

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

THIKA MUNICIPALITY

FOR THE YEAR ENDED

30 JUNE, 2023

	PERS LAID
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THIKA MUNICIPALITY

County Government of Kiambu

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

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

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1. Acronyms & Glossary of Terms

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

2. Key Entity Information and Management

a) Background information

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

b) Principal Activities

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

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

The municipality will strive to achieve the above Mission by;

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

c) Key Management

The Municipality management is under the following key organs:

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

d) Fiduciary Management

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

SN	Position	Name
1	Municipality Manager	Hoswell Kinuthia
2	Resident Engineer	Eng Peter Karanja
3	Programme Coordinator	Martin Kangiri
4	Assistant Resident Engineer	Nelsson Wanjohi

e) Fiduciary Oversight Arrangements

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

f) Registered Offices

P.O. Box 240-01000 Thika

Town Hall Building/House/Plaza

Kenyatta Highway

Thika, Kenya

g) Contacts

Telephone: (+254)726370175

E-mail: thikamunicipality@kiambu.go.ke

Website: Kiambu.go.ke

h) Bankers

Commercial Bank

1.Family Bank Thika Branch A/c. no. 005000063374

i) Independent Auditor

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

j) Principal Legal Adviser




The Office of the County Attorney





County Government of Kiambu

P.O. Box 2344 - 00200

Kiambu, Kenya

3. Municipality Board

Name	Details of qualifications and experience
<p>1. Chairman</p>  <p>Daniel Mwaura</p>	<p>Daniel Mwaura (51 years old) is the current Chairperson of Thika Municipality Board. He is an Accounting and Finance management expert with more than 15 years of experience in finance and operations Management. He holds Master of Business Administration- Finance-Option, Kenya Methodist University, Bachelor of Business Administration-Accounting & Finance, Kenya Methodist University, and Certified Public Accountant, (CPA (K), Strathmore University, 2004</p>
<p>2. Board Member</p>  <p>Elizabeth Hussein</p>	<p>Elizabeth Muthoni Hussein has been a non-executive member of Thika Municipality Board since November 2018. She has extensive experience working with local authorities and she has held various elected leadership positions. Between 2013-2017 she was the Member of county assembly for Kamenu ward Kiambu county. She previously served as a councillor in the defunct Thika Municipal council between 1997 to 2013. She holds a Diploma in Social Work and community development.</p>
<p>3. Board Member</p>  <p>Mumbi Ng'aru</p>	<p>Mumbi Ng'aru has extensive leadership experience in both local and regional governments. She was a Member East Africa Legislative Assembly (EALA) 2012-2017 and Mayor Thika Municipal Council 2000-2002. She joined Thika Municipality board in 2021</p>

<p>4. Board Member</p>  <p>George King'ori</p>	<p>George King'ori has been a non-executive Member of Thika Municipality board for the last 4 years. he is a lawyer with extensive work experience in community development. He holds a Bachelors of Law from Kenyatta University</p>
<p>5. Board Member</p>  <p>Esther Wanyoike</p>	<p>Esther Wanyoike (51 Years) has extensive work experience in faith-based organisations, Banking and a chain of private businesses. She has interacted widely with women of Thika Diocese Anglican church where she is the diocesan chair of Mothers union. She holds a higher diploma in psychological counselling. She has served Thika Municipality board as a non-executive member since 2018.</p>
<p>6. Municipal Manager</p>  <p>Hoswell Kinuthia</p>	<p>Hoswell Ng'ang'a Kinuthia (31 years old) is the Manager, Thika Municipality, County Government of Kiambu. He is a Management and Administration expert, currently pursuing a Master's of Science in Management of Organizational Development at United States International University (USIU). With a Bachelor of Business Information Technology from Jomo Kenyatta University of Agriculture and Technology. Hoswell has vast knowledge and experience in Project Management, Budgeting, Grant Writing, Community based planning, Policy analysis Urban Development, Financial monitoring, and forecasting among others.</p>
<p>7. Chief Officer MAUD</p>  <p>Edmund Njihia</p>	<p>Professional & Academic Qualification: He is an Environmental Safety & Health, Food Safety, Quality Management, Procurement& Supply Chain and Project Management expert. Work experience: Over 20 years Current Chief Officer Department of Municipal Administration and Urban Development in Kiambu County</p>

8. CECM MAUD






Salome Muthoni Wainaina

Salome Wainaina is a holder of a Bachelor of Economics and Political Science degree and has an MBA in Strategic Management. She additionally has certifications in in Leadership and Governance courses.

She has over 20 years' experience in marketing and strategic management in both private and public sector.

4. Key Management Team

Name	Details of qualifications and experience
<p>1. Municipal Manager:</p>  <p>Hoswell Nganga Kinuthia</p>	<p>Hoswell Ng'ang'a Kinuthia (31 years old) is the Manager, Thika Municipality. He is a Management and Administration expert, currently pursuing a Master's of Science in Management of Organizational Development at United States International University (USIU). With a Bachelor of Business Information Technology from Jomo Kenyatta University of Agriculture and Technology. Hoswell has vast knowledge and experience in Project Management, Budgeting, Grant Writing, Community based planning, Policy analysis Urban Development, Financial monitoring, and forecasting among others.</p>
<p>2. Resident Engineer</p>  <p>Peter Karanja Njenga</p>	<p>Eng. Njenga is a holder of a Master's of Science in civil engineering from the University of Nairobi. He holds a BSc degree in Civil Engineering from the University of Nairobi and has 12 years' experience in different fields of structural and civil engineering works namely Projects management, material testing and analysis, construction supervision of structures and road projects and structures design.</p> <p>Registered Professional Engineer with the Engineer's Board of Kenya and a Corporate Member Engineer under the Institution of Engineers of Kenya</p>
<p>3. Assistant Resident Engineer</p>  <p>Nelson Wanjohi</p>	<p>BSC Civil Engineering from JKUAT university and pursuing Msc. Project Management with over 14 years' experience in civil works and is registered by Engineers Board of Kenya (EBK) as a graduate engineer and by the Institute of Engineers of Kenya as a graduate member.</p> <p>Has 6 years' experience in the Private sector and 8 years' experience in the public sector and currently the assistant resident engineer in Thika Municipality.</p>

4. KUSP Program Coordinator



Martin Kangiri

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

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

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

5. Municipality Board Chairperson's Report

Successes made.

- Municipal Manager, Municipal board members and staff in place.
- Delegation of functions by the Governor to the Municipalities as envisaged in the municipal service charter.
- Formation of the Project Implementation Committee to oversee the overall execution of works in the municipality.
- Formation of a Grievances committee to foresee social environmental issues in the municipalities during the project implementation in place.
- Improvement of urban infrastructure such connectivity- roads, street lighting, sewer, landscaping and beautification

Review of the Municipality Board's performance

During the period under review, Thika Municipal Board was able to implement to completion two infrastructural development projects which include;

- Proposed upgrading of gwa kairu road (1 km) to bituminous standards in Thika municipality
- Proposed construction of JKUAT gate a –uchumi junction in juja to bitumen standards in Thika municipality

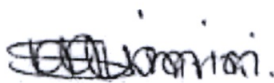
The financial performance during the period under review was exceptional with absorption of all the funds in line with the Program Operations Manual (POM) of the KUSP World Bank conditional grant.

Challenges faced

- Competition for projects to be selected in the Annual Urban Investment Plans by citizens during project selection exercise.
- Delegation of functions and Gazettement of more roles. There has been consistent lobbying by the board to ensure delegation and Gazettement of more functions.
- Lack of a municipality vote head despite numerous requests by the board. This has led to challenges in sorting out the recurrent expenditures.
- Resource allocation of conditional grant (Urban Development Grant) is based on 2009 population census which has since grown massively to population according to 2019 census.
- Delayed relocation of services and utilities during infrastructural development such KPLC and water companies.

Future outlook of the Municipality Board

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



.....

Name: Daniel Mwaura
Chairperson of the Board

6. Report of the Municipality Manager

I am pleased to present the annual report and financial statement of Thika Municipal Board and demonstrate how far we have come.

Thika Municipal Board has continued to operate within a progressively challenging environment. The municipality has come up with a strategic plan 2022/23- 2027/28 anchored to the CIDP III. It will be used to improve service delivery and ensure achievement of set targets emphasizing on areas of priority in UACA 2011 amended 2019.

Financial Overview

The financial performance during the period was dependent on the Annual Performance Appraisal (APA) on the performance of the municipality under KUSP- World Bank conditional grant which is a Performance for Results Program(P4R). The municipality was able to absorb all the funds granted in the grant during the FY 2020/21.

Public Participation

The municipality was able to conduct several citizen fora, stakeholder forums and various citizen engagement facilitated by the World Bank Fund and the Municipal Administration Department Kiambu County.

Staff Acquisition

The municipality has requested for the deployment of staff in line with the proposed governance and institution framework proposed to the county for the operationalization of the municipality.

Future Plans

Thika municipality has however faced similar challenges over the years including – low funding, lack of budget vote head, lack of designation for all officers despite numerous requests to the county. The municipality will continue to partner with development partners to strengthen municipalities.



.....
Name: Hoswell Kinuthia
Municipality Manager

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

Introduction

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

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

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

County Government of Kiambu

Thika Municipality

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

Programme Name: Thika Municipality						
Objective: To Improve Infrastructural Developments in Thika Municipality and it's Urban Areas						
Outcome: Creation of liveable cities, improved urban infrastructure, revenue improvement						
Sub Programme	Key output	Key performance indicator	Baseline			
			Year	Value	Planned Target FY 22/23	Actual FY 22/23
General Administration & Support Services: Costing of Salaries	Improved efficiency and effectiveness in quality service delivery	No. of Officers Recruited	2022	0	2	1
Staff Training and development programs	Sustainable and satisfied work force	No. of staff sponsored for promotional, refresher courses & CPD programs	2022	0	10	12
Operation & Maintenance: General office	Consistency of information, methods, skills and controls	No. of offices equipped & furnished and general office maintenance	2022	0	1	1
Construction and upgrading of Municipal Infrastructures	Improvement of Roads	Kilometres of Roads Constructed	2022	km	5km	5km
	Improvement of Sewer System	Kilometres of Sewer lines constructed	2022	km	0km	0km
	Improvement of Street Lighting	No. of Street Lights Installed	2022	0	50	50
	Improvement of Bus Parks	No. Bus parks Rehabilitated	2022	0	0	0
	Improvement of Market sheds & Ablution Blocks	No. of Market sheds & Ablution Blocks	2022	0	0	0
	Construction & Rehabilitation of Stadium	No. of Stadia built or rehabilitated	2022	0	0	0
	Provision of Waste Management & Equipment	No. of Waste Management stations constructed or/& Equipment bought	2022	0	0	0
	Improvement of NMT & Parking Lots	No. of NMTs & Parking Lots constructed	2022	km	6km	5km
	Construction of Recreational centers	No. Recreational facilities Constructed	2022	0	0	0
	Construction of Fire station and Purchase of Disaster management Equipment	No. of Fire stations constructed and Disaster management Equipment Purchased	2022	0	0	0
	Construction of Storm water Drains	Kilometers of storm water Drains Constructed	2022	km	5 km	5 km
	Renewable Energy and Climate Change	Incorporation of green energy as an alternative source of power within the municipality	No. of KWh units of wind energy generated	2022	0	0
Volume of bio gas produced			2022	0	0	0
No. of KWh units of solar PV energy generated			2022	0	0	0
Total						

8. Corporate Governance Statement

Roles of Thika Municipal Board

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

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

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

The key instruments within the framework are

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

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

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

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

Board Induction and Training

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

Board Meetings

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

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

Ethics and conduct as well as governance audit

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

9. Management Discussion and Analysis

Key Projects done during FY 2022/2023

Thika Municipality						
Project Name	Contract Sum	Contractor	Implementation %	Start date	End date	Comments
Upgrading Of Gwa Kairu Road (1 Km) To Bituminous Standards In Thika Municipality	47,215,190.00	GOLDEN YEARS SUPPLIES	100%	10th March 2022	30th June 2023	Project Complete and certificate of completion issued after lapse of DLP period
Proposed construction of jkuat gate a –uchumi junction in juja to bitumen standards in thika municipality	47,215,190.00	Pejom Contractors	90%	10th March 2022	30th June 2023	Construction of 100m access culverts, road marking and signage outstanding

Compliance with statutory requirements

The municipality is compliant with the various statutory requirements:

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

Major risks facing the organization

1.Unaligned Thika Municipality Charter

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

2.Lack of implementation of the Governance and Institutional Framework

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

10. Environmental And Sustainability Reporting

1. Sustainability strategy and profile

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

2. Environmental performance

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

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

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

Promoting greater public awareness and behavior change.

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

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

impacts of different project components and subcomponents and (iii) Assessment of environmental practices in different ongoing and completed projects.

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

3. *Employee welfare*

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

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

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

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

11. Report of the Municipality Board Members

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

Principal activities

The principal activities of the Municipality are as set out in earlier context.

Performance

The performance of the Municipality for the year ended June 30th, 2023 are as set out in earlier context.

Board Members

The members of the Board who served during the year are shown on page 6.

Auditors

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



.....
Name:

Secretary of the Board

12. Statement of Management's Responsibilities

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

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

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

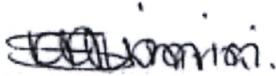
The Municipality Manager further confirms the completeness of the accounting records which have been relied upon in the preparation of financial statements as well as the adequacy of the systems of internal financial control. In preparing the financial statements, the Municipality Manager has assessed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

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

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

Approval of the financial statements

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



.....
Name: David Mwaura
Chairperson of the Board



.....
Name: Hoswell Kinuthia
Accounting officer of the Board

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Thika Municipality set out on pages 1 to 30, which comprise of the statement of financial position as at 30 June, 2023, statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then

ended, and a summary of significant accounting policies and other explanatory information in accordance with provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Adverse Opinion

1. Omissions in Presentation and Disclosure of the Financial Statements

Review of the Municipality annual report and financial statements revealed the following anomalies;

- i. The Municipality Board Chairperson's report did not include foreword note by the Chairperson of the Thika Municipality.
- ii. Information on market practices and community engagement report on environmental and sustainability reporting was not included in the financial statements.
- iii. The footnote on the statement of financial performance for the year ended 30 June, 2023 indicates that the Notes to the financial statements are set out on page 19 to 32, instead of page 18 to 32.
- iv. ICPAK number for head of finance was not indicated in the financial statements on pages 1, 4 and 5.
- v. Progress on follow-up of auditors' recommendations was not included in the financial statements.
- vi. The statement of cash flows reflects net cash flow from operating activities amounting to Kshs.1,159,987 and Kshs.78,980,537 for 2022/2023 and 2021/2022 financial years respectively. However, Note 28 to the financial statements reflects nil net cash flows from operating activities for both financial years.
- vii. The statement of financial performance reflects transfers from the County Government amounting to Kshs.1,194,559. However, Note 29 to the financial statements on related party transactions reflects nil transfers from related parties.
- viii. Date of birth for four (4) Board members was not included in the Municipality Board section in the financial statements.

In the circumstances, the financial statements as presented did not comply with the Public Sector Accounting Standards Board requirements.

2. Inaccuracies in the Financial Statements

2.1 Statement of Financial Position

The statement of financial position reflects net assets and liabilities total amount of Kshs.25,006,689 as at 30 June, 2023, however the following anomalies were noted;

- i. The statement of financial position reflects a nil balance in respect to property, plant and equipment/infrastructure project, while, Note 22 to the financial statements reflects property, plant and equipment balance of Kshs.411,537,272 resulting to an unexplained variance of Kshs.411,537,272. Further, Management did not charge depreciation/impairment on the reported balance of property, plant and equipment/infrastructure project.
- ii. Note 15b to the financial statements reflects infrastructure projects amounting to Kshs.98,091,112 which includes retention monies of Kshs.3,674,185 reported in the year under review. Review of payment vouchers provided for audit revealed that outstanding retention monies for the year amounted to Kshs.5,353,297 resulting to a variance of Kshs.1,679,112 which was not reconciled. In addition, the reported payable amount of Kshs.3,674,185 was retention for the previous year which was paid during the financial year under audit.

2.2 Statement of Cash Flows

The statement of cash flows reflects opening cash and cash equivalents balance of Kshs.121,937,813 whereas the statement of financial position reflects a prior year closing balance of Kshs.125,611,998 resulting to an unexplained variance of Kshs.3,674,185. Further, journal adjustments were not passed to correct the cash and cash equivalents balance in the financial statements during the year under audit.

2.3 Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts omits the summations of total revenue, actual revenue and budget adjustments. Further, the statement reflects a final revenue budget of Kshs.1,194,559 against final expenditure budget of Kshs.100,750,000 resulting to unbalanced budget of Kshs.99,555,441. In addition, the statement reflects actual revenue of Kshs.1,194,559 against actual expenditure of Kshs.98,125,684 resulting to unauthorised expenditure of Kshs.96,931,125.

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

3. Duplication of Payments for Infrastructure Projects

The statement of financial performance and Note 15b to the financial statements reflects infrastructure projects payments amounting to Kshs.98,091,112 which have been expensed despite being payments for capital projects. Further, Note 22 to the financial statements reflects property, plant and equipment balance of Kshs.98,091,112 for other assets as additional assets, an indicator of capitalisation of projects. Review of the schedule provided in support of the balance revealed that the balance related to

payments for the projects whose contracts occurred and were recognised in the year of occurrence.

In the circumstances, the accuracy and completeness of the infrastructure projects payments amounting to Kshs.98,091,112 could not be confirmed.

4. Misstatement of Property, Plant and Equipment Balance

Note 22 to the financial statements reflects property, plant and equipment balance of Kshs.411,537,272 which is in respect of infrastructure projects. Review of the donor fund transfer schedule revealed that a total amount of Kshs.689,206,164 was received for project development for Thika Municipality resulting to an unexplained variance of Kshs.277,668,892.

In the circumstances, the accuracy, completeness and existence of property, plant and equipment balance of Kshs.411,537,272 could not be confirmed.

5. Non-Disclosure of Survey Equipment

Review of proposed improvement of storm water drainage system at Landless in Thika Municipality, construction projects Bill of Quantities revealed that the contractor was to provide survey equipment which were to be reverted to the client after project completion as provided within the contract under Bill No.1. Review of project files provided for audit revealed that two survey equipment were purchased at a cost of Kshs.1,875,612 and handed over to the client after the project was completed. However, the assets were not disclosed in the financial statements or Note 22 to the statements. Further, the depreciation expense for the survey equipment was not reported in the statement of financial performance leading to possible misstatement of the financial statements.

In the circumstances, the accuracy, completeness and existence of property, plant and equipment balance of Kshs.411,537,272 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of Board Committee Charter

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

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

2. Failure to Provide Approved Budget and Annual Revenue Estimates

Management did not provide the approved budget for the financial year 2022/2023 for audit. This was contrary to Section 20(1)(l) of the Urban Areas and Cities Act, 2011 which requires a Board of a City or Municipality to prepare and submit its annual budget estimates to the relevant County Treasury for consideration and submission to the County Assembly for approval, as part of the annual County Appropriation Bill. Further, Management did not prepare and submit revenue estimates for approval by the Board and the County Assembly. This was contrary to Section 45(1) of the Urban Areas and Cities Act, 2011 which requires that three (3) months before the commencement of each financial year, a Board or Town committee shall cause to be prepared estimates of revenue and expenditure of a Board or Town committee for that year.

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

3. Failure to Maintain a Retention Account

Review of project records provided for audit revealed that Management deducted 10% retention from all approved certificates on payment for the projects. However, Management did not maintain a retention account and as a result the amounts owed to contractors in form of retention money was included in the cash and cash equivalent balances for the operations account and could not be confirmed. This was contrary to Regulation 100 of the Public Finance Management (County Governments) Regulations, 2015 which requires that Accounting Officers shall keep in all offices concerned with receiving cash or making payments a cash book showing the receipts and payments and shall maintain such other books and registers as may be necessary for the proper maintenance and production of the accounts of the Vote for which he or she is responsible.

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

4. Delay in Completion of Construction of JKUAT Gate A - Uchumi Junction in Juja (1KM) Town to Bitumen Standards in Thika Municipality

Review of project files provided for audit revealed that a local contractor entered into a contract with Thika Municipality on 02 March, 2022 for construction of JKUAT Gate A - Uchumi Junction in Juja (1km) town to bitumen standards in Thika Municipality at a contract amount of Kshs.47,297,588 for a contract period of nine months. Audit inspection carried out on 30 November, 2023 revealed that although the road had been upgraded to bitumen standards and the drainage done, part of the drainage at Section 0+400 was not back filled, the footpath/walkway was not tarmacked, and permanent road signs and markings of the road had not been done despite lapse of the project period.

Further, it was observed that three certificates amounting to Kshs.38,417,479 were paid which is equivalent to 81% of the contract amount. However, as at the time of audit, the project physical progress was 85% and the contractor had abandoned the site. No reasons were provided as to why the project had stalled.

In the circumstances, value for money may not be obtained from the incomplete project.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my

report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Risk Management Policy and Disaster Recovery Plan

Thika Municipality spent a total amount of Kshs.98,091,112 during the year under review. Review of the Municipality records, processes and systems revealed that the Municipality operated without a risk management policy and thus had no framework for management of risks. As a result, it was not possible to define the Municipality's risk appetite and set the risk tolerance levels by identifying boundaries against unacceptable exposure to risk.

In addition, the Municipality did not have a disaster recovery or business continuity plan in place. In the absence of a disaster recovery or business continuity plan, the Municipality lacks a blue print for identifying, preventing and mitigating against disasters and ensuring that its operations are not interrupted. This 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 also develops a system of risk management and internal control that builds robust business operations.

2. Incomplete Asset Register

Note 22 to the financial statements reflects property, plant and equipment balance of Kshs.411,537,272 under the category of other assets. However, review of the asset register provided for audit revealed that the asset register did not include details on cost/value of the assets and year of acquisition and the assets disclosed in the financial statements had not been included in the asset register. This was contrary to Section 149(2)(o) of the Public Finance Management Act, 2012 which requires the Accounting Officer to ensure that the respective County Government entity has adequate systems and processes in place for the maintenance of an assets register that is current, relevant and available to the relevant County Treasury and Auditor-General.

In the circumstances, the existence of effective internal controls to safeguard the assets could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Municipality's ability to sustain 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 Municipality or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit

the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

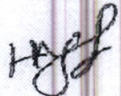
Nairobi

16 April, 2024

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

	Notes	FY 2022/2023 Kshs.	FY 2021/2022 Kshs.
Revenue from non-exchange transactions			
Transfers from the County Government	6	1,194,559	79,032,965
Public contributions and donations	7	-	-
Levies Fines and Penalties	8	-	-
Other revenues (<i>Specify</i>)	9	-	-
		1,194,559	79,032,965
Revenue from exchange transactions			
Interest income	10	0	0
Other Income	11	0	0
		0	0
Total revenue		1,194,559	79,032,965
Expenditure			
Use of goods and services	12	-	-
Staff costs	13	-	-
Board expenses	14	-	-
Finance costs	15a	34,572	52,428
Infrastructure Projects	15b	98,091,112	118,400,887
Total expenses		98,125,684	118,453,315
Other gains/losses			
Gain/loss on disposal of assets	16	-	-
Surplus/(deficit) for the period		(96,931,125)	(39,420,350)

The notes set out on pages 19 to 32 form an integral part of these Financial Statements. The entity financial statements were approved on 15th September 2023 and signed by:



.....
Name: Hoswell Kinuthia
Municipality Manager



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

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

	Note	FY 2022/2023	FY 2021/2022
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	17	25,006,689	125,611,998
Receivables from exchange transactions	18	-	-
Receivables from Non- exchange transactions	19	-	-
Prepayments	20	-	-
Inventories	21	-	-
Total Current Assets		25,006,689	125,611,998
Non-current assets			
Property, plant, and equipment			
Intangible assets	23	-	-
Total Non-current Assets		-	-
Total assets		25,006,689	125,611,998
Liabilities			
Current liabilities			
Trade and other payables	24	-	3,674,185
Provisions	25	-	-
Borrowings	26	-	-
Employee benefit obligations	27	-	-
		-	3,674,185
Non-current liabilities			
Provisions	25	-	-
Borrowings	26	-	-
Non-current employee benefit obligation	27	-	-
		-	-
Total liabilities		-	3,674,185
Net assets		25,006,689	121,937,813
Capital/Development Grants/Fund			
Reserves			
Accumulated surplus		25,006,689	121,937,813
Total net assets and liabilities		25,006,689	121,937,813

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



.....

Name: Hoswell Kinuthia

Municipality Manager

Date:



.....

Name: Brian Mwangi

Head of Finance

ICPAK M/No

Date:

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

	Capital/ Development Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
Balance as at 1 July 2021			161,358,163	161,358,163
Surplus/(deficit) for the period			(39,420,350)	(39,420,350)
Funds received during the year				-
Revaluation gain				-
Balance as at 30 June 2022	-	-	121,937,813	121,937,813
				-
Balance as at 1 July 2022	-	-	121,937,813	121,937,813
Surplus/(deficit) for the period		-	(96,931,125)	(96,931,125)
Funds received during the year				
Revaluation gain				
Balance as at 30 June 2023	-	-	25,006,689	25,006,689



.....
Name: Hoswell Kinuthia
Municipality Manager



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

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

	Note	FY 2022/2023	FY 2021/2022
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6	1,194,559	79,032,965
Public contributions and donations	7	-	-
Interest received	10	-	-
<i>Other receipts (Specify)</i>			
Total Receipts		1,194,559	79,032,965
Payments			
Use of goods and services	12	-	-
Staff costs	13	-	-
Board expenses	14	-	-
Finance costs	15a	(34,572)	(52,428)
Total Payments		(34,572)	(52,428)
Net cash flows from operating activities		1,159,987	78,980,537
Cash flows from investing activities			
Purchase of PPE & intangible assets		(98,091,112)	(118,400,887)
Proceeds from sale of PPE		-	-
Net cash flows used in investing activities		(98,091,112)	(118,400,887)
Cash flows from financing activities			
Receipts from Capital grants		0	0
Proceeds from borrowings		0	0
Repayment of borrowings		0	0
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash & cash equivalents		(96,931,125)	(39,420,350)
Cash And Cash Equivalents At 1 July		121,937,813	161,358,163
Cash And Cash Equivalents At 30 June	17	25,006,689	121,937,813

.....

Name: Hoswell Kinuthia

Municipality Manager

.....

Name: Brian Mwangi

Head of Finance

ICPAK M/No

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

DESCRIPTION	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	c=(a+b)	d	e=(c-d)	f=d/c
Revenue		Kshs.	Kshs.	Kshs.	Kshs.	
Transfers from the County Government	100,000,000	0	1,194,559	1,194,559	0	100%
Public contributions and donations	-	(-)	-	-	(-)	%
Interest income	-	(-)	-	-	(-)	%
Other income (<i>specify</i>)	-	(-)	-	-	(-)	%
Total Revenue	0	0	0	0	0	%
Expenses						
Infrastructural projects payment	100,700,000	(-)	100,700,000	98,091,112	(-)	97%
Board expenses	-	(-)	-	-	(-)	%
staff expenses	-	(-)	-	-	(-)	%
Finance costs –bank charges	50,000	(-)	50,000	34,572	(-)	69%
Total Expenditure	100,750,000	(0.00)	100,750,000	98,125,684	(-)	96%
Surplus for the period	(750,000)	0	(99,555,441)	(96,931,125)	0	97%
Capital Expenditure	-	-	-	-		

19. Notes to the Financial Statements

1. General Information

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

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts, and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the periods presented.

3. Application of New and revised standards (IPSAS)

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

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

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

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

iii. Early adoption of standards

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

4. Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

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

Significant Accounting Policies (Continued)

c) Property, plant and equipment

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

d) Intangible assets

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

e) Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Significant Accounting Policies (Continued)

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

f) Inventories

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

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

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

g) Provisions

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

h) Social Benefits

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

Significant Accounting Policies (Continued)

i) Contingent liabilities

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

j) Contingent assets

The Municipality does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits – Retirement benefit plans

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

Significant Accounting Policies (Continued)

n) Foreign currency transactions

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Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported in the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

o) Borrowing costs

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

p) Related parties

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

q) Cash and cash equivalents

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

r) Comparative figures

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

Significant Accounting Policies (Continued)

s) Events after the reporting period

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

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

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

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

t) Currency

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

5. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made e.g.

Estimates and assumptions

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

Useful lives and residual values

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

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

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(Notes to the Financial Statements)

6. Transfers from the County Government

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Transfers from County Govt. – Development	1,194,559	79,032,965
Payments by County on behalf of the entity	-	-
Total	1,194,559	79,032,965

b) Transfers from County Government entities

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

7. Public Contributions and Donations

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

8. Levies, Fines and penalties

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Levies	0	0
Fines	0	0
Penalties	0	0
Others	0	0
Total	0.00	0.00

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9. Other Revenues from Non-Exchange Transactions

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

10. Interest income

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

11. Other income

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

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 (Notes To the Financial Statements (Continued))

12. Use of Goods and Services

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

13. Staff costs

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

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 (Notes To the Financial Statements (Continued))

14. Board expenses

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

15. (a) Finance costs

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Interest on Bank overdrafts	-	-
Bank Charges	34,572	52,428
Retention Pay	-	-
Total	34,572	52,428

15b. Infrastructure Projects

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Infrastructure payments	101,765,297	114,726,702
Others (Retention Monies)	(3,674,185)	3,674,185
Total	98,091,112	118,400,887

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(Notes To the Financial Statements Continued)

16. Gain/(loss) on disposal of assets

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

17. Cash and cash equivalents

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Fixed deposits account	0	0
On – call deposits	0	0
Current account	25,006,689	125,611,998
Others(<i>specify</i>)	-	-
Total cash and cash equivalents	25,006,689	125,611,998

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

Financial institution	Account number	FY 2022/2023	FY 2021/2022	Audited June 2022
		Kshs.	Kshs.	Kshs.
a) Fixed deposits account				
Kenya Commercial bank		-		-
Equity Bank, etc		-		-
Sub- total		-		-
b) On - call deposits				
Kenya Commercial bank		-		-
Equity Bank - etc		-		-
Sub- total		-		-
c) Current account				
Family bank UDG Account	005000063374	25,006,689	125,611,998	125,611,998
Equity Bank - etc				
Sub- total				
d) Others(specify)				
Cash in transit				
Cash in hand				
Mobile Money				
Sub- total				
Grand total		25,006,689	125,611,998	125,611,998

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 {Notes To the Financial Statements Continued}

18. Receivables from exchange transactions

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

19. Receivables from Non-Exchange transaction

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

20. Prepayments

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

21. Inventories

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

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22. Property, Plant and Equipment

	Infrastructure	Building	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Capital Work in progress	Total
Description	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 1st July 2021	-	-	-	-	-	195,045,274	-	195,045,274
Additions	-	-	-	-	-	118,400,887	-	118,400,887
Disposals	(-)	(-)	(-)	(-)	(-)	-	-	-
Transfers/adjustments	-	-	(-)	-	(-)	-	-	-
As at 30th June 2022	-	-	-	-	-	313,446,160	-	313,446,160
Additions	0	0.0	0.00	0.00	0.00	98,091,112	-	96,896,553
Disposals	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	-	-	-
Transfer/adjustments	(0.00)	-	0.00	0.00	(0.00)	-	-	-
As at 30th June 2023	-	-	-	-	-	411,537,272	-	411,537,272
Depreciation and impairment								
At 1st July 2022		-	-	-	-	313,446,160	-	313,446,160
Depreciation		-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-
Transfers/ Adjustments		-	-	-	-	-	-	-
As at 30th June 2023		-	-	-	-	-	-	-

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Description	Infrastructure	Building	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Depreciation		-	-	-	-	-	-	-
Disposals		(0.00)	(0.00)	(0.00)	-	-	-	-
Impairment		-	(0.00)	-	-	-	-	-
Transfer/adjustment		-	(0.00)	(0.00)	-	-	-	-
As at period ended 30th June 2023		-	-	-	-	-	-	-
NBV as at Audited 30 th June 2022	0.00	0.00	0.00	0.00	0.00	313,446,160	-	313,446,160
NBV as at period ended 30 th June 2023	0.00	0.00	0.00	0.00	0.00	411,537,272	-	411,537,272

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 (Notes to The Financial Statements Continued)

23. Intangible assets

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

24. Trade and other payables from exchange transactions

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Trade payables	0	0
Refundable deposits (Retentions, court bonds etc)	-	3,674,185
Accrued expenses	-	
Other payables (<i>Specify</i>)		
Total trade and other payables	-	3,674,185

25. Provisions

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

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26. Borrowings

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

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

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

The table below shows the Distribution of borrowings:

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

27. Employee benefit obligations

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

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 (Notes To the Financial Statements Continued)

28. Cash generated from operations

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

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Other Disclosures

29. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

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

c) Key management remuneration

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

d) Due from related parties

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

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e) Due to related parties

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

30. Contingent liabilities

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

(Give details)

31. Contingent Assets

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

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Annexes

Annexe 1: Statement of Financial Performance

	Notes	Period ended September	Period ended December	Period ended March	Period ended June	Cumulative	Prior year total
		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue from non-exchange transactions							
Transfers from the County Government	6	1,194,559	-	-	-	1,194,559	79,032,965
Public contributions and donations	7	-	-	-	-	-	-
Levies Fines and Penalties	8	-	-	-	-	-	-
Other revenues (<i>Specify</i>)	9	-	-	-	-	-	-
		-	-	-	-	-	-
Revenue from exchange transactions							
Interest income	10	-	-	-	-	-	-
Other Income	11	-	-	-	-	-	-
Total revenue		1,194,559	-	-	-	1,194,559	79,032,965
Expenditure							
Use of goods and services	12	-	-	-	-	-	-
Staff costs	13	-	-	-	-	-	-
Board expenses	14	-	-	-	-	-	-
Finance costs	15a	8,643	8,643	8,643	8,643	34,572	52,428
Infrastructure Projects	15b	24,522,778	24,522,778	24,522,778	24,522,778	98,091,112	118,400,887
Total expenses		24,531,421	24,531,421	24,531,421	24,531,421	98,125,684	118,453,315
Other gains/losses							
Gain/loss on disposal of assets	16	-	-	-	-	-	-
Surplus/(deficit) for the period		(23,336,862)	(24,531,421)	(24,531,421)	(24,531,421)	(96,931,125)	(39,420,350)

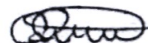
County Government of Kiambu
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 Annex 2: Inter Entity Transfers for the period ended 30th June 2023

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

Signed by



Accountant Municipalities



Director Accounts Kiambu County

County Government of Kiambu

Thika Municipality

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

Name of the Organization Thika Municipality
Telephone Number 0726370175
Email Address thikamunicipality@kiambu.go.ke
Name of CEO/MD/Head Hoswell Kinuthia

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

Appendix 4: Disaster Expenditure Reporting Template

Date: 15TH September 2023

Entity Thika Municipality

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

