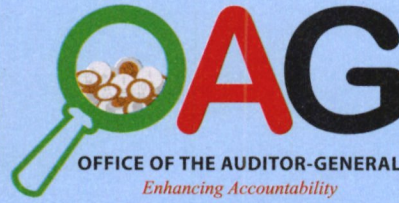


REPUBLIC OF KENYA



PARLIAMENT  
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REPORT

OF

THE AUDITOR-GENERAL

ON

CITY OF NAKURU

FOR THE YEAR ENDED  
30 JUNE, 2025

COUNTY GOVERNMENT OF NAKURU

PAPERS LAID	
DATE	19/11/2025
TABLED BY	Sen Mutinda subcommittee of S.M.L
COMMITTEE	-
CLERK AT THE TABLE	Belinda





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**CITY OF NAKURU**  
*County Government of Nakuru*

**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**

ARMC	Audit and Risk Management Committee.
B.Ed.	Bachelor of Education
BORAQS	Board of Registration of Architects and Quantity Surveyors
BSc	Bachelor of Science.
CECM	County Executive Committee Member.
CPA-K	Certified Public Accountant of Kenya.
FY	Financial Year.
KUSP	Kenya Urban Support Program
NEMA	National Environment Management Authority.
OSHA	Occupational Safety & Health Act.
PFMA	Public Finance and Management Act
PSASB	Public Sector Accounting Standards Board.
SRC	Salaries and Remuneration Commission
UACA	Urban Areas and Cities Act.

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

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

**Comparative Year**- Means the prior period.

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

### **a) Background information**

City of Nakuru 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 1<sup>st</sup> December, 2021. The City is under the County Government of Nakuru and is domiciled in Kenya.

### **b) Principal Activities**

#### **Vision Statement**

A model City that enhances quality of life and fosters economic prosperity.

#### **Mission**

To formulate and implement citizen-oriented policies, foster sustainable development and innovation and deliver quality services.

#### **Core Objectives**

- i. Efficient service delivery to the residents of City of Nakuru
- ii. To provide framework to guide land use planning and development
- iii. To protect the environment and enhance ecosystem conservation
- iv. To develop and promote cultural diversity and socio-economic empowerment.  
To provide care, support and build capacities of the vulnerable groups and communities for equity and self-reliance.
- v. To promote civic education, citizen participation in governance, policy formulation and implementation for good governance and creation of a conducive business environment

Additionally, City of Nakuru derives its mandates from the Urban Areas and Cities Act of 2011, Section 20 (1). In accordance with the Act, a board of a city or municipality shall-

- a) Oversee the affairs of the city
- b) Develop and adopt policies, plans, strategies and programmes, and may set targets for delivery of services;
- c) Formulate and implement an integrated development plan;
- d) Control land use, land sub-division, land development and zoning by public and private sectors for any purpose, including industry, commerce, markets, shopping and other employment centres, 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 city or municipality as may be delegated by the county government;
- e) As may be delegated by the county government, promote and undertake infrastructural development and services within the city or municipality;
  - f) Develop and manage schemes, including site development in collaboration with the relevant national and county agencies;
  - g) Maintain a comprehensive database and information system of the administration and provide public access thereto upon payment of a nominal fee to be determined by the board;
  - h) Administer and regulate its internal affairs;
  - i) Implement applicable national and county legislation;
  - j) Enter into such contracts, partnerships or joint ventures as it may consider necessary for the discharge of its functions under this act or other written law;
  - k) Monitor and, where appropriate, regulate city and municipal services where those services are provided by service providers other than the board of the city or municipality;
  - l) Prepare its budget for approval by the County assembly and administer the budget as approved;
  - m) as may be delegated by the County Government, collect rates, taxes levies, duties, fees and surcharges on fees;
  - n) monitor the impact and effectiveness of any services, policies, programmes or plans;
  - o) establish, implement and monitor performance management systems;
  - p) promote a safe and healthy environment;
  - q) facilitate and regulate public transport; and
  - r) Perform such other functions as may be delegated to it by the county government or as may be provided for by any written law.

**c) Key Management**

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

- County Department – Lands Housing Physical Planning and Urban Development.
- Board of Management
- Accounting Officer/ City Manager
- Management

**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:

Ref	Position	Name
1	City Manager	Gitau Thabanja
2	City Planner	Planner. Robert Kiprono
3	Head of Accounting Unit	CPA. Mary Kagonya
4	Head of Human Resource	Mercy Kariba
5	Head of ICT	James Ndung'u

**e) Fiduciary Oversight Arrangements**

**i) Audit and Risk Management Committee**

The Urban Areas Act (UACA) outlines the specific functions of the Audit and Risk Management Committee (ARMC) of a city. This committee plays a crucial role in ensuring the financial integrity and accountability of the City's operations.

The City Board has is in the process of constituting a ARMC but it stills depends on the County Executive committee on matters oversight.

Some of the functions outlined in the UACA may include and not limited to: -

1. Effective Communication and Reporting.
2. Strong Internal Controls.
3. Risk Management Framework.
4. External Audit Oversight.
5. Public Accountability.

**ii) County Assembly committees**

County Assembly Committees play a pivotal role in ensuring the effective governance and development of Urban Areas and Cities in Kenya. These committees are responsible for overseeing the activities of the County Executive Committee (CEC) and other county departments related to urban affairs.

The board is accountable to the County Assembly of Nakuru, and its financial transparency is ensured through annual reports submitted to The Assembly. In response to inquiries or specific requests, the board will provide detailed reports to relevant departmental committees.

To further enhance financial oversight, the board may appear before the County Public Accounts and Investment Committee and the Budget and Appropriation Committee for financial matters when summoned, demonstrating its commitment to accountability and transparency.

**iii) Committees of the Senate**

The Senate, as a legislative body, plays a vital role in overseeing the activities of Urban Areas and Cities Entities within a county. This oversight is essential to ensure that these entities are accountable to the public and that their resources are used effectively and efficiently.

The board can also be called upon to appear before the relevant Senate Committee like Public Investment Committee, Public Accounts Committee and any other relevant committee.

**f) Registered Offices**

P.O. Box 2870-20100  
City of Nakuru, County Government of Nakuru  
City of Nakuru Disaster and Rescue Centre  
Court Road,  
Nakuru, KENYA

**g) Contacts**

Telephone: (051) 2214142  
E-mail: [nakurucityboard@nakuru.go.ke](mailto:nakurucityboard@nakuru.go.ke)  
Website: [www.nakuru.go.ke](http://www.nakuru.go.ke)

**h) Bankers**

I&M Bank Limited,  
P.O BOX 30238-00100,  
Nairobi, GPO,

Consolidated Bank Limited,  
23 Koinange Street,  
P. O. Box 51133 - 00200,  
Nairobi.

**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**



1. The Attorney General.  
State Law Office.  
Harambee Avenue.  
P.O. Box 40112.  
City Square 00200.  
Nairobi, Kenya.
  
2. County Attorney,  
The County Attorney,  
New Town Hall Building,  
Moi Road,  
P.O. Box 2870-20100,  
Nakuru, Kenya.

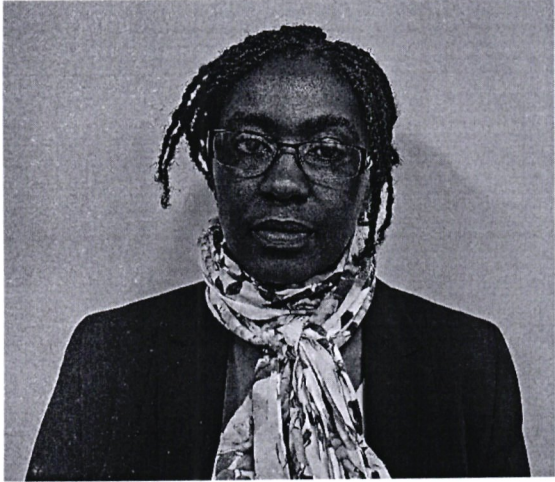
**3. City Board**


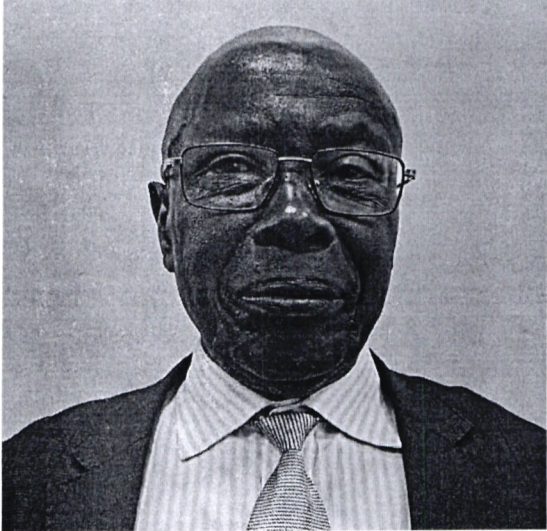
Serial No.	Name	Details of qualifications and experience
1.	<p>Stephen Muli Chairperson</p> 	<p><b>D.O.B :</b>26.11.1962 <b>Age:</b>62 Years <b>Mr. Stephen Muli</b> is a seasoned professional with extensive experience in leadership and management. Since 2000, he has served as Chairman of the Central Rift Matatu Owners Association, where he has played a crucial role in guiding the organization's strategic direction and overseeing its operations. Prior to this, he was a Manager at Uchumi Supermarket from 1990 to 1995, where he excelled in staff management, budgeting, customer service, and operational efficiency.</p> <p>He has a Bachelor's degree in Leadership, Management and Administration from university of Breakthrough International Bible University. This academic pursuit complements their rich practical experience and reflects a commitment to ongoing professional development.</p>
2.	 <p>Johra Said Ali Vice Chairperson; and Chairperson, Finance and Administration committee</p>	<p><b>Age:</b> 40 Years. <b>Ms Johra Said Ali</b> is a registered Engineer with a Master of Science in Chemical Engineering from University of KwaZulu Natal, South Africa and a B. Tech in Chemical and process engineering from Moi University.</p> <p>She is also pursuing a Doctor of Philosophy in Chemical Engineering from Vaal University of Technology, South Africa. She is a Lecturer at Technical University of Kenya and brings a wide scope of knowledge to the Board.</p>

		<p>She is the Vice Chair to the City Board and Chairman of the Finance and Administration committee</p>
<p>3.</p>	 <p>Hon. John Kihagi Ex-Officio member Member, Audit, Risk and Compliance Committee</p>	<p><b>Age:</b> 53 Years <b>Hon. John Karanja Kihagi</b> is a graduate of the University of Nairobi with a Bachelor of Science in Surveying (1996) and a Master of Arts in Planning (2000). He is a registered and practicing Physical Planner, Licensed Surveyor and Environmental Impact Assessment/Audit Lead Expert. Previously, he served as the Principal Consultant at Geosurvey Engineering &amp; Environmental Services Ltd, where he led consultancy work in Land Surveying, Physical Planning and Environmental Impact Assessment/Audit.</p> <p>He has over 26 years' post-graduation experience gained from the public service, private practice, civil society and political arenas. Mr Kihagi. He served as the Member of National Assembly representing Naivasha Constituency (2013-2017). He has also served as a Land Surveyor at the Ministry of Public Works (1997-2005) and as a Lecturer at both Jomo Kenyatta University of Agriculture and Technology (JKUAT, 2003-2005) and Kenya Institute of Surveying and Mapping (KISM, 1998-2000). He is an Ex Officio to the Board and member of audit, risk and compliance committee</p>


4.	 <p>Eng. Crispus Wathimba Board member; and Chairperson, Urban Planning, Environment and Infrastructure Development committee</p>	<p><b>D.O.B:</b> 20.01.1980 <b>Age:</b>45 Years <b>Eng. Crispus Wathimba</b> is a civil engineer, MBA graduate from ESAMI, and a project management professional with over 20 years of experience in infrastructure development across East Africa. His expertise spans engineering, telecommunications, renewable energy, e-mobility, and climate-smart logistics, where he has guided the design and execution of transformative projects that drive connectivity, resilience, and clean energy adoption. He is also a trusted development infrastructure advisor and serves as Chair of the Nakuru City Board Committee on Urban Planning, Infrastructure, and Environment. Crispus is recognized as a thought leader advancing climate-resilient, inclusive, and sustainable urban growth in Africa. He also serves in Finance and Administration committee.</p>
5.	 <p>James Kamau Board Member; and Chairperson, Trade, Tourism Investment and Social Services Committee</p>	<p><b>D.O.B:</b> 06.06.1991 <b>Age:</b> 34 Years <b>Mr. James Kamau</b> represents the informal sector of City residents. He holds a Bachelor of Education (Arts) from Egerton University and a technical person on business environments within the City.</p> <p>Mr. James Kamau serves in the Nakuru City Board and chairs the Trade, Tourism Investment and Social Services committee, leveraging his experience in business industry to create conducive business environment in Nakuru City.</p>

<p>6.</p>	 <p>George Njenga Board Member</p>	<p><b>D.O.B:</b> 8/8/1980 <b>Age:</b> 45 Years. <b>Mr George Njenga</b> is registered Lawyer with a Bachelor of laws Degree from Makerere University, Uganda. He has a wide and long-time experience in property law and conveyance, family law, legal research and policy review. He holds professional membership from East Africa Law Society and Rwanda Bar Association. He is a member of the Nakuru City Board and serves in the urban planning, environment and infrastructural development; and Trade, Tourism and Social Services committees</p>
<p>7.</p>	 <p>Hon. Anthony Nzuki Wachira Board Member; and Chairperson, Audit, Risk and Compliance Committee</p>	<p><b>D.O.B:</b> 15/03/1986 <b>Age:</b> 39</p> <p>Hon. Anthony Nzuki Wachira is an animal science specialist, with a practical experience in governance, leadership and financial management. He holds a BSc (Animal Science) (2015) and a Diploma in Animal Health (2011), both from Egerton University.</p> <p>He has previously served as a Member of the County Assembly for London Ward (2021–2022) and Technical Sales Manager at Bitek Industries Limited and a Nutritionist at Bidco Oil Refineries Limited.</p> <p>Hon. Nzuki serves as the Chairperson of the Audit Committee of Nakuru City Board, leveraging his legislative and financial oversight experience to</p>


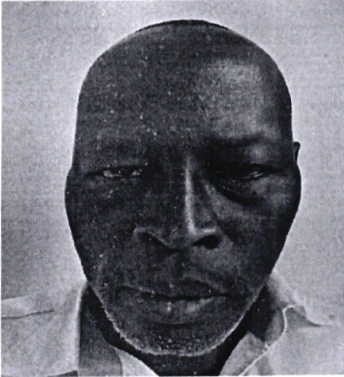

		<p>strengthen financial management of the City Board.</p>
8.	 <p>Julie Wanjiru Chege Board Member</p>	<p><b>D.O.B:</b> 30/04/1975 <b>Age:</b> 50</p> <p><b>Ms. Julie Wanjiru Chege</b> is a seasoned business person, with over 20 years' experience in business leadership, events management, hospitality, and governance. She is the founder and Director of Ashley's Events Ltd, The Fresh Market &amp; Café, and Ashley's Events Institute. She is a business development and management mentor and corporate governance and accountability trainer.</p> <p>Julie Wanjiru holds a Bachelor of Arts in Mass Media and Communication (Public Relations), First Class Honours – Mount Kenya University, Diploma in Office Administration, Pitman Qualification (First Class) and Certificate in Non-Profit Leadership and Compliance – CESRA.</p>

		<p>She is a serving as a member of Finance and Administration; and Trade, tourism investment and social Service committees of the Nakuru City Board.</p>
<p>9.</p>	 <p>Adrienne Wangari Murigu, Board Member</p>	<p><b>D.O.B:</b> 24/03/1993 <b>Age:</b> 32</p> <p><b>Ms Adrienne Wangari Murigu</b> is a graduate of International Trade and Economics from Shanghai Lixin University of Accounts and Finance. She is the acting Director of Tiankara Creations, a third-generation cloth-line manufacturing enterprise in Nakuru.</p> <p>She serves as board member in Nakuru City Board, bringing dynamic and transformative approach to urban governance and planning. She serves as a member in Finance and Administration committee, as well as Trade, Tourism and Social Services Committee.</p>
<p>10.</p>	 <p>Arch. O' Wakwabi, Odhiambo Zebedy Board Member</p>	<p><b>D.O.B:</b> 5/10/1953 <b>Age:</b> 72</p> <p><b>Arch. Zebedy O'Wakwabi</b> is a seasoned architect, currently a principal consultant at O'wakwabi and Associates since 1997. He previously worked at the ministry of public works, raising from assistant architect in 1980, and raise in ranks up to the provincial architect in 1988 to the time he left public service.</p> <p>He holds degree in architecture from University of Nairobi and registered by the Board of Registration of Architects</p>



		<p>and Quantity Surveyors of Kenya (BORAQS).</p> <p>Arch. Zebedy O’Wakwabi has made immense contribution in community development through chairing several schools boards of management and church councils, notably; Musanda Secondary School, ACK Cathedral among others.</p> <p>He serves in Nakuru City Board and a member in the city board’s infrastructure and trade committees.</p>
<p>11.</p>	 <p>Linda Chepkorir Munyao                  Board Member</p>	<p><b>D.O.B:</b> 12/10/1978  <b>Age:</b> 47</p> <p><b>Ms. Linda Chepkorir Munyao</b> holds an MSc in Biodiversity &amp; Conservation from the University of Leeds in the UK, a BSc in Environmental Studies from Maseno University and a Diploma in International Environmental Law from the UN Institute for Training and Research, (Switzerland).</p> <p>She is registered as a Lead Expert in Environmental Impact Assessment and Environmental Audit by NEMA and is an Accredited lead auditor of the Sustainable Agriculture Standards for Rainforest Alliance Certified™ program, trained Lead Auditor for ISO 14000:2004 (Environment Management Systems) and ISO 9001:2015 (Quality Management Systems).</p> <p>Linda has extensive experience in the field of environmental management and sustainability auditing having worked in the private sector and consultancy practice in the last 20 years.</p> <p>Ms. Linda Ruto Munyao is a member of the Urban Planning, Environment &amp;</p>

		<p>Infrastructure Development Committee. She is also a member of the Finance and Administration Committee.</p>
<p>12.</p>	 <p>Gitau Thabanja Secretary to the Board</p>	<p>D.O.B: 2.12.1983 Age: 42 Years. <b>Mr Gitau Thabanja</b> is the City Manager, Secretary and the accounting officer to the Board. He implements the Board's resolutions and also oversees the management and affairs of the city. He is an Urban Planner, with a Master's degree in Urban Administration and Planning from the esteemed University of Seoul, South Korea. He holds a Bachelor of Education – B.Ed. (Economics and Business Studies) from Kenyatta University. He has also been a CECM Land, Housing, and Physical Planning, Nyandarua County.</p>

**4. Key Management Team**

S/ No	Name	Details of qualifications and experience
1.	<p>Gitau Thabanja Secretary to The Board</p> 	Accounting Officer
2.	<p>Planner Robert Kiprono City Planner</p> 	Oversees all City Planning matters within the city of Nakuru
3.	<p>CPA Mary Kagonya Head of Accounting Unit</p> 	Oversees all financial matters within the City of Nakuru

*City of Nakuru*  
*County Government of Nakuru*  
*Annual Report and Financial Statements for the year ended June 30, 2025*

4	<p>James Ndung'u ICT Officer</p> 	<p>ICT hardware, software, systems and networks administration</p>
5	<p>Mercy Kariba Human Resource Officer</p> 	<p>Overseeing all Human Resource Management matters within the City of Nakuru.</p>

## 5. City Board Chairperson's Report

The vision for The City of Nakuru is to become a model of sustainable urban living, where a high quality of life and widespread economic prosperity are a reality for all. The Nakuru City Board is steadfastly committed to realizing this vision by driving sustainable development, strengthening governance, and enhancing service delivery for our residents.

Since attaining city status, we have undertaken a strategic transformation. This has required significant investment in our institutional foundations, operational systems, and physical infrastructure to meet the elevated standards of a city and effectively discharge our mandate.

Our efforts are guided by a robust framework of policies and plans, including the County Integrated Development Plan (CIDP 2022–2027), the Integrated Strategic Urban Development Plan (ISUDP 2014–2034), and The National Bottom-Up Economic Transformation Agenda (BETA). These ensure our development priorities are aligned with both county and national goals while remaining responsive to our community's needs.

We are also navigating complex challenges, from climate change and rapid population growth to limited financing. Addressing these issues demands innovative, forward-looking strategies built on a foundation of strong partnerships and urban resilience.

It is in this context that I am pleased to present the Nakuru City Board Financial Statements for the Financial Year 2024/2025. This document reflects our unwavering commitment to prudent financial management, accountability, and transparency.

### **Successes Made**

During the year under review, the Board recorded notable progress in several areas:

- **Development projects:** Implementation of infrastructure improvements under the equitable share and through strategic partnerships.
- **Partnerships:** Collaboration with national and international partners on initiatives supporting urban resilience, sustainability, and data-driven planning.
- **Policies and Plans:** Development of draft city policies and plans to guide sustainable service delivery and urban management.
- **Financial Performance:** Steady absorption of allocated funds with a balanced focus on recurrent and development priorities.

- **Human Resource:** Strengthening of institutional capacity through secondment of directors and provision of internship opportunities for students.

These achievements reflect our determination to strengthen service delivery and lay a firm foundation for the city's long-term growth.

### **Review of Performance**

In the period under review, the City Board successfully implemented a mix of development projects and policy initiatives. These interventions not only improved the physical outlook of the city but also provided the institutional frameworks necessary to guide future planning and management.

For the FY 2024/2025, the City out of the total budget allocation, had an overall absorption rate of 60.37% which is beyond the threshold stipulated in the law.

### **Challenges Faced**

The Board also encountered a number of challenges, including:

- Lack of a transitional framework on delegated functions.
- Lack of full delegation of functions as stipulated in the UACA 2011.
- Inadequate budgetary allocation from the equitable share.
- Unfavorable weather conditions causing delays in project implementation and damage to infrastructure.
- Rapid population growth

Despite these constraints, the Board remained focused on delivering on its mandate and ensuring continuity of essential services.

### **Changes in the City Board**

During the year, five new members joined the City Board following the retirement of previous members after completion of their 5-year term. The new members are:

1. Linda Chepkorir Munyao
2. Arch. O' Wakwabi, Odhiambo Zebedy
3. Adrienne Wangari Murigu
4. Julie Wanjiru Chege
5. Hon. Anthony Nzuki Wachira

Their induction has ensured that the Board is fully constituted in line with statutory requirements.

On the management side, two directors were transferred from the County Government to the City:

- Robert Kiprono Rutto – City Director, Urban and Physical Planning
- Kiogora Murithi – City Director, Environment and Natural Resources

We also note that the City Director for Environment and Natural Resources transitioned to the national government to serve as a World Bank liaison hence the city now is looking to fill vacant position through transfer from the county or recruitment through the Public Service Board.

### **Future Outlook of the City**

Looking ahead, the Board aspires to transform Nakuru into a benchmark city for excellence, where residents enjoy a high standard of living and economic opportunities continue to thrive. Our priorities will focus on:

- Expanding infrastructure and urban services to meet the demands of a growing population.
- Strengthening financial sustainability through enhanced revenue generation.
- Deepening partnerships to leverage resources and expertise.
- Promoting climate resilience and inclusive urban development.

The Board is energized and more determined than ever to build a prosperous, resilient, and vibrant city for all who call it home.



.....  
**Name: Stephen Muli**

**Chairperson of the Board**

**6. Report Of the City Manager**

**Introduction**

Since the conferment of city status in 2021, Nakuru City has continued to pursue its vision of becoming a vibrant, inclusive, and sustainable city that meets the needs of its residents while positioning itself as a regional hub. Guided by its strategic plan and in close collaboration with partners, the City has steadily made progress in infrastructure development, service delivery, and institutional strengthening. The financial year 2024/2025 was marked by notable achievements in project implementation, prudent financial management, and the expansion of partnerships that have enhanced the City’s resilience and competitiveness.

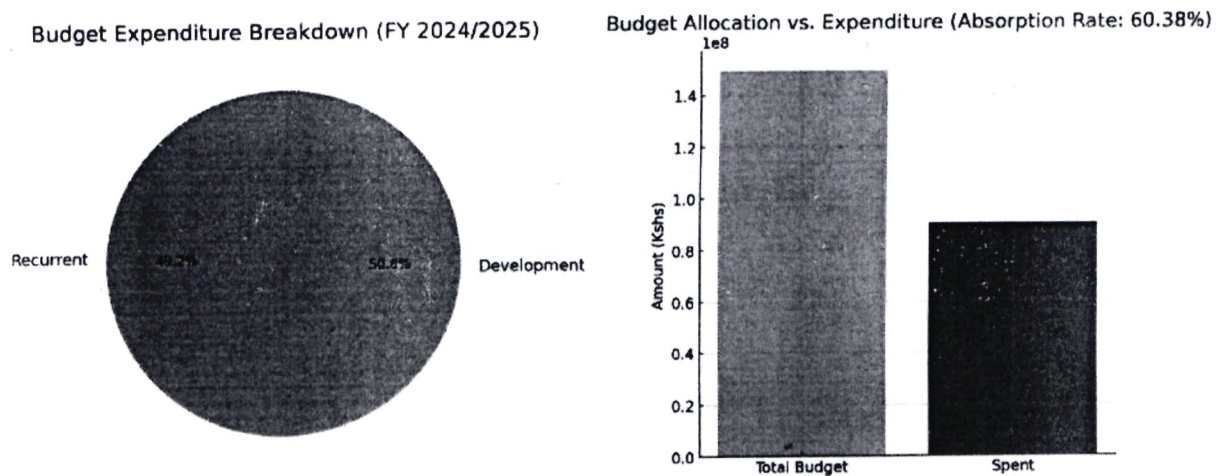
**1. Budget Performance**

For the FY 2024/2025, Nakuru City had a total budget allocation of Kshs 149,395,824. Out of this, Kshs 90,206,840 was spent, representing an overall absorption rate of 60.37%.

- Recurrent expenditure: Kshs 44,369,457
- Development expenditure: Kshs 45,836,383

This demonstrates a balanced focus on sustaining operations while investing in development priorities.

**Budget Absorption and Expenditure breakdown Overview**



## **2. Physical Progress and Achievements**

The City successfully implemented and completed several key projects in FY 2024/25, some initiated within the year while others rolled over from the previous year. Highlights include:

1. Rehabilitation of Drainages in the CBD – unclogging drainage systems, improving access to Imani Sacco building with parking, and replacing damaged slabs and manhole covers in the CBD.
2. Installation of Street Lights within the City – Installation of two streetlights at KMC settlement and Pipeline Estate. Contract sum.
3. Development of Nakuru City Vision 2050 by Nakuplan Consultants – a long-term planning framework.
4. Nakuru City Risk Management Plan – completed to guide resilience-building strategies.
5. Mapping and Analysis of Spatial Data –enabling evidence-based urban planning.
6. Installation of a Sanitation Facility at Menengai Garden
7. Supply, Delivery, and Installation of Tartan Track at Afraha Stadium
8. Construction of Access Drains to Baringo Road by Redfin Kenya Limited

Impacts Achieved Since Conferment in 2021:

- Over 4 km of road works and 6 km of drainage systems completed.
- Afraha Stadium rehabilitation, enhancing sports and recreation.
- Street lighting projects improving security and mobility.
- Environmental initiatives including clean-up exercises and tree planting with partners.
- Job creation across multiple project sites.

## **3. Value-for-Money (Achievements)**

Nakuru City has leveraged partnerships to maximize returns and reduce dependence on county funds in various ways

- Development of a Geoportal and Data Governance Policy with technical assistance from partners.
- Collaboration with Humanitarian OpenStreetMap Team (HOT) to map routes, amenities, and mobility corridors to be used in planning purposes of development projects.

- Partnership with VEI and the County Department of Environment in implementing the Sponge City Concept under the *Water as Leverage* project.
- Collaboration with RESPIRA Project to install air quality sensors, supporting public health and environmental management.

#### **4. Challenges**

Key challenges faced during the period include:

- Delays in procurement and contractor mobilization.
- Limited own-source revenue to complement equitable share.
- Capacity gaps in specialized technical skills.
- Encroachment and land tenure issues affecting project implementation.
- Changing priorities of the community during public participation.

#### **5. Future Outlook of the city**

With the approval of the FY 2025/26 budget amounting to approximately Kshs 919,890,136 as the approved estimates, City of Nakuru is set to expand its development portfolio significantly. This includes ward-specific projects within Nakuru East and West, alongside major infrastructure programs aligned with the Strategic Plan and IDEP. The planned projects include:

- Construction of Muhoro Road and complementary facilities.
- Construction of Moi Street Road, NMT, and complementary facilities.
- Construction of 0.8 km Olive Inn Loop Road.
- NMT Facilities Phase II (KCB Bank Main – Westside Mall – Mburu Gichua Roundabout – Naivas Downtown).
- Bicycle bays/racks in CBD and at Kenya National Library Services.
- Installation of high-mast streetlights across the City.
- Construction of road behind Carnation Hotel.
- Rehabilitation of CBD drainages.
- Installation of a temporary sanitation facility in Nakuru West.

Through these investments, City of Nakuru seeks to strengthen its institutional capacity, enhance resilience, and provide quality urban services to residents, while advancing towards the full delegation of functions to the City entity.



.....  
**Name: Gitau Thabanja**  
**City Manager**

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

**Key Goals, Objectives, and Strategies of the 2024/2025 City Plan**

**Strategic Objectives**

- Ensure timely, reliable, and efficient service delivery to the people of Nakuru City.
- Establish a clear framework to guide land use, spatial planning, and sustainable urban development.
- Safeguard the natural environment while strengthening ecosystem conservation efforts.
- Promote cultural diversity while supporting social and economic empowerment initiatives.
- Provide care, support, and capacity-building for vulnerable groups and communities to foster equity and self-reliance.
- Strengthen civic education, citizen engagement in governance, and active participation in policy formulation and implementation, with the aim of promoting good governance and creating a favorable environment for business.

**City Priorities and Strategies**

**Priority 1: Enhancing Service Delivery**

- Strengthening institutional capacity for improved performance.
- Recruitment of critical staff to address gaps.
- Continuous training and professional development for city staff.
- Digital transformation of services, including automation of revenue collection.
- Gradual delegation of additional functions to the City Board.
- Building partnerships and collaboration with county departments, national government entities, other counties, and development partners.
- Enhancing monitoring and evaluation frameworks for accountability.
- Formulation of strategic plans, policies, and by-laws to support governance.

**Priority 2: Environmental Protection and Sustainability**

- Rehabilitation and improvement of public parks and gardens.
- Greening and beautification of the city landscape.
- Strengthening integrated solid waste management systems.
- Conducting public sensitization and awareness campaigns on environmental matters.
- Advancing climate change adaptation and mitigation interventions.

**Priority 3: Infrastructure Development**

- Rehabilitation and expansion of stormwater drainage systems.
- Installation of complementary road infrastructure such as street lighting, CCTV cameras, benches, traffic lights, and signage.
- Leveraging research, innovation, and technology to inform infrastructure projects.
- Expansion of sanitation facilities to serve growing urban populations.

Below we provide the progress on attaining the stated objectives:

<b>Sub-Programme</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
<b>Administration, planning and support services</b>	To provide effective and efficient service delivery	Improved service delivery to clients and stakeholders.	Implementation rate for performance contracts (PC) and Performance Appraisal System (PAS)	In FY under review, we implemented the PCs and PAS by 100%
			No. of assorted office equipment purchased	-
			No. of City policy documents reviewed/developed	In the FY under review, we developed 3 policy documents
			No. of Annual work plan prepared	The AWP was developed in the beginning of the FY 2024/25
			No. of Quarterly M&E reports done	4 quarterly reports were prepared in the FY 2024/25
<b>1.2 Personnel services</b>	To provide effective and efficient service delivery	Improved service delivery to clients and stakeholders	Number of staff recruited	1 staff was recruited.
			Number of staff trained	5 staffs were trained in the FY 2024/25
			Compensation to employees (Ksh)	Ksh. 28,060,551.00 was compensated to employees

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Sub-Programme	Objective	Outcome	Indicator	Performance
<b>1.3 Financial services</b>		To promote accountability and transparency	No. of Quarterly financial reports generated	4 quarterly financial reports were generated
<b>2.1 Infrastructure development and Urban Planning</b>	To provide access to efficient and effective city services	Improved road safety and accessibility	Length of NMT constructed (KM)	-
			Length of roads constructed (KM)	-
			Number street lights installed and maintained	2 streetlights were installed in the FY 2024/25
			Number of flood lights installed and maintained	-
			Length of storm water drains constructed (Km)	-
			Infrastructure master plans developed and reviewed	-
<b>2.2 Nakuru City Environmental Management</b>	To provide effective and efficient service delivery	Improved solid waste management	Number of solid waste litter bins installed	-
			Solid waste management policy developed	-
			Number of solid waste refuse trucks purchased	-
		Increased tree cover and beautification	Number of trees purchased and planted	-

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Sub-Programme	Objective	Outcome	Indicator	Performance
			Number of tree nurseries established and maintained	-
		Improved sanitation and hygiene	Number of WASH facilities mapped and installed	-
<b>2.3 Trade, markets and investment</b>	To provide effective and efficient service delivery	Improved trade and investments	Number of markets rehabilitated	-
			Number of Jua Kali sheds constructed	-
			Number of trade exhibitions	The city held one exhibition to celebrate the city's anniversary
			Number of City marathons held	-
			Number of cultural events held	1 Cultural event held during city anniversary celebration
			Number of urban festivals celebrated	-
<b>2.4 Nakuru city social services</b>	To provide effective and efficient service delivery	Enhanced citizen participation and awareness	No of citizen fora held	4 citizens for a were held in the FY 2024/25
			Number of Civic education Campaigns done	-

## 8. Corporate Governance Statement

### Process of appointment of Board members

Appointment of the Board members is provided for under Section 13 of the UACA, 2011. According to the Act, a board of a city shall consist of not more than eleven members, six of whom shall be appointed through a competitive process by the County Executive Committee, with the approval of the County Assembly.

Out of the eleven members at least five shall be nominated by:

- i. An umbrella body representing professional associations in the area
- ii. An association representing the private sector in the area
- iii. A cluster representing registered associations of the informal sector in the area
- iv. A cluster representing registered neighbourhood associations in the area
- v. An association of urban areas and cities,

The act further requires the executive committee, while appointing members of the board to ensure gender equity, representation of persons with disability, youth and marginalised groups. A person shall not be appointed a member of the board unless that person; is a citizen of Kenya, is an ordinarily resident or has a permanent dwelling in the city, carries on business in the city and has lived in the city for at least five years.

### Process of removal of Board members

As provided for by Section 18 of the UACA, 2019, a person may be removed from the office of chairperson, vice chairperson or a member of the board on any of the grounds provided under section 16.

As per section 16 of the Act, a member of a board shall cease to hold office if the member:

- (a) is unable to perform the functions of the office by reason of mental or physical infirmity;
- (b) is declared or becomes bankrupt or insolvent;
- (c) is convicted of a criminal offence and sentenced to a term of imprisonment of six months or more;
- (d) resigns in writing to the County Governor;
- (e) without reasonable cause, the member is absent from three consecutive meetings of the board or committee within one financial year;
- (f) is found guilty of professional misconduct by the relevant professional body;
- (g) is disqualified from holding a public office under the Constitution;

(h) is convicted of an offence and is sentenced to imprisonment for a term of six months or more;

(i) in any particular case, the member fails to declare his or her interest in any matter being considered or to be considered by the board or committee;

(j) engages in any gross misconduct

(k) dies.

(l) Serves a full term

According to section 18 a person may be removed by:

i. The County Governor

ii. The board, supported by the vote of at least two-thirds of the members of the board

iii. The residents of the city upon petition

A resident of a city or municipality may file a writing petition with a board for the removal of a chairperson or vice chairperson.

#### **Roles and functions of the City Board members**

Subject to the provisions of the section 20 of the UACA, 2011, a board of a city or municipality shall:

(a) Oversee the affairs of the city

(b) Develop and adopt policies, plans, strategies and programmes, and may set targets for delivery of services

(c) Formulate and implement an integrated development plan

(d) Control land use, land sub-division, land development and zoning by public and private sectors for any purpose, including industry, commerce, markets, shopping and other employment centres, 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 city or municipality as may be delegated by the county government

(e) as may be delegated by the county government, promote and undertake infrastructural development and services within the city or municipality

(f) develop and manage schemes, including site development in collaboration with the relevant national and county agencies

(g) maintain a comprehensive database and information system of the administration and provide public access thereto upon payment of a nominal fee to be determined by the board

- (h) administer and regulate its internal affairs
- (i) implement applicable national and county legislation

#### **Induction and training City Board members and member's performance**

City of Nakuru regularly undertakes training and capacity building exercise to the Board members and staff. Plans are in place to continuously capacity build and train the Board members and staff on need basis.

#### **Number of City Board meetings held and the attendance to those meetings by members**

According to the UACA, 2019 the Board is required to hold full board meetings every quarter in a financial year. The Act also provides for special full board meetings to address special or urgent City issues. Committee meetings are also provided for in every quarter to deliberate on day to day running of city issues. The City has developed a Board charter to ease smooth running of the board meetings. A calendar of activities that stipulates those dates, activities and actor has been prepared by the Board.

#### **Succession plan**

The UACA, 2019 guides the operations, establishment and succession of the Board. The Act provides for appointment of the Board, removal of the Board members transitioning to from municipality to city status and other governance issues. Board charter clearly outlines the process requirements for governance and transitioning issues.

#### **Existence of a service charter**

A City Charter was developed before conferment of city status to guide operation, functions and establishment management framework.

#### **Conflict of interest**

The Board members declare conflicts of interest to matters in board's agenda during every meeting. To this effect the board members sign a conflict-of-interest declaration form during the meetings.

#### **Board remuneration**

The Board members are remunerated based on the SRC requirements and the PFMA, 2012. Based on these requirements the members are remunerated sitting allowances, night outs, among other benefits as guided by the SRC by the County Department of Finance and Economic planning.

**Ethics and conduct as well as governance audit undertaken** The County Government requires that all staff members sign code of conduct to ensure compliance with ethic and conduct provisions as required for all public servants. The City staff have signed the same to ensure compliance with the provisions. The board members sign non-disclosure agreements to guide their conduct with regard to information sharing.

**Communication policy**

The Board ensures public access to information, maintains open meetings, and systematically shares minutes, resolutions, and reports with stakeholders. Confidentiality is maintained where legally required

**Terms of reference of committees**

**Board Committees and Membership**

	<b>COMMITTEE</b>	<b>MEMBERSHIP</b>
1	Audit, Risk and Compliance Committee	<ol style="list-style-type: none"> <li>1. Hon. Anthony Nzuki -- Chair</li> <li>2. Hon. John Kihagi</li> <li>3. Johra Said Ali</li> </ol>
2	Urban Planning, Environment and Infrastructure Development Committee	<ol style="list-style-type: none"> <li>1. Crispus Wathimba – Chair</li> <li>2. Zebedy O. O’wakwabi</li> <li>3. Linda Munyao</li> <li>4. George Njenga</li> <li>5. James Njau Kamau</li> </ol>
3	Finance, Gender and Administration	<ol style="list-style-type: none"> <li>1. Johra Said Ali – Chair</li> <li>2. Linda Munyao</li> <li>3. Crispus Wathimba</li> <li>4. Julie Chege</li> <li>5. Adrienne Murigu</li> </ol>
4	Trade, Tourism Investment and Social Services Committee	<ol style="list-style-type: none"> <li>1. James Njau Kamau – Chair</li> <li>2. Julie Chege</li> <li>3. Adrienne Murigu</li> <li>4. George Njenga</li> <li>5. Zebedy O. O’wakwabi</li> </ol>

**1. Audit, Risk and Compliance Committee.**

<b>Committee's Objective</b>	The Nakuru City Board Committee on Audit, Risk and Compliance (the "Committee") is established to assist the Nakuru City Board (the "Board") in fulfilling its oversight responsibilities with respect to the adequacy and effectiveness of the City's internal controls, risk management systems, and financial reporting processes.
<b>Scope of Responsibilities</b>	<ol style="list-style-type: none"> <li>1. Overseeing the City's financial reporting process and ensuring that the City's financial statements are prepared in accordance with applicable accounting standards and regulations.</li> <li>2. Reviewing and approving the City's annual audit plan and budget.</li> <li>3. Overseeing the City's internal audit function and ensuring that it is operating independently and effectively.</li> <li>4. Reviewing and approving the City's risk management framework and ensuring that it is effective in managing the City's risks.</li> <li>5. Overseeing the City's compliance with applicable laws and regulations.</li> <li>6. Investigating any significant financial reporting irregularities or other matters that the Committee believes may have a material impact on the City's financial condition or operations.</li> </ol>
<b>Composition</b>	The Committee shall be composed of three to five members, all of whom shall be independent of the City's management. At least one member of the Committee shall have financial expertise. The Committee may invite experts and other stakeholders to present information and provide input on relevant issues
<b>Meetings</b>	The Committee shall meet at least quarterly, or more often as needed.
<b>Authority</b>	<p><b>Authority</b></p> <p>The Committee shall have the authority to:</p> <ol style="list-style-type: none"> <li>1. Review any documents or records of the City that are relevant to its responsibilities.</li> <li>2. Meet with the City's management team or any other employee of the City to discuss any matter related to its responsibilities.</li> <li>3. Retain independent legal, accounting, or other professional advisors, as needed.</li> </ol>
<b>Reporting</b>	The Committee shall report to the Board on a quarterly basis on its activities and findings. The Committee may also report to the Board on any other matter that it believes is important to the Board's oversight responsibilities.
<b>Review</b>	These terms of reference shall be reviewed annually by the Committee and recommended to the Board for approval.
<b>Effective Date</b>	These terms of reference shall be effective immediately upon approval by the Board.

**2. Urban Planning, Environment and Infrastructure Development Committee**

<b>Objectives</b>	The Nakuru City Board Committee on Urban Planning and Infrastructure Development (the "Committee") is established to assist the Nakuru City Board of Directors (the "Board") in fulfilling its oversight responsibilities with respect to the City's urban planning and infrastructure development activities.
<b>Scope of Responsibilities</b>	<ol style="list-style-type: none"> <li>1. Review and provide recommendations on policies and strategies related to urban planning, environment, and infrastructure development within the framework of the City's vision and strategic plan.</li> <li>2. Develop and propose zoning regulations, building codes, and other land use controls to guide sustainable urban development.</li> <li>3. Advocate for environmentally responsible practices and initiatives within the city.</li> <li>4. Review and provide recommendations on proposed development projects to ensure they comply with relevant laws, regulations, and planning guidelines.</li> <li>5. Prioritize infrastructure projects based on their strategic importance and feasibility.</li> <li>6. Monitor the implementation of approved projects to ensure they adhere to agreed-upon plans and specifications.</li> <li>7. Facilitate public participation in urban planning processes through forums, hearings, and other engagement mechanisms.</li> <li>8. Consider stakeholder feedback and concerns in policy and project development.</li> <li>9. Communicate effectively with the public about urban planning, environmental, and infrastructure development initiatives.</li> <li>10. Maintain and analyse data related to urban planning, environment, and infrastructure development to inform policy decisions and project planning.</li> <li>11. Encourage and support research initiatives on improving urban sustainability and resilience.</li> </ol>
<b>Composition</b>	<p>The Committee shall be composed of three to five members, all of whom shall have expertise in urban planning and infrastructure development</p> <p>The Committee may invite experts and other stakeholders to present information and provide input on relevant issues</p>

<b>Meetings</b>	The Committee shall meet at least quarterly, or more often as needed.
<b>Authority</b>	Review any documents or records of the City that are relevant to its responsibilities.  Meet with the City's management team or any other employee of the City to discuss any matter related to its responsibilities.
<b>Reporting</b>	The Committee shall report to the Board on a quarterly basis on its activities and findings. The Committee may also report to the Board on any other matter that it believes is important to the Board's oversight responsibilities.
<b>Review</b>	These terms of reference shall be reviewed annually by the Committee and recommended to the Board for approval
<b>Effective Date</b>	These terms of reference shall be effective immediately upon approval by the Board.

### 3. Finance, Gender and Administration

<b>Objectives</b>	The Nakuru City Board Committee on Finance and Administration (the "Committee") is established to assist the Nakuru City Board of Directors (the "Board") in fulfilling its oversight responsibilities with respect to the City's financial management and administrative functions.
<b>Scope of Responsibilities</b>	<ol style="list-style-type: none"> <li>1. Overseeing the City's budget and financial planning process.</li> <li>2. Reviewing and approving the City's annual budget and financial plan.</li> <li>3. Overseeing the City's financial reporting process and ensuring that the City's financial statements are prepared in accordance with applicable accounting standards and regulations.</li> <li>4. Overseeing the City's internal controls and risk management systems.</li> <li>5. Overseeing the City's procurement process.</li> <li>6. Overseeing the City's human resources management function.</li> <li>7. Overseeing the City's information technology systems.</li> <li>8. Overseeing the development and implementation of the City's investment policy.</li> <li>9. Overseeing the City's debt management program.</li> <li>10. Overseeing the City's insurance program.</li> <li>11. Overseeing the City's property/asset management function.</li> <li>12. Overseeing the City's fleet management function</li> </ol>
<b>Composition</b>	The Committee shall be composed of three to five members, all of whom shall have expertise in finance, gender and administration.  The Committee may invite experts and other stakeholders to present information and provide input on relevant issues
<b>Meetings</b>	The Committee shall meet at least quarterly, or more often as needed
<b>Authority</b>	Review any documents or records of the City that are relevant to its responsibilities.

	Meet with the City's management team or any other employee of the City to discuss any matter related to its responsibilities.  Retain independent legal, accounting, or other professional advisors, as needed.
<b>Reporting</b>	The Committee shall report to the Board on a quarterly basis on its activities and findings. The Committee may also report to the Board on any other matter that it believes is important to the Board's oversight responsibilities
<b>Review</b>	These terms of reference shall be reviewed annually by the Committee and recommended to the Board for approval.
<b>Effective Date</b>	These terms of reference shall be effective immediately upon approval by the Board

#### **4. Trade, Tourism Investment and Social Services Committee**

<b>Objectives</b>	The Trade, Tourism, Investment, and Social Services Committee is established by the Nakuru City Board to spearhead the development and promotion of key sectors vital to the city's economic and social well-being.
<b>Scope of Responsibilities</b>	<ol style="list-style-type: none"> <li>1. Foster a vibrant and sustainable business environment that attracts and retains investment.</li> <li>2. Promote Nakuru City as a premier tourist destination, both regionally and internationally.</li> <li>3. Ensure the provision of quality social services that meet the needs of all residents.</li> <li>4. Advocate for policies and programs that support the growth and development of the trade, tourism, investment, and social services sectors.</li> <li>5. Monitor the implementation of relevant city board policies and programs related to these sectors.</li> <li>6. Provide feedback and recommendations to the city board on matters related to trade, tourism, investment, and social services.</li> <li>7. Review and analyse policies and programs related to trade, tourism, investment, and social services.</li> <li>8. Conduct public hearings and consultations to gather input from stakeholders.</li> <li>9. Develop and recommend strategies for promoting economic development, attracting investment, and improving the quality of social services.</li> <li>10. Monitor the performance of the city board's departments responsible for these sectors.</li> <li>11. Identify and address challenges and opportunities facing the trade, tourism, investment, and social services sectors.</li> <li>12. Prepare and submit reports to the city board outlining the committee's activities and recommendations.</li> </ol>
<b>Composition</b>	The Committee shall be composed of three to five members, all of whom shall have expertise in trade, tourism, investment, and social services.

	The Committee may invite experts and other stakeholders to present information and provide input on relevant issues.
<b>Meetings</b>	The Committee shall meet at least quarterly, or more often as needed.
<b>Authority</b>	Review any documents or records of the City that are relevant to its responsibilities.  Meet with the City's management team or any other employee of the City to discuss any matter related to its responsibilities.  Retain independent legal, technical, or other professional advisors, as needed.
<b>Reporting</b>	The Committee shall report to the Board every quarter on its activities and findings. The Committee may also report to the Board on any other matter that it believes is important to the Board's oversight responsibilities.
<b>Review</b>	These terms of reference shall be reviewed annually by the Committee and recommended to the Board for approval
<b>Effective Date</b>	These terms of reference shall be effective immediately upon approval by the Board.

### **Policy on related party transactions**

At present, the Board has not developed a stand-alone Related Party Transactions Policy. However, the management of potential related party dealings is guided by existing legal and governance frameworks, including:

- Leadership and Integrity Act, 2012, which requires state and public officers to declare private interests and avoid conflicts in decision-making.
- Public Finance Management Act, 2012, which prohibits misuse of public resources and prescribes accountability in all transactions.
- Mwongozo Code of Governance for State Corporations (2015), which obligates disclosure of any dealings that may result in conflicts of interest.
- Board Charter provisions, which require members to declare any personal or professional interest that could influence Board deliberations.

In practice, the Board manages related party risks through mandatory declarations of interest at the beginning of each meeting and recusal of affected members from relevant discussions or decisions.

The Board recognizes the need for a dedicated Related Party Transactions Policy to further strengthen governance and enhance public trust. Development of this policy has been identified as a governance priority for the subsequent financial year

**9. Management Discussion and Analysis**

**Entity's key projects or investments decision implemented or ongoing**

During the period, the city implemented the following projects under Equitable share allocations which either commenced that year or rolled over from previous year:

**Projects status progress report**

S/N	Project Name	Project Location	Key Performance indicator	Target by end of FY 2024/2025	Cumulative Achievement	Approved Budget cost	Actual Expenditure FY 2024/2025	Project Status
<b>Programme: City of Nakuru Services</b>								
1.	Proposed Installation of streetlights within the city	HQ	No. of streetlights installed	2	2	7,500,000	7,351,451	complete
2.	Proposed rehabilitation of drainages within the CBD	HQ	Rate of completion	100	100	4,510,852	-	Ongoing
3.	Proposed construction of access drains to Baringo road	HQ	Rate of completion	100	100	3,812,826	3,632,170	Complete

**a. City's compliance with statutory requirements**

The Urban Areas and Cities Act, 2011, stipulates statutory requirements with regard to governance, operationalization, constitution of members and functions. These provisions and processes have been complied with as far as the establishment and management of the City is concerned. The Act above it is an implementation of Constitution of Kenya, 2010 particularly Article 187 (2)(a) that provides for

the transfer of functions. The Board therefore on behalf of the County Government, deliver services as delegated.

The City also complies with all relevant laws and regulations with regard to public service and running of government entities. The PFMA, 2012 provide for the effective management of public finances by the national and county governments; the oversight responsibility of parliament and county assemblies; the different responsibilities of government entities and other bodies, and for connected purposes. This guides the City's financial statutory requirements including quarterly reporting, management of its allocated resources and processes.

The Public Procurement and Asset Disposal Act provides for the City's procurement of the services and supplies. This has been complied with in all the projects and services outsourced and undertaken by the City.

The EMCA, 1999 provides for protection of the environment and conservation of its resources. In accordance to the provisions of this Act, the City has been able to comply through Environmental Impact Assessments, Audit and monitoring of compliance in its projects.

Other legal statutory requirements cut across all sectors which the City interacts with in day-to-day activities and are complied with. Policies and operation manuals such as the Project Operation Manual (POM) in KUSP projects have also been complied with during implementation of City projects.

#### **Major risks facing the City, material arrears in statutory and other financial obligations**

Statutory risks exist particularly on the UACA regulations which are supposed to further clear the gaps with regard to management and functions of the urban boards. The draft UACA 2019 regulations are yet to be passed so as to be enacted. The missing links include lack of a clear transitional framework guiding delegation of functions, confliction provision with other laws especially on physical planning, financing of the urban boards, establishment of neighbourhood associations on citizen engagement among others. There is need to collectively streamline the statutory issues to avoid or reduce the risks.

Sustainable and adequate financing mechanisms also puts the City at a risk of exhaustively delivering on its functions. This also affects all urban boards in Kenya. Section 20 provides a long list of functions of the board yet the resources allocated to the boards do not meet them. The KUSP funding is program-

based, and thus not sustainable in implementation of its projects and programs. This necessitates an upward revision of allocation of Equitable share to finish up on planned subsequent phases of the projects and adequate operation and maintenance budget of the capital-intensive projects.

## **10. Environmental And Sustainability Reporting**

### **1) Sustainability strategy and profile**

The City of Nakuru continues to align its planning and operations with shifting global political and macroeconomic trends that directly impact urban sustainability. During the reporting period, the City Board noted the following developments and their implications:

#### **a) Climate Variability and Urban Resilience**

The 2024–25 East Africa floods, coupled with El Niño/La Niña variability, significantly increased precipitation levels, which in turn affected settlements, infrastructure, and raised the water levels of Lake Nakuru. To respond, the City Board is guided by the Nakuru City Urban Resilience Strategy (2023–2033), which provides a framework for long-term adaptation. However, due to limited budget allocations during the reporting period, no major resilience projects were implemented.

#### **b) Climate Finance and Global Protocols**

The City Board recognizes the opportunities presented under the Paris Agreement, particularly the articles on climate financing. Although Nakuru City has not yet benefitted directly from climate finance, its plans and policies deliberately position the city to access such funds for future resilience and sustainability projects.

Despite these challenges, the City Board utilized its equitable share to undertake targeted environmental interventions aimed at protecting public well-being. Key actions included the **rehabilitation of urban drainage systems** to reduce flooding risks and safeguard critical infrastructure.

### **2) Environmental performance**

The City of Nakuru made progress on several fronts in environmental management during the reporting period:

#### **a. Solid waste Management**

A *Solid Waste Management Strategy* was developed and is pending approval by the Board. The strategy is designed to align waste management practices with the City's *Vision 2050*, *Integrated Strategic Urban Development Plan (ISUDP)*, and other development blueprints. Solid waste services are currently managed jointly by the County Department of Environment

and private operators, with ongoing plans to transfer the function fully to the City Board for improved efficiency and accountability.

**b. Urban Clean-up and Infrastructure Rehabilitation**

In collaboration with development partners, the City conducted community clean-up campaigns and rehabilitated stormwater drainage infrastructure to enhance environmental quality and reduce flood risks.

**c. Integration of Technology in Environmental Management**

Through the **RESPIRA Air Quality Monitoring (AQM) Project**, the City installed air quality sensors within its boundaries, with data transmitted to a station at the County Meteorological Office. A dissemination platform is being developed to relay real-time air quality data to the City offices. This will strengthen evidence-based decision-making and improve environmental governance.

**3) Employee welfare**

The City of Nakuru is committed to creating a safe, inclusive, and motivating work environment. Recruitment and staffing policies emphasize **diversity, gender equity, and inclusion of Persons with Disabilities (PWDs)**. The city also prioritizes youth in recruitment to bridge generational gaps and ensure continuity of institutional knowledge.

Key employee welfare measures include:

- **Skills development and capacity building:** Regular training sessions, workshops, and professional development opportunities to enhance staff skills and career progression.
- **Appraisal system:** Performance appraisals conducted annually with structured recognition mechanisms for high-performing staff.
- **Occupational Safety and Health (OSHA 2007) compliance:** Workplace safety audits, provision of protective gear such as fire extinguishers, security cameras and hose reels, and establishment of health and safety committees within departments.
- **Workplace wellness initiatives:** Employee wellness programs covering mental health, physical fitness, and social well-being, such as team building programs.

In the year under review, employee welfare policies are reviewed regularly, with input from staff and stakeholders, ensuring alignment with evolving legal frameworks, labor standards, and best practices.

#### **4) Market place practices**

The City has addressed efforts to:

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

The City ensures responsible competition practices through open and transparent procurement guided by the Public Procurement and Asset Disposal Act (2015). All tenders are publicly advertised, evaluated on merit, and awarded fairly, with grievance redress mechanisms in place. The City has also developed a **draft Corruption Mitigation Policy** to strengthen its anti-corruption framework, enhance reporting channels, and reinforce accountability across all departments.

Service delivery is guided by published **service charters**, which set out clear timelines and standards.

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

The City upholds good supplier relationships by honouring contracts, adhering to timely payment schedules, and maintaining competitive and transparent procurement processes. In line with national policy, a proportion of contracts is reserved for youth, women, and persons with disabilities (PWDs) to promote inclusivity and equity. Regular supplier engagement forums are also held to foster transparency, accountability, and a sense of partnership with vendors.

##### **c) Responsible marketing and advertisement or Responsible engagement with the citizens**

The City promotes responsible engagement with citizens through **structured citizen engagement forums**, with a mandate to hold at least **four engagements per financial year**. These forums are used for public participation, civic education, and policy consultations.

The City's **official website** provides access to important documents, reports, and notices to ensure transparency. It also hosts a **feedback mechanism** where citizens can raise queries, lodge complaints, or request information. This approach enhances inclusivity, ensures timely responses, and promotes trust between the City and its residents.

All outreach and communication efforts are conducted ethically, avoiding misinformation or exaggerated claims, while promoting clarity, inclusivity, and respect for diversity.

##### **d) Product stewardship or Awareness creation**

The City safeguards the rights and interests of citizens by providing adequate service information and maintaining accessible platforms. Automated systems for licensing, permits,

and payments simplify service delivery, while customer service desks and public complaint committees handle dispute resolution and redress. Citizens' data privacy is prioritized, especially on digital platforms, to protect sensitive information.

#### **5) Corporate Social Responsibility/Community Engagements**

During the year under review, the City undertook several CSR and community engagement activities in line with its core mandate of urban service delivery and inclusive governance.

- **Public Participation & Civic Education:** In line with its statutory mandate, the City organized citizen engagement forums across all wards, giving residents opportunities to shape budgets, contribute to policy formulation, and review proposed development projects. Public sensitization sessions also created awareness on service delivery processes and citizen rights.
- **Feedback and Transparency:** The City strengthened civic trust by expanding access to official information through its website, where documents are published regularly and feedback can be submitted online. This transparency initiative promotes accountability and inclusivity in governance.
- **Environmental Stewardship:** Tree planting and clean up exercises were organized in collaboration with community groups, schools, and civil society partners, contributing to the City's climate resilience and greening strategy.
- **Youth, Women, and PWD Empowerment:** Training forums and capacity-building workshops were conducted to enhance participation of youth, women, and PWDs in procurement opportunities.
- **Infrastructure Support:** Localized projects such as market sheds, feeder road rehabilitation, and street lighting were implemented, directly improving livelihoods and promoting safer, inclusive communities.

Through these initiatives, the City demonstrated its commitment to responsible governance, anti-corruption, citizen empowerment, and inclusive urban development.

## **11. Report of the City 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 City affairs.

### **Principal activities**

The principal activities of the City are provided for in the Urban Areas and Cities Act of 2011, Section 20 (1). According to the Act, a board of a city or municipality shall-

- (a) oversee the affairs of the city or municipality;
- (b) develop and adopt policies, plans, strategies and programmes, and may set targets for delivery of services;
- (c) formulate and implement an integrated development plan;
- (d) control land use, land sub-division, land development and zoning by public and private sectors for any purpose, including industry, commerce, markets, shopping and other employment centres, 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 city or municipality as may be delegated by the county government;
- (a) as may be delegated by the county government, promote and undertake infrastructural development and services within the city or municipality;
- (b) develop and manage schemes, including site development in collaboration with the relevant national and county agencies;
- (c) maintain a comprehensive database and information system of the administration and provide public access thereto upon payment of a nominal fee to be determined by the board;
- (d) administer and regulate its internal affairs;
- (e) implement applicable national and county legislation;
- (f) enter into such contracts, partnerships or joint ventures as it may consider necessary for the discharge of its functions under this Act or other written law;
- (g) monitor and, where appropriate, regulate city and municipal services where those services are provided by service providers other than the board of the city or municipality;
- (h) prepare its budget for approval by the county executive committee and administer the budget as approved;

- (i) as may be delegated by the county government, collect rates, taxes levies, duties, fees and surcharges on fees;
- (j) settle and implement tariff, rates and tax and debt collection policies as delegated by the county government;  
monitor the impact and effectiveness
- (k) monitor the impact and effectiveness of any services, policies, programmes or plans;
- (l) establish, implement and monitor performance management systems;
- (m) promote a safe and healthy environment;
- (n) facilitate and regulate public transport; and
- (o) Perform such other functions as may be delegated to it by the county government or as may be provided for by any written law.

### **Performance**

The performance of the City for the year ended June 30, 2025 are set out as annex in this report.

### **Board Members**

The members of the Board who served during the year are shown (*ix to xv*).

### **Auditors**

The Auditor General is responsible for the statutory audit of the City in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. Certified Public Accountants were nominated by the Auditor General to carry out the audit of the entity for the period ended June 30, 2025, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

  
.....

**Name: Gitau Thabanja**

**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 City 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 City manager is responsible for the preparation and presentation of the City financial statements, which give a true and fair view of the state of affairs of the City for and as at the end of the financial year ended on June 30, 2025. This responsibility includes:

- i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period.
- ii. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the City.
- 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.
- v. Selecting and applying appropriate accounting policies.
- vi. Making accounting estimates that are reasonable in the circumstances.

The City Manager accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Urban Areas and Cities Act No. 13 of 2011. The City Manager is of the opinion that the financial statements give a true and fair view of the state of City's transactions during the financial year ended June 30, 2025, and the financial position as at that date.

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

in preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern. Nothing has come to the attention of the City Manager to indicate that the City 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 City's financial statements were approved by the Board on 19<sup>th</sup> August, 2025 and signed on its behalf by:

.....  


**Name: Stephen Muli**  
**Chairperson of the Board**

.....  


**Name: Gitau Thabanja**  
**Accounting Officer of the Board**

# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON CITY OF NAKURU FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF NAKURU

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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 that the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of City of Nakuru – County Government of Nakuru set out on pages 1 to 67, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance,

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

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 the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of City of Nakuru – County Government of Nakuru 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, 2011 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Failure to Disclose Material Uncertainty Related to Sustainability of Services**

The statement of financial position reflects current liabilities balance of Kshs.11,844,799 which exceeds the current asset's balance of Kshs.8,891,774 resulting to a negative working capital of Kshs.2,953,025. Further, the it registered a deficit of Kshs.2,033,181 during the year. The City is, therefore, technically insolvent and its ability to continue to sustain its services is dependent upon support from the County Government and its creditors. Further, this material uncertainty has not been disclosed in the financial statements.

In the circumstances, the City may not be able to sustain its services and meet its short-term obligations as and when they fall due.

#### **2. Lack of an Approved Budget**

The statement of comparison of budget and actual amounts reflects budgeted revenue and expenditure amount of Kshs.149,397,818. However, the Nakuru City Board minutes which approved the budget were not provided and the budget was not signed by the Board. Further, the budget did not include revenue estimates as required by Section 45(1) of the Urban Areas and Cities Act, 2011.

In the circumstances, the justification and basis for the City's revenue collection and expenditure could not be confirmed.

#### **3. Unsupported Property, Plant and Equipment Balance**

The statement of financial position reflects property, plant and equipment balance of Kshs.491,677,426 as disclosed in Note 24 to the financial statements. The amount includes balances of Kshs.22,402,913 and Kshs.1,721,125 in respect of buildings and motor vehicles. However, the assets were not supported with ownership documents such as the logbooks. Further, Note 24 to the financial statement reflects a Nil balance in respect of land. However, the land and building on which the City Board's offices

are situated has not been included as part of the assets. Management did not provide the ownership documents including the title deed for the parcel of land.

In addition, the value of the assets of the City was not supported with a valuation report which Management indicated is still in the process of being prepared.

Review of records revealed that an amount of Kshs.7,351,452 incurred on the acquisition and installation of two (2) high mast floodlights was not updated in the assets register and was not disclosed in the financial statements.

Note 24 to the financial statements further reflects an amount of Kshs.13,261,385 in respect of depreciation. However, Management has not provided the depreciation policy or disclosed in in the financial statements.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.491,677,426 as at 30 June, 2025 could not be confirmed.

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

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects final budget revenue and actual on comparable basis receipt amounts of Kshs.149,397,818 and Kshs.70,323,343 respectively, resulting to underfunding of Kshs.79,074,475 or 53% of the budget. Further, the statement reflects that the City spent an amount of Kshs.59,095,139 against the actual receipts of Kshs.70,323,343 resulting in under absorption of Kshs.11,228,204 or 16% of the actual receipts.

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

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

#### **Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public

Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not explained how the issues were resolved.

### **Other Information**

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

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

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect 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. Project Implementation Status**

Review of the project implementation status reports for the financial year 2024/2025 revealed the following observations on roll over projects from the previous year;

##### **1.1 Temporary Sanitation Facility at Menengai Garden**

The Temporary Sanitation Facility at Menengai Garden project whose contract sum was Kshs.1,420,485 commenced in the financial year 2023/2024 and was expected to be completed by 30 June, 2025. However, as at the time of audit in August, 2025,

the project was indicated as ongoing and at 65% completion status. No explanation has been provided for the delay in completion of the project.

## **1.2 Establishment of a GIS and Data Centre for Nakuru City**

The establishment of a GIS and Data Centre for Nakuru City project commenced on 14 May, 2024 at a contract sum of Kshs.5,980,000. According to the project implementation status report, the contractor has been paid a total of Kshs.2,392,000 as at 30 June, 2025. It could not be established why the project has taken so long to complete since there was no verifiable explanation for not implementing the project on time.

In the circumstances, projects which are not implemented within the expected time impact negatively on the service delivery to the residents of Nakuru City.

## **2. Lack of Independence of the City of Nakuru**

Nakuru City was granted a City Charter on 1 December, 2021 which provided for operational independence from the County Government of Nakuru. However, review of the operations of the City revealed lack of autonomy as detailed below: -

- (i). The city's budget was prepared and controlled by the County Executive and there was no budget approval by the City Board.
- (ii). The County Government has continued to perform functions which were transferred to the city as provided for through Gazette Notice No. 3844 dated 16 March, 2023 such as development controls, development approvals, development compliance surveillance, enforcement and control of outdoor advertisement, solid waste management and provision of street parking.

This is in contravention of Section 12(1) of the Urban Areas and Cities Act, 2011 which states that the Management of a city 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. Further, Sub-section 2 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 and the County Government of Nakuru were in breach of the law.

## **3. Non-Submission of Quarterly Financial Reports**

During the year under review Nakuru City did not submit the required quarterly financial statements as provided for in the law. This is contrary to Section 166 (1) and (3) of the Public Finance Management Act, 2012 which states that an Accounting Officer for a County Government entity shall prepare a report for each quarter of the financial year in respect of the entity; and not later than fifteen days after the end of

each quarter, the Accounting Officer shall submit the quarterly report to the County Treasury.

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 effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### Basis for Conclusion

#### 1. Lack of an Approved Staff Establishment and Human Resource Plans

Review of the City's staff complement data revealed that it does not have an approved staff establishment. The lack of an approved staff establishment implies that the city has yet to determine the skills and optimal staffing levels required to achieve its goals and objectives. Therefore, it was not possible to determine the approved staffing level.

Further, during the year under review the City did not prepare human resource plans to support the achievement of goals and objectives in their Strategic plans. This was contrary to Section B.2(1) of the Human Resource Policies and Procedures Manual for the Public Service, 2016.

In the circumstances, hiring, promotions, training and deployment of employees may not be aligned with the strategic goals of the City.

#### 2. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.11,844,799 which as disclosed in Note 27 to the financial statements includes an amount of Kshs.5,217,186 in respect of trade payables. However, there was no evidence to indicate that the previous year's trade payables formed a first charge during payments in the current financial year. In addition, Nakuru City did not maintain a register with details of the outstanding bills, in terms of opening balances, additions during the year, payments during the year as well as the closing balances. Therefore, it was difficult to ascertain the individual suppliers who make up the trade and other

payables balance. In addition, the City did not have any reports on evaluation to determine the validity and eligibility of the trade payables.

In the circumstances, the City may incur additional and unnecessary costs of interest and penalties due to the continued delay in settling outstanding payables.

### **3. Lack of Information Technology (IT) Strategy Committee, Strategic Plan and Policy**

Review of the information technology environment and IT systems in use revealed that Nakuru City has not established an IT strategy committee and also lacked approved IT strategic plan which should provide governance on information technology matters, IT strategic plan and IT security policy.

In addition, there is no back-up retention strategy, if no backups exist and a disaster occurs, the organization may not be able to continue services. There are no formal documented and approved processes to manage upgrades which means that unauthorized changes can be made without change request documentation.

The City lacks a formal emergency procedure whereby in case of an emergency the personnel involved might not be aware of the protocols to follow or what is expected of them which will lead to business interference. No explanation was provided for failure to have IT strategy committee and an approved strategic plan in place.

In the circumstances, the City is at risk of losing critical information or data in case of a disaster or disruption of operations.

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

During the year under review, the City did not have an approved strategic plan and therefore Management may not be able to make decisions that align to the City's mission, vision and strategic objectives.

In the circumstances, the City may not be in a position to achieve its strategic objectives which may affect service delivery to the public.

### **5. Lack of Internal Audit Function**

During the year under review, the City did not have an Internal Audit Function. This is contrary to the Regulation 73 (1) (a) of the Public Finance Management (National Government) Regulations, 2015 which states that every National Government entity shall ensure that it complies with the Act and - has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board.

In the circumstances, the effectiveness of the internal controls, risk management and governance 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 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 City's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the City 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 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 City'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

11 November, 2025


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

Description	Note	Current	Comparative FY
		FY 2024/2025	2023/2024
		Kshs.	Kshs.
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	77,112,393	121,326,414
Public contributions and donations	7	-	-
Levies Fines and Penalties	8	-	-
Other revenues ( <i>Specify</i> )	9	-	-
		<b>77,112,393</b>	<b>121,326,414</b>
<b>Revenue from exchange transactions</b>			
Interest income	10	-	5,331,267
Miscellaneous Income	11	1,994	-
		<b>1,994</b>	<b>5,331,267</b>
<b>Total revenue</b>		<b>77,114,387</b>	<b>126,657,681</b>
<b>Expenditure</b>			
Use of goods and services	12	29,805,244	28,068,595
Staff costs	13	29,053,881	21,707,465
Board expenses	14	679,600	1,884,400
Finance costs	15	-	-
Depreciation and amortization	16	13,261,385	-
Repairs and maintenance	17	6,347,459	773,052
<b>Total expenses</b>		<b>79,147,568</b>	<b>52,433,512</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets	18	-	-
<b>Surplus/(deficit) for the period</b>		<b>(2,033,181)</b>	<b>74,224,169</b>

The notes set out on pages 22 to 38 form an integral part of these Financial Statements. The entity financial statements were approved on **19<sup>th</sup> August, 2025** and signed by:

.....  


Name: Gitau Thabanja  
 City Manager

.....  


Name: CPA Mary Kagonya  
 Head of Finance  
 ICPAK M/No: 12447

*City of Nakuru*  
*County Government of Nakuru*  
*Annual Report and Financial Statements for the year ended June 30, 2025*

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

Description	Note	Current FY	Comparative FY
		2024/2025	2023/2024
		Kshs.	Kshs.
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	19	2,100,730	23,034,546
Receivables from exchange transactions	20	-	-
Receivables from non-exchange transactions	21	6,791,044	-
Prepayments	22	-	-
Inventories	23	-	-
<b>Total current assets</b>		<b>8,891,774</b>	<b>23,034,546</b>
<b>Non-current assets</b>			
Property, plant, and equipment	24	491,677,426	467,059,955
Intangible assets	25	-	-
Biological Assets	26	-	-
<b>Total Non-current Assets</b>		<b>491,677,426</b>	<b>467,059,955</b>
<b>Total assets (A)</b>		<b>500,569,200</b>	<b>490,094,502</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	27	11,844,799	5,053,755
Refundable deposits from customers	28	-	-
Provisions	29	-	-
Borrowings	30	-	-
Employee benefit obligations	31	-	-
Deferred Income	32	-	-
Social Benefits	33	-	-
<b>Total current liabilities</b>		<b>11,844,799</b>	<b>5,053,755</b>
<b>Non-current liabilities</b>			
Provisions	29	-	-
Borrowings	30	-	-
Non-current employee benefit obligation	31	-	-
Deferred Income	32	-	-
Social Benefits	33	-	-
<b>Total liabilities (B)</b>		<b>11,844,799</b>	<b>5,053,755</b>
<b>Net Assets (A-B)</b>		<b>488,724,401</b>	<b>485,040,746</b>

**City of Nakuru**  
**County Government of Nakuru**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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<b>Represented by:</b>			
Capital/Development Grants/Fund		416,533,412	410,816,577
Reserves			-
Accumulated surplus		72,190,988	74,224,169
<b>Net Assets/Equity</b>		<b>488,724,401</b>	<b>485,040,746</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on **19<sup>th</sup> August, 2025** and signed by:



.....  
**Name: Gitau Thabanja**

**City Manager**

**Date: 29<sup>th</sup> October, 2025**



.....  
**Name: CPA Mary Kagonya**

**Head of Finance**

**ICPAK M/No: 12447**

**Date: 29<sup>th</sup> October, 2025**

*City of Nakuru*  
*County Government of Nakuru*  
*Annual Report and Financial Statements for the year ended June 30, 2025*

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

Description	Capital/	Revaluation	Accumulated	Total
	Development	Reserve	surplus	
	Grants/Fund	Kshs.	Kshs.	
<b>Bal as at 1 July 2023</b> (previous year)	410,816,577	-		410,816,577
Surplus/(deficit) for the year	-	-	74,224,169	74,224,169
Funds received during the year	-	-	-	-
Revaluation gain/loss	-	-	-	-
<b>Bal as at 30 Jun 2024</b>	<b>410,816,577</b>	<b>-</b>	<b>74,224,169</b>	<b>485,040,746</b>
<b>Bal as at 1 July 2024</b> (current year)	<b>410,816,577</b>	<b>-</b>	<b>74,224,169</b>	<b>485,040,746</b>
Surplus/(deficit) for the year	-	-	(2,033,181)	(2,033,181)
Funds received during the year	5,716,835	-		5,716,835
Revaluation gain/loss	-	-	-	-
<b>Balance as at 30 June 2025</b>	<b>416,533,412</b>	<b>-</b>	<b>72,190,988</b>	<b>488,724,401</b>

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

Description	No te	Current FY 2024/25	Restated Comparative FY 2023/2024
		Kshs.	Kshs.
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		70,321,349	121,326,414
Public contributions and donations		-	-
Interest received		-	5,331,267
Miscellaneous receipts <i>(Cash Deposit)</i>		1,994	-
<b>Total Receipts</b>		<b>70,323,343</b>	<b>126,657,681</b>
<b>Payments</b>			
Use of goods and services		23,350,200	28,068,595
Staff costs		29,053,881	21,707,465
Board expenses		343,600	1,884,400
Finance costs		-	-
Repairs and maintenance		6,347,459	773,052
<b>Total Payments</b>		<b>59,095,139</b>	<b>52,433,512</b>
<b>Net cash flows from operating activities</b>	34	<b>11,228,204</b>	<b>79,277,925</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE & intangible assets		(32,162,020)	(467,059,955)
Proceeds from sale of PPE		-	-
<b>Net cash flows used in investing activities</b>		<b>(32,162,020)</b>	<b>(467,059,955)</b>
<b>Cash flows from financing activities</b>			
Receipts from Capital grants		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>(20,933,816)</b>	<b>(387,782,031)</b>
Cash And Cash Equivalents At 1 July	19	23,034,546	410,816,577
<b>Cash And Cash Equivalents At 30 June</b>	19	<b>2,100,730</b>	<b>23,034,546</b>

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
<b>Receipts</b>						
Transfers from the County Government	144,384,133	5,011,691	149,395,824	70,321,349	79,074,475	47%
Public contributions and donations	-	-	-	-	-	
Interest income	-	-	-	-	-	
Miscellaneous income (Cash Deposit)		1,994	1,994	1,994	-	100%
<b>Total Receipts</b>	<b>144,384,133</b>	<b>5,013,685</b>	<b>149,397,818</b>	<b>70,323,343</b>	<b>79,074,475</b>	<b>47%</b>
<b>Payments</b>						
Use of goods and services	44,560,002	1,000,000	45,560,002	23,350,200	22,209,802	51%
Board expenses	2,000,000		2,000,000	343,600	1,656,400	17%
Staff Costs	37,374,131		37,374,131	29,053,881	8,320,250	78%
Finance costs	-	-	-	-	-	
Repairs and maintenance	18,950,000	812,827	19,762,827	6,347,459	13,415,368	32%
<b>Total expenditure Payments</b>	<b>102,884,133</b>	<b>1,812,827</b>	<b>104,696,960</b>	<b>59,095,139</b>	<b>45,601,821</b>	<b>56%</b>
<b>Capital Expenditure Payments</b>	<b>41,500,000</b>	<b>3,198,864</b>	<b>44,698,864</b>	<b>32,162,020</b>	<b>12,536,844</b>	<b>72%</b>
<b>Surplus for the period</b>						

**Transfers from the County Government:** The budget increased in Supplementary II to accommodate additional multi-year projects that were rolled over.

**Miscellaneous income (Cash Deposit):** This was cash deposit paid so as to receive account bank statement and facilitate closure of account.

**Use of goods and services:** realised Kshs. 23,350,200 against a budget of Kshs. 45,560,002. These related to additional payment made to the entity by the County. The increment in the budgeted amount was due to adjustments made in the Supplementary budget.

**Board expenses:** Realised a total of Kshs 343,600 against a budget of Kshs 2,000,000. There was low absorption rate since The City Board was not fully in place.

**Staff Costs:** The employee remuneration for the year was within the budget. The review in budget was due to new staff who joined the board on short contracts in quarter two.

**Repairs and maintenance:** Realised a total of Kshs 6,347,459 against a budget of Kshs 19,762,827.

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

### **1. General Information**

City of Nakuru is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011 (amended 2019) and City Charter on 1<sup>st</sup> December, 2021. The City is under the County Government of Nakuru and is domiciled in Kenya.

The entity's principal activity is to formulate and implement citizen-oriented policies, foster sustainable development and innovation and deliver quality services.

### **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 (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

*(When an IPSAS becomes effective on 1<sup>st</sup> January 20xx, it is applicable in Kenya from 1<sup>st</sup> July 20xx)*

- 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.*

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43: Leases	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> 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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <b><i>State the expected impact of the standard to the Entity if relevant</i></b>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. <b><i>State the expected impact of the standard to the Entity if relevant</i></b>
IPSAS 45: Property Plant and Equipment	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.

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	<i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 46: Measurement	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ol> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>
IPSAS 47: Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>
IPSAS 48: Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>
IPSAS 49: Retirement Benefit Plans	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>
IPSAS 50: Exploration For & Evaluation of	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p>

Mineral Resources	<ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ul> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
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***iii. Early adoption of standards***

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

#### **4. Significant Accounting Policies**

##### **a) Revenue recognition**

###### **i) Revenue from non-exchange transactions**

###### ***Transfers from other government entities***

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

###### **ii) Revenue from exchange transactions**

###### ***Interest income***

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

##### **b) Budget information**

The original budget for FY 2024/25 was approved by the County Assembly on 30<sup>th</sup> April, 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the City upon receiving the respective approvals in order to conclude the final budget. Accordingly, the City recorded additional appropriations of Kshs. 5,013,685 on 9<sup>th</sup> January, 2025 following the governing body's approval.

The City/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 Cashflows 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 City/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) Biological Assets**

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

**f) Financial instruments**

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

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 a surplus or deficit model.

### **Trade and other receivables**

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

### **Impairment**

The 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.

### **g) 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 City/Municipality.

**h) Provisions**

Provisions are recognized when the City/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 City/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.

**i) Social Benefits**

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

**j) Contingent liabilities**

The City/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.

**k) Contingent assets**

The City/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 City/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

**l) Nature and purpose of reserves**

The City/Municipality creates and maintains reserves in terms of specific requirements.  
*City/Municipality to state the reserves maintained and appropriate policies adopted*

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

The City/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.

**n) Employee benefits – Retirement benefit plans**

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

**o) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

**p) 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.

**q) Related parties**

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

**r) Cash and cash equivalents**

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

**s) Comparative figures**

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

**t) Events after the reporting period**

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

Two types of events can be identified:

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

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

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

**u) Currency**

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

## **5. Significant judgments and sources of estimation uncertainty**

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

State all judgements, estimates and assumptions made.

### **Estimates and assumptions.**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The City/Municipality based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the City/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 City/Municipality.
- ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- iii) The nature of the processes in which the asset is deployed.
- iv) Availability of funds to replace the asset.
- v) Changes in the market in relation to the asset.

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**6. Transfers from the County Government**

Description	Payments Made by June, 2025	Payments made After Year end.	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	-	-	-	-
Payments by County on behalf of the entity	70,321,349	6,791,044	77,112,393	95,757,956
Unconditional development grants	-	-	-	25,568,458
<b>Total</b>	<b>70,321,349</b>	<b>6,791,044</b>	<b>77,112,393</b>	<b>121,326,414</b>

*(This consists of Equitable Share Expenditure of the Entity paid by The County Executive.)*

**(a) Transfers from County Government entities (Categorized)**

Name Of The Entity Sending The Grant	Amount recognized to Statement of financial performance*	Amount deferred under deferred income	Amount recognized in capital fund.	Total grant income during the year	Comparative FY 2023/2024
	Kshs	Kshs	Kshs	Kshs	Kshs
xx State Department	-	-	-	-	-
XX Ministry	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**7. Public Contributions and Donations**

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Donation from development partners	-	-
Contributions from the public	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

8. Levies, Fines and penalties

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Levies	-	-
Fines	-	-
Penalties	-	-
Others ( <i>indicate and specify</i> )	-	-
<b>Total</b>	-	-

9. Other Revenues

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Transfers from other government entities	-	-
Others ( <i>indicate and specify</i> )	-	-
<b>Total</b>	-	-

10. Interest income

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Interest income from investments	-	-
Interest income on bank deposits	-	5,331,267
Others ( <i>Specify</i> )	-	-
<b>Total interest income</b>	-	5,331,267

11. Miscellaneous income

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Income from sale of tender documents	-	-
Others ( <i>Cash deposit for bank Statement and Closure of Account</i> )	1,994	-
<b>Total other income</b>	1,994	-

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**12. Use of Goods and Services**

Description	Payments Made by June, 2025	Payments made After Year end.	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.	Kshs.	Kshs.
Utilities, supplies and services	6,853,812	-	6,853,812	725,000
Communication, supplies and services	355,400	331,670	687,070	343,000
Domestic travel and subsistence	4,041,557	1,577,243	5,618,800	9,740,600
Foreign travel and subsistence	396,304	-	396,304	972,360
Printing, advertising, supplies & services	614,940	1,086,600	1,701,540	1,691,340
Rent and rates	-	-	-	-
Training expenses	1,082,400	69,600	1,152,000	903,106
Hospitality supplies and services	1,285,762	1,267,331	2,553,093	6,923,454
Insurance costs	-	-	-	-
Specialized materials and services	-	-	-	636,600
Office and general supplies and services	200,000		200,000	2,158,193
Fuel, oil and lubricants	800,000		800,000	1,200,000
Other operating expenses (Temporary Committee Expenses, Membership Fees)	3,618,176		3,618,176	1,977,918
Routine maintenance – vehicles and other equipment	-		-	3,448
Routine maintenance – other assets	195,040	372,600	567,640	709,090
Research, Feasibility Studies, Project Preparation and Design, Project Supervision.		1,750,000	1,750,000	-
Contracted Professional Services	3,846,100		3,846,100	-
Audit fees	-		-	-
Hire of Transport, equipment etc	50,000		50,000	-
Bank Charges	10,708		10,708	84,486
Social Benefit expenses*	-		-	-
<b>Total</b>	<b>23,350,200</b>	<b>6,455,044</b>	<b>29,805,244</b>	<b>28,068,595</b>

\*Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.

**13. Staff costs**

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Salaries and wages	27,637,117	20,014,098
Staff gratuity	64,440	-
Social security contribution	1,062,020	1,342,907
Other staff costs (NSSF Pension)	290,304	350,460
<b>Total</b>	<b>29,053,881</b>	<b>21,707,465</b>

**14. Board expenses**

Description	Payments Made by June, 2025	Payments made after Year end.	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.	Kshs.	Kshs.
Chairman/Members' Honoraria	-	-	-	-
Sitting allowances	133,600	-	133,600	904,400
Medical Insurance	-	-	-	-
Induction and Training	-	-	-	-
Travel and accommodation	210,000	336,000	546,000	980,000
Conference Costs	-	-	-	-
Other allowances ( <i>Specify</i> )	-	-	-	-
<b>Total</b>	<b>343,600</b>	<b>336,000</b>	<b>679,600</b>	<b>1,884,400</b>

**15. Finance costs**

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**16. Depreciation and amortization**

Description	Current FY 2024/25	Comparative FY 2023/24
	KShs	KShs
Property, plant and equipment	13,261,385	-
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>13,261,385</b>	<b>-</b>

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**17. Repairs and Maintenance**

Description	Current FY 2024/25	Comparative FY 2023/24
	KShs	KShs
Property- Buildings	-	-
Office equipment	-	-
Furniture and fittings	-	-
Motor vehicle expenses	668,000	773,052
Maintenance of civil works	5,679,459	-
<b>Total repairs and maintenance</b>	<b>6,347,459</b>	<b>773,052</b>

**18. Gain/(loss) on disposal of assets**

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Property, plant and equipment	-	-
Intangible assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**19. Cash and cash equivalents**

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Fixed deposits account	-	-
On – call deposits	-	-
Current account	165,717	23,034,546
Others (Retention Monies - County Executive)	1,935,013	-
<b>Total cash and cash equivalents</b>	<b>2,100,730</b>	<b>23,034,546</b>

Retention money held on behalf of the entity by the County Executive.

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

Detailed analysis of the cash and cash equivalents are as follows:			
Financial institution	Account number	Current FY 2024/25	Comparative FY 2023/24
		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>			
I&M Bank Limited (Account Closed on 7/05/2025)	1802286641250	-	135,597
Consolidated Bank Limited	10161120300012	165,717	22,898,949
<b>Sub- total</b>		<b>165,717</b>	<b>23,034,546</b>
<b>d) Others (Retention Monies)</b>			
Cash in transit		-	-
Cash in hand		-	-
Mobile Money		-	-
Central Bank of Kenya Deposit Account (Retention money held on behalf of the entity by the County Executive.)	1000238356	1,935,013	
<b>Sub- total</b>		<b>1,935,013</b>	-
<b>Grand total</b>		<b>2,100,730</b>	<b>23,034,546</b>

**20. Receivables from exchange transactions**

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
<b>Current Receivables</b>		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
<b>Total Current receivables (a)</b>	<b>-</b>	<b>-</b>
<b>Non-Current receivables</b>		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-

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<b>Total Non- current receivables (b)</b>	-	-
<b>Total</b>	-	-

**Ageing analysis for Receivables from exchange transactions**

Description	Current FY 2024/25		Comparative FY 2023/24	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (a+b)</b>	-	%	-	%

**21. Receivables from non-Exchange transaction**

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Payments by County on behalf of the entity	6,791,044	
Transfer from County Executive	-	-
Transfer from XXXX Fund	-	-
<b>Total</b>	<b>6,791,044</b>	-

**Ageing analysis for Receivables from non-exchange transactions**

Description	Current FY 2024/25		Comparative FY 2023/24	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	6,791,044	100%	-	%
Between 1- 2 years	-	0%	-	%
Between 2-3 years	-	0%	-	%
Over 3 years	-	0%	-	%
<b>Total</b>	<b>6,791,044</b>	<b>100%</b>	-	%

## 22. Prepayments

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Insurance	-	-
Rent	-	-
Water	-	-
Internet	-	-
Other ( <i>specify</i> )	-	-
<b>Total</b>	-	-

## 23. Inventories

Description	Current	Comparative
	FY 2024/25	FY 2023/24
	Kshs	Kshs
Consumable stores	381,330	-
Medical supplies	-	-
Spare parts and meters	-	-
Water for distribution	-	-
Other goods held for resale	-	-
Catering	-	-
Less: allowance for impairment	-	-
<b>Total inventories at the lower of cost and net realizable value</b>	<b>381,330</b>	<b>-</b>

### Detailed Disclosure on Inventories

	Current	Comparative
	FY 2024/25	FY 2023/24
<b>Opening balance</b>	-	-
Additional Inventory in the year	381,330	-
Inventory expensed in the year	(381,330)	-
Write-downs in the year	-	-
Others specify	-	-
<b>Closing balance</b>	-	-

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**24. Property, Plant and Equipment**

Description	Land	Building	Motor vehicles	Furniture and fittings	Computers	Other Assets (Infrastructure Development)	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs
<b>Depreciation Rate</b>		2%	12.50%	12.50%	30%	2.50%	
As at 1 July 2023 (previous year)	-	-	-	176,200	-	466,883,755	467,059,955
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-
Revaluation Adjustment	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2024</b>	-	-	-	176,200	-	466,883,755	467,059,955
Additions for the year	-	22,860,115.00	-	1,011,715.15	-	8,290,190.22	32,162,020
Disposals for the year	-	-	-	-	-	-	-
Transfer/adjustments	1	-	1,967,000	3,397,034	352,800	-	5,716,835
Revaluation Adjustment	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2025 (current year)</b>	1	22,860,115	1,967,000	4,584,950	352,800	475,173,945	504,938,811
<b>Depreciation and impairment</b>							
At 1 July 2024 (previous year)							
Depreciation							-
Impairment	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-
<b>As at 30 June 2024</b>	-	-	-	-	-	-	-
Depreciation for the year	-	457,202	245,875	573,119	105,840	11,879,349	13,261,385
Disposals for the year	-	-	-	-	-	-	-

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Impairment for the year	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-
As at 30 <sup>th</sup> June 205 (current year)	-	457,202	245,875	573,119	105,840	11,879,349	13,261,385
NBV as at 30 <sup>th</sup> Jun 2024 (previous year)	-	-	-	176,200	-	466,883,755	467,059,955
NBV as at 30 <sup>th</sup> Jun 2025 (current year)	1	22,402,913	1,721,125	4,011,831	246,960	463,294,597	491,677,426

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**25. Intangible assets**

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
<b>Cost</b>		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
<b>Amortization and impairment</b>		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

**26. Biological Assets**

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs	Kshs
Trees in a plantation forest	-	-
Animals: Dairy Cattle, Pigs, Sheep	-	-
Others specify	-	-
<b>Total</b>	-	-

**27. Trade and Other Payables**

Description	Current FY 2024/25		Comparative FY 2023/24	
	Kshs.		Kshs.	
Trade payables	5,217,186		3,511,455	
Retentions	1,935,013			
Accrued expenses			-	
Other payables ( <i>Staff Payables</i> )	4,692,600		1,542,300	
<b>Total trade and other payables</b>	<b>11,844,799</b>		<b>5,053,755</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	11,844,799	100%	3,159,358	63%
1-2 years		0%	1,894,397	37%

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2-3 years		0%	-	0%
Over 3 years		0%	-	0%
<b>Total</b>	<b>11,844,799</b>	<b>100%</b>	<b>5,053,755</b>	<b>100%</b>

**28. Refundable deposits and prepayments from customers**

Description	Current FY 2024/25		Comparative FY 2023/24	
	Kshs		Kshs	
Rent deposits	-		-	
Prepayments	-		-	
Others ( <i>specify</i> )	-		-	
<b>Total</b>	<b>-</b>		<b>-</b>	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	<b>-</b>	<b>%</b>	<b>-</b>	<b>%</b>

**29. Provisions**

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Balance at the beginning of the year	-	-
Additional Provisions ( <i>Specify</i> )	-	-
Provision utilized	-	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>
Current Portion of provision	-	-
Long term portion of provision	-	-
<b>Total Provisions</b>	<b>-</b>	<b>-</b>

**30. Borrowings**

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

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Short term borrowings (current portion)	-	-
Long term borrowings	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
<b>Balance at beginning of the period</b>	-	-
Borrowings during the year	-	-
Repayments of borrowings during the period	-	-
<b>Balance at end of the period</b>	-	-

The table below shows the Distribution of borrowings:

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
<b>Borrowings</b>		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
<b>Total balance at end of the year</b>	-	-

**31. 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	-	-	-	-
<b>Total</b>	-	-	-	-

**32. Deferred Income**

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs	Kshs
National/County Government	-	-
International Funding Bodies	-	-
Public Contributions and Donations	-	-
<b>Total Deferred Income</b>	-	-

The deferred income movement is as follows:

Description	County government	International funders/ donors	Public contributions and donations	Total
	Kshs	Kshs	Kshs	Kshs
Balance brought forward	-	-	-	-
Additions during the year	-	-	-	-
Transfers to capital fund	-	-	-	-
Transfers to income statement	-	-	-	-
Other transfers	-	-	-	-
Balance carried forward	-	-	-	-

*Analysed as:*

Description	Amount
	Kshs
Current	-
Non- Current	-
<b>Total</b>	-

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**33. Social Benefit Liabilities**

Description	Current FY 2024/25	Previous FY 2023/24
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
PWD benefit scheme	-	-
Elderly social benefit scheme	-	-
<b>Total</b>	-	-
Current social benefits	-	-
Non- current social benefits	-	-
<b>Total (tie to totals above)</b>	-	-

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

**34. Cash generated from operations**

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
<b>Surplus/ (deficit) for the year before tax</b>	<b>(2,033,181)</b>	<b>74,224,169</b>
<b>Adjusted for:</b>		
Depreciation	13,261,385	-
Amortization		-
Gains/ losses on disposal of assets	-	-
<b>Working Capital adjustments</b>	<b>11,228,204</b>	
Increase in inventory	-	-
Increase in receivables	(6,791,044)	-
Increase in payables	6,791,044	5,053,755
<b>Net cash flow from operating activities</b>	<b>11,228,204</b>	<b>79,277,925</b>

**35. Related party balances**

**a) Nature of related party relationships**

Entities and other parties related to the City/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 City/Municipality/scheme is related to the following entities:

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

**b) Related party transactions**

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Transfers from related parties'	-	-
Transfers to related parties	-	-

**c) Key management remuneration**

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Board Members	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

**d) Due from related parties**

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Due to County Assembly	-	-
<b>Total</b>	-	-

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e) Due to related parties

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Due to County Assembly	-	-
<b>Total</b>	-	-

36. Contingent liabilities

Contingent liabilities	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Court case xxx against the entity	-	-
Bank guarantees	-	-
<b>Total</b>	-	-

37. Contingent Assets

Contingent liabilities	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Court case xxx against the entity	-	-
Others Specify	-	-
<b>Total</b>	-	-

### 38. Financial risk management

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

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

#### I. Credit risk

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

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs.	Kshs.	Kshs.	Kshs.
<b>At 30 June 2025 (current year)</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	6,791,044	6,791,044	-	-
Bank balances	2,100,730	2,100,730	-	-
<b>Total</b>	<b>8,891,774</b>	<b>8,891,774</b>	-	-
<b>At 30 June 2024 (previous year)</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

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

## **II. Liquidity risk management**

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

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

<b>Description</b>	<b>Less than 1 month</b>	<b>Between 1-3 months</b>	<b>Over 5 months</b>	<b>Total</b>
	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>
<b>At 30 Jun 2025 (current year)</b>				
Trade and Other payables	-	-	11,844,799	11,844,799
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>11,844,799</b>	<b>11,844,799</b>
<b>At 30 Jun 2024 (previous year)</b>				
Trade and Other payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### **III. Market risk**

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

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

### **IV. Foreign currency risk**

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

<b>Description</b>		<b>Other currencies</b>	<b>Total</b>
	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>
<b>At 30 June 2025 (current year)</b>			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables	-	-	-
<b>Liabilities</b>			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

**Foreign currency sensitivity analysis**

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

Description	Change in	Effect on	Effect on
	currency rate	surplus/ deficit	equity
	Kshs.	Kshs.	Kshs.
<b>2025 (current year)</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2024 (previous year)</b>			
Euro	10%	-	-
USD	10%	-	-

**V. Interest rate risk**

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

**Management of interest rate risk**

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

**VI. Capital risk management.**

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

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Revaluation reserve	-	-
Capital/Development Grants/City/Municipality	416,533,412	
Accumulated surplus	72,190,988	
<b>Total Funds</b>	<b>488,724,401</b>	<b>-</b>
Total borrowings	11,844,799	
Less: cash and bank balances	(2,100,730)	
Net debt/ (excess cash and cash equivalents)	9,744,069	
<b>Gearing</b>	<b>2%</b>	<b>0%</b>

**39. Program for Results (PforR) Disclosure**

*This disclosure note is for entities that are implementing Programs for Results (PforR). Implementing entities are required to make disclosures in accordance with their respective financing agreements. The disclosure should capture the program's goal and expenditures designated in the expenditure framework.*

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

20. Appendices

**Appendix 1. Progress on Follow up of Auditors Recommendations.**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
			(Resolved / Not Resolved)	(Put a date when you expect the issue to be resolved)
OAG/NRO/NC-CGN/2023-2024/(15)	1. Inaccuracies of the Financial Statements Review of the financial statements presented for audit revealed the following; i. The financial statements reflect comparative balances which differ with corresponding balances reflected in the prior year audited financial statements as detailed in the table below;	We agree with the auditor's finding. That the financial statements reflect comparative balances which differ with corresponding balances reflected in the prior year We wish to clarify that Kshs. 543,663,693.68 was the closing balance as at 30th June, 2022.	Resolved	Jun-25

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<p>OAG/NRO/NC-CGN/2023-2024/(15)</p>	<p>ii. The statement of changes in net assets reflect NIL funds received during the year. However, the revenue schedule of funds received from world bank during the year under review and statement of cash flow reflects an amount of Kshs.25,568,458.20. Management has not provided any explanation for the variance between the two sets of records.</p>	<p>We agree with the auditor’s finding that the statement of changes in net assets reflect NIL funds received during the year while the revenue schedule of funds received from world bank during the year under review reflected that an amount of Kshs.25,568,458.20 The management has regretted the anomaly and has since corrected the error in the financial statements.</p>	<p>Resolved</p>	<p>Jun-25</p>
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<p>OAG/NRO/NC-CGN/2023-2024/(15)</p>	<p>iii. The statement of cashflows reflects purchase of property, plant and equipment (PPE) and intangible assets amount of Kshs.414,124,981. However, note 24 to the financial statements reflects assets' additions for the year amount of Kshs.467,059,955 resulting in an unexplained variance of 52,934,974. Further, the statement does not indicate the effect of the increase in trade and other payables amount of Kshs.5,053,755 on the cashflows of the Municipality for the year as required. In addition, the statement does not indicate the corresponding Notes to the financial statements where the amounts contained therein are to be found.</p>	<p>We agree with the auditor's finding on property, plant and equipment (PPE) and intangible assets amounting to Kshs 414,124,981 and in note 24 of the financial statements reflected an amount of 467,059,955 which represents development projects of Kshs 52,433,511.52 which was the development expenditure on equitable share. Additionally, it's good to clarify that the financial reporting template did not have corresponding notes on statement of cashflow as guided by Public Sector Accounting</p>	<p>Resolved</p>	<p>Jun-25</p>
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		Standards Board (PSASB).		
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<p>OAG/NRO/NC-CGN/2023-2024/(15)</p>	<p>iv. The statement of comparison of budget and actual amounts reflects original budget and final budget revenue and expenditure amounts of Kshs.410,816,577 and Kshs.537,474,258 respectively. However, the approved and final supplementary budget in support of the adjustment of Kshs.126,657,681 for both revenue and expenditure were not provided for audit review. Further, the statement reflects actual on comparable basis transfer from County Government amount of Kshs.509,882,937. However, the statement of financial performance figure reflects a balance of Kshs.121,326,414 resulting in an unexplained variance of Kshs.388,556,523. In addition, the statement actual on comparable basis interest income amount of Kshs.4,556,774. However, the statement of financial</p>	<p>We agree with the auditor’s finding on errors found in the budget, the Kshs. 126,657,680.79 represents Payment by County on behalf of the entity of Kshs. 95,757,955.92, unconditional Development Grants of Kshs. 25,568,458.20 and interest income of Kshs. 5,331,266.67. The amount of Kshs. 509,882,937 is total expenditure which comprises of Equitable Share and Urban Development Grant Expenditure (UDG). The management has regretted the anomaly and had since corrected the error in the financial</p>	<p>Resolved</p>	<p>Jun-25</p>
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	<p>performance figure reflects an amount of Kshs.5,331,267 resulting in an unexplained variance of Kshs.774,493.</p> <p>The statement further reflects nil actual amounts in respect of use of goods and services, Board expenses, repairs and maintenance and total expenses. However, the statement of financial performance reflects amounts of Kshs.28,068,595, Kshs.1,884,400, Kshs.773,052 and Kshs.52,433,512 resulting in unexplained variances of Kshs.28,068,595, Kshs.1,884,400, Kshs.773,052 and Kshs.52,433,512 respectively.</p> <p>Consequently, the accuracy and completeness of the financial statement could not be confirmed.</p>	<p>statements. Under statement of Comparison of Budget &amp; Actual Amounts for the year ended 30 June, 2024 on page 6 of the reporting template.</p>		
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<p>OAG/NRO/NC-CGN/2023-2024/(15)</p>	<p>2. Failure to Prepare Trial Balance  The trial balance in support of the balances in the Board's financial statements for the year ended 30 June, 2024 was not submitted for audit and therefore the basis upon which the amounts reflected in the statements were arrived at could not be confirmed. This is contrary to Paragraph 27 of the International Public Sector Accounting Standards (IPSAS) 1 which states that financial statements shall present fairly the financial position, financial performance and cash flows of the Board.  In the circumstances, the reliability of the balances reflected in the financial statements could not be confirmed.</p>	<p>We would like to clarify that during the audit; management submitted the Trial Balance to assist in verifying the accuracy of the ledgers and it was duly accepted.</p>	<p>Resolved</p>	<p>Jun-25</p>
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OAG/NRO/NC-CGN/2023-2024/(15)	<p>3.Variance Between the Financial Statements and the Ledger  The statement of financial performance reflects use of goods and services amount of Kshs.28,068,595. Review of records provided for audit revealed that various expenditure components had amounts that were at variance with the supporting schedules or ledgers as detailed in the table below;</p>	<p>The management provided all ledger schedules to the auditor at time of audit.</p>	Resolved	Jun-25
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<p>OAG/NRO/NC-CGN/2023-2024/(15)</p>	<p>4. Unaccounted for Domestic Travel and Subsistence The statement of financial performance for the year ended 30 June, 2024 reflects use of goods and services amount of Kshs.28,068,595 which includes domestic travel and subsistence amount of Kshs.9,740,600 as disclosed in Note 12 to the financial statements. Review of records provided revealed the following anomalies; i. The City does not make use of the recommended imprest systems to issue employees with per diems for travel and subsistence allowance. Instead, the various officers raised claims for reimbursements after they travel. This is contrary to Regulation 93(1) of the Public Finance Management (County Governments) Regulations, 2015. ii. Amounts of Kshs.280,000, Kshs.203,000 and Kshs.700,000 were paid to</p>	<p>Nakuru City Board follows the recommended imprest system; however, staff members often request their per diem payments immediately after completing their work assignments. Hon Chair, Nakuru City Board did not pay an imprest but made a contribution to the Nakuru County Mobilization Imprest Account towards the valuation of County assets to which the City Board of Nakuru is a beneficiary. This is supported by the authority letter attached Honorable Chair, the Nakuru City Board maintains an</p>	<p>Resolved</p>	<p>Jun-25</p>
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	<p>staff from the Nakuru County Executive, Kenya Commercial Bank Limited and Nakuru County Mobilization imprests account respectively. However, the amounts were not supported with imprest warrants, list of beneficiaries for the amount paid to the bank and the Nakuru County Mobilization, amount of imprest Issued per officer and why the payments were made to Nakuru County staff and the bank.</p> <p>iii The various imprests/advances to the staff was not recorded in the imprest register or in the imprest warrants and the surrenders of the imprests were not provided for</p>	<p>imprest register, and staff members request payment of their per diems upon returning from their work assignments.</p>		
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OAG/NRO/NC-CGN/2023-2024/(15)	audit verification. This is contrary to section 93(4)(c) of the Public Finance Management (County Governments) Regulations,2015. iv. The expenditure of Kshs.9,740,600 was not supported by way of daily attendance registers, work tickets, Programmes, and back to office reports where applicable. Consequently, the propriety of Domestic Travel and Subsistence amount of Kshs.9,740,600 could not be confirmed.	payment vouchers were presented and approved during the audit process. Sample of payment vouchers have since been availed to the auditor for further verification.	Resolved	Jun-25
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OAG/NRO/NC-CGN/2023-2024/(15)	<p>5. Unsupported Advance Payment Towards Construction of Afraha Stadium</p> <p>The statement of financial position reflects property, plant and equipment balance of Kshs.467,059,955. Review of records revealed that included in the property, plant and equipment balance of Kshs.467,059,955 is an advance payment of Kshs 19,000,000 paid to a supplier for the supply, delivery and installation of prefabricated, athletics all weather synthetic tartan track system for the Afraha Stadium. Part V of the contract agreement between the Contractor and Nakuru County Government dated 29 June, 2023 stipulates payments shall be made as follows:</p> <p>i. Twenty percent (20%) of the total contract amount as an advance payment against receipt of invoice, irrevocable letter of credit (LC), Import Declaration Form (IDF), Bill</p>	<p>We agree with the auditor's finding. On the unsupported expenditure for the construction of Afraha stadium The City Board recovered the advance payment by not paying the total contract sum The advance payment of Kshs.19,000,000.00 was fully recovered as per the engineer's certificate and other shipment documents</p>	Resolved	Jun-25
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	<p>of landing, COC and warranty from manufacturer.</p> <p>ii. Total supply cost of prefabricated rubber track system and athletic equipment with 100% recovery of the advance payment upon delivery, inspection and acceptance.</p> <p>Review of Interim Payment Certificate No.1 being advance payment for supply, delivery and installation of a prefabricated athletic all weather tartan system for Afraha Stadium, revealed that the City of Nakuru made an advance payment of Kshs.19,000,000. However, the payments were not supported with evidence of receipt of invoice, irrevocable letter of credit (LC), import declaration form (IDF), bill of landing, COC and warranty from manufacturer as stipulated in the contract agreement. There was also no certificate from the department of public</p>			
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	<p>works or inspection and acceptance committee citing the works done or any utilization of the advanced payment. Consequently, the propriety of the advance payment of Kshs.19,000,000 could not be confirmed.</p>			
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OAG/NRO/NC-CGN/2023-2024/(15)	Unresolved Prior Year Matters In the audit report of the previous year, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance which have remained unresolved as at 30 June, 2024.	We agree with the auditor's finding unfortunately we did not receive any recommendation by The County Assembly and The Senate, though the City Board is implementing issues as raised in the auditor report.	Resolved	Jun-25
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<p>OAG/NRO/NC-CGN/2023-2024/(15)</p>	<p><b>Failure to Develop and Implement the Nakuru City Integrated Development Plan</b>  During the year under review, the Board of Nakuru City did not develop an integrated development plan for the City contrary to Section 20 (1) (c) of the Urban Areas and Cities Act, 2011 which states that subject to the provisions of this Act a board of any City or municipality shall - formulate and implement an integrated development plan.  Further, the City did not perform all its functions as envisioned by the objectives of integrated development plan. Review of the statement of financial performance reveals that the City failed to demonstrate its ability in overall delivery</p>	<p>We agree with the Audit finding that the board did not have Nakuru city integrated plan at the time of audit. However, the City Board had a draft Integrated Development Plan (IDeP) in place. We are glad to inform you that the IDeP was approved by the County Assembly mid of this financial year. Appendix – Approval of IDeP. During the audit The City Board did not undertake the delegated functions but are in the process of assuming delegated function. Appendix – Gazette Notice No.10286</p>	<p>Resolved</p>	<p>Jun-25</p>
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	<p>of service including provision of water, electricity, health, telecommunications and solid waste management. Most City functions were being undertaken by the County Executive of Nakuru contrary to Section 36 (2) of the Urban Areas and Cities Act, 2011. In the circumstances, the City will not be able to achieve its full potential without an integrated plan and will deny the residents of Nakuru City the benefits that they would have otherwise received. In addition, the Management was in breach of the law.</p>			
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<p>OAG/NRO/NC-CGN/2023-2024/(15)</p>	<p>1. Lack of Performance Review of the Integrated Development Plan Management of Nakuru City Board did not provide audit evidence for verification showing that the Board conducted annual Performance monitoring and evaluation of Integrated Development Plan as required by section of the Urban Areas and Cities Act, 2011. Lack of performance monitoring and measurement will result in ineffective measurement of impact of the development plan hence affecting corrective actions.</p>	<p>We agree with the Audit finding that the City Board did not review the Nakuru City integrated plan at the time of audit. Since, the City Board didn't have an approved Integrated Development Plan. The City Board in conjunction with the Department of Finance and Economic Planning conducts annual Performance monitoring and evaluation of Integrated Development Plan.</p>	<p>Resolved</p>	<p>Jun-25</p>
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<p>OAG/NRO/NC-CGN/2023-2024/(15)</p>	<p>2. Non-Establishment of an Audit Committee  During the year under review the Nakuru City Board did not have an Audit Committee in place. This was contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires each County Government entity to establish an audit committee. In addition to this, the head of internal audit reports directly to the Accounting Officer hence the operational independence of the internal audit unit could not be guaranteed.  In the circumstances, there was no support to the Accounting Officers with regard to their responsibilities for assurance on risks, internal controls and governance.</p>	<p>We agree with the auditor’s findings that Nakuru City did not have an Audit committee in place at the time of Audit.  The management of Nakuru city has heavily depended on the services of the County Executive Audit Committee. We wish to establish the committee as we work towards attainment of all the gazetted functions of the board  The City Board has a subcommittee of Audit, Risk and Compliance as guided by UACA 2019.</p>	<p>Resolved</p>	<p>Jun-25</p>
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<p>OAG/NRO/NC-CGN/2023-2024/(15)</p>	<p>3. Lack of a Risk Management Policy  The City Manager had not put in place a risk management policy, strategies and a risk register to mitigate against risk. This is in contravention of 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 a system of risk management and internal control that builds robust business operations. In the circumstances, the City is exposed to possible loss of funds and interruption of business operations.</p>	<p>We agree with the auditor’s findings. that a risk management policy was not in place during the Audit. The management is committed to putting the policy in place. The City Board has a budget for the policy and the procurement of consultancy service is at the initial stage. Appendix 3 – Supplementary I FY 2024/2025 under recurrent Budget. We are glad to inform you that the Risk Management policy is now in place awaiting board approval.</p>	<p>Resolved</p>	<p>Jun-25</p>
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<p>OAG/NRO/NC-CGN/2023-2024/(15)</p>	<p>4. Lack of IT Strategy Committee  Review of Information Technology in use revealed that the Nakuru City has not established an IT strategy committee and also lacked approved IT strategic plan which should provide governance on information technology matters, IT strategic plan and IT security policy. In addition, there is no back-up retention strategy, if no backups exist and a disaster occurs, the organization may not be able to continue services. There were also no formal documented and approved processes to manage upgrades which means that unauthorized changes can be made without change request documentation.  In the circumstances, the City lacks a formal action plan in case of an emergency the personnel involved might not be aware of the protocols to</p>	<p>We agree with the auditor's findings. That The City Board Lack IT Strategy Committee. However, the management share the services of IT Strategy Committee with the executive. Going forward The City Management will develop the IT Strategy Committee.</p>	<p>Resolved</p>	<p>Jun-25</p>
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	follow or what is expected of them which will lead to business interference.			
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<p>OAG/NRO/NC-CGN/2023-2024/(15)</p>	<p>5. Irregularity in Appointment of the Chairperson of the City Board  During the year under review the City of Nakuru's financial statements indicated that the City had thirteen (13) Board members including the Chairperson of the Board. However, the Chairperson of the Board was indicated as currently pursuing a Bachelors of Commerce Degree at the Management University of Africa. No evidence has been provided to show whether the Chairman had the requisite qualification at the time of his appointment. Consequently, the Chairperson may lack the requisite knowledge and experience to steer the City Board.</p>	<p>At the time of audit it was established that the chairperson did not have a bachelor's degree, the management wish to clarify that the chairperson had achieved the prerequisite qualification at the time of appointment to The City Board.  Appendix 5 – Bachelor's Degree</p>	<p>Resolved</p>	<p>Jun-25</p>
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<p>OAG/NRO/NC-CGN/2023-2024/(15)</p>	<p>6. Irregular Composition of the City Board  The City of Nakuru financial statements indicated that during the year the City had twelve (12) Board members excluding the secretary to the Board. This is contrary to Section 13 (1) of the Urban Areas and Cities Act, 2011 which states that a Board of a city shall consist of not more than eleven members, six of whom shall be appointed through a competitive process by the county executive committee, with the approval of the County Assembly  The Management of the city is in breach of the law.</p>	<p>We are in agreement with the audit finding that the Board during year under review had a total number of Board members as twelve (12). However, we wish to inform you that Mr. Joseph Kibe (Board member) tendered his resignation due to some technicalities and further the letter has been presented for verification.</p>	<p>Resolved</p>	<p>Jun-25</p>
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**Gitau Thabanja**

*Accounting officer of the Entity*

**Appendix 2: Inter-Entity Transfers**

<b>CITY NAME: City of Nakuru.</b>				
<b>Breakdown of Transfers from the County Executive of xxx County</b>				
<b>FY 2024/2025</b>				
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			xx	
			xx	
		<b>Total</b>	<b>XXX</b>	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			xx	
			xx	
			xx	
		<b>Total</b>	<b>XXX</b>	
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			xx	
			xx	
		<b>Total</b>	<b>XXX</b>	

**There was no Inter Entity transfer since KUSP I came to an end we are awaiting transition to KUSP II.**

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

**Appendix 3: Reporting of Climate Relevant Expenditures**

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

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

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

**No climate-related expenditures were incurred.**

**Appendix 4: Disaster Expenditure Reporting Template**

Date: 19/08/2025

Entity: City of Nakuru

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
Nakuru City Services.	Infrastructure Development and City Planning	Flooding	Mitigation	Rehabilitation of drainages within the CBD	1,867,191	