On Behalf Of The Entity	11,660,382
<b>Total</b>	<b>12,161,382</b>

**8. Fines, penalties and other levies**

<b>Description</b>	<b>Period ended June 2025</b>
	<b>Kshs</b>
Late Payment Penalties	0
Fines	0
<b>Total</b>	<b>0</b>

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**9. Interest income**

<b>Description</b>	<b>Period ended June. 2025</b>
	<b>Kshs</b>
Interest Income from Mortgage Loans	0
Interest Income From Car Loans	0
Interest Income From Investments	0
Interest Income On Bank Deposits	0
<b>Total Interest Income</b>	<b>0</b>

**10. Other income**

<b>Description</b>	<b>Period ended June. 2025</b>
	<b>Kshs</b>
Insurance Recoveries	
Income from Sale of Tender Documents	
Miscellaneous Income	
<b>Total Other Income</b>	

**11. Employee Costs**

<b>Description</b>	<b>Period ended June. 2025</b>
	<b>Kshs</b>
Salaries And Wages	6,733,458
Staff Gratuity	
Staff Training Expenses	
Social Security Contribution	
Other	
<b>Total</b>	<b>6,733,458</b>

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**12. Use of Goods and Services**

<b>Description</b>	<b>Period ended June 2025</b>
	<b>Kshs.</b>
General Office Expenses	66,300
Loan Processing Costs	
Professional Services Costs	
Administration Fees	82,700
Committee Allowances	859,500
Hospitality	
Fuel And Oil Costs	
Insurance Costs	
Water and electricity	31,000
Printing And Stationery	
Rental Costs	
Advertising cost	25,000
Telephone And Communication Expenses	
Bank Charges	1,805
Audit Fees	
Provision For Doubtful Debts	
Other Hire of trucks	
<b>Total</b>	<b>1,066,305</b>

**13. Depreciation and Amortization Expense**

<b>Description</b>	<b>Period ended June. 2025</b>
	<b>Kshs.</b>
Property Plant and Equipment	
Intangible Assets	
<b>Total</b>	

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**14. Finance costs**

<b>Description</b>	<b>Period ended June. 2025</b>
	<b>Kshs (00)</b>
Interest On Bank Overdrafts	
Interest On Loans From Banks	
<b>Total</b>	

**15. Board Members Allowances**

<b>Description</b>	<b>Period ended June. 2025</b>
	<b>Kshs (00)</b>
Board Sitting Allowance	859,500
<b>Total</b>	<b>859,500</b>

**16. Cash and cash equivalents**

<b>Description</b>	<b>Period ended June. 2025</b>
	<b>Kshs</b>
On – Call Deposits	
Current Account	4,495
<b>Total Cash And Cash Equivalents</b>	<b>4,495</b>

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

		Period ended June. 2025	Prior Year Audited
Financial Institution	Account number	Kshs	Kshs
<b>a) Fixed Deposits Account</b>			
Kenya Commercial Bank			
Equity Bank, Etc.			
<b>Sub- Total</b>			
<b>b) On - Call Deposits</b>			
Kenya Commercial Bank			
Equity Bank - Etc.			
<b>Sub- Total</b>			
<b>c) Current Account</b>			
Kenya Commercial Bank	133545784 4	4,495	
Bank B			
<b>Sub- Total</b>			
<b>d) Others (Specify)</b>			
Cash In Transit			
Cash In Hand			
<b>Sub- Total</b>			
<b>Grand Total</b>		<b>4,495</b>	

**17. Current Liabilities**

Description	Period ended June. 2025
	Kshs
Board Allowances	569,800
	-
	-
<b>Total</b>	<b>569,800</b>

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**18. Property, plant and equipment**

Cost	Land and Buildings and Roads	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
At the beginning of the Current Period					
Additions	4,926,924				
Transfer/Adjustments			441,000	163,000	
As at the end of the Current Period)	4,926,924		441,000	163,000	
<b>Depreciation And Impairment</b>					
As at the beginning of the Current Period					
Depreciation					
Impairment					
Transfer/Adjustment					
As at the end of the Current Period					
<b>Net Book Values</b>					
As at the end of the Current Period	4,926,924		441,000	163,000	5,530,924

Depreciation is not provided in the year of purchase/valuation.

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**19. Cash generated from operations.**

<b>Description</b>	<b>Period ended .</b>
	<b>June 2025</b>
	<b>Kshs</b>
<b>Surplus/ (Deficit) For the period Before Tax</b>	<b>4,361,619</b>
<b>Adjusted For:</b>	
Depreciation	
Amortisation	
Gains/ Losses On Disposal Of Assets	
Interest Income	
Finance Cost	
<b>Working Capital Adjustments</b>	
Increase In Inventory	
Increase In Receivables	
Increase In Payables	
<b>Net Cash Flow From Operating Activities</b>	<b>4,361,619</b>

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**20. Annexes.**

**Annex 1: Statement of Financial Performance Per Quarter**

Description	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Cumulative to date period ended 30 <sup>th</sup> June 2025
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
<b>Revenue from non-exchange transactions</b>					
Public Contributions and Donations					
Transfers from County Government	1,519,473	1,519,473	2,348,256	1,847,256	7,234,458
<b>Revenue from exchange transactions</b>					
Interest income					
Other income Balance B/f	-				
<b>Total revenue</b>	<b>1,519,473</b>	<b>1,519,473</b>	<b>2,348,256</b>	<b>1,847,256</b>	<b>7,234,458</b>
<b>Expenses</b>					
Employee costs	1,519,473	1,519,473	1,847,256	1,847,256	6,733,458
Use of goods and services	-	-	206,805	-	206,805
Depreciation and amortization expense					
Board Expenses	286,500	286,500	286,500		859,500
<b>Total expenses</b>	<b>1,805,973</b>	<b>1,805,973</b>	<b>2,340,561</b>	<b>1,847,256</b>	<b>7,799,763</b>
<b>Other gains/losses</b>				<b>4,495</b>	
Gain/loss on disposal of assets					
<b>Surplus/(deficit)</b>	<b>(286,500)</b>	<b>(286,500)</b>	<b>7,695</b>	<b>(4,495)</b>	<b>(565,305)</b>

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**Annex 2: Recording Of Transfers From Other Government Entities**

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/ Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Period
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
County Government.		Recurrent	7,234,458	✓					7,234,458
Urban Department		Development	4,926,923		✓				4,926,923
<b>Total</b>			<b>12,161,382</b>						<b>12,161,382</b>