

REPUBLIC OF KENYA



216

PARLIAMENT
OF KENYA
LIBRARY

REPORT

OF

THE AUDITOR-GENERAL

ON

OL KALOU MUNICIPALITY

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF NYANDARUA

PAPERS LAID	
DATE	17/02/2025
TABLED BY	telegwe
COMMITTEE	-
CLERK AT THE TABLE	T. Many

Step



OL KALOU MUNICIPALITY
County Government of Nyandarua

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025

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



(Leave this page blank)

County Government of Nyandarua
Ol kalou Municipality
Annual Report and Financial Statements for the year ended June 30, 2025

1.	Acronyms and Definition of Key Terms	ii
2.	Key Entity Information and Management	iii
3.	Ol kalou Municipality Board	vii
4.	Key Management Team	xi
5.	Municipality Board Chairperson’s Report	xii
6.	Report Of the Municipality Manager	xiv
7.	Statement of Performance Against Predetermined Objectives for the FY 2024/2025	xvii
8.	Corporate Governance Statement	xxii
9.	Management Discussion and Analysis	xxv
10.	Environmental And Sustainability Reporting	xxvii
11.	Report of the Municipality Board Members	xxxiii
12.	Statement of Management’s Responsibilities	xxxv
13.	Report of the Independent Auditor for Ol kalou Municipality	xxxvii
14.	Statement of Financial Performance for The Year Ended 30 June 2025.	1
15.	Statement of Financial Position As At 30 June 2025	2
16.	Statement of Changes in Net Assets For the Year Ended 30 June 2025	4
17.	Statement Of Cash Flows for The Year Ended 30 June 2025	5
18.	Statement of Comparison of Budget & Actual Amounts for the Year ended 30 June 2025.	6
19.	Notes to the Financial Statements	8
20.	Appendices	46

1. Acronyms and Definition of Key Terms

A. Acronyms

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

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information and Management

a) Background information

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

b) Principal Activities

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

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

Vision Statement

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

Mission Statement

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

Core Values

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

c) Key Management

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

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

d) Fiduciary Management

The key management personnel who held office during the period ended 30th June 2025 and who had direct fiduciary responsibility were:

Ref	Position	Name
1	Municipal Manager	Eric Igogo
2	Chief Officer-Land, Physical Planning & Urban Development	Josephine Muiru
3	Chief Officer-Finance	Fredrick Irungu

e) Fiduciary Oversight Arrangements

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

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

f) Registered Offices

P.O. Box 701, 20303
Nyandarua County Ardhi House
Ol Kalou, KENYA

g) Contacts

Telephone: (+254) 0202660859
E-mail: info@nyandarua.go.ke
Website: www.nyandarua.go.ke

h) Bankers

Equity Bank
Ol Kalou Branch
P O. Box 215 – 20303

Ol Kalou

i) Independent Auditor

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

j) Principal Legal Adviser

The County Attorney

County Government of Nyandarua

P.O box 701-20303

Ol'kalou

3. Ol kalou Municipality Board



Priscillah Mwirigi
Municipal Board Chair Person

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

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



Ms. Colleta Wangui Migwi
Municipal Board Member

An expert in Public Finance Management, Public Debt Management, the Budgetary framework of the Public Sector, Public Policy development, and Formulation. Has vast accounting experience in both the private and public sectors, spanning over 12 years. Passionate about public finance management as a tool of national development. Holds a Master's in Business Administration (Finance) from Jomo Kenyatta University of Agriculture and Technology and a Bachelor of Commerce (Accounting) from Egerton University. Certified Public Accountant of Kenya, CPA (K), and a Full member of the Institute of Certified Public Accountants of Kenya in good standing. Born in Olkalou (Nyandarua County) in the year 1988. She is currently an accountant at Egerton University.



Ms. Zelipha Njeri Kabuga
Municipal Board Member

She was born in 1963. Has over 30 years experience in School Leadership and Administration. Holds a master's in Education Administration from U.O.N.

Bachelor of Education in English and Literature and Diploma in Education Management from Kenya Education Management Institute. Has a certificate in Computer Studies from Nyandarua Polytechnic.



John Mwangi
Municipal Board Member

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

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



Dr. Teresia W Rugah H
Municipal Board Member

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

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



Charles Mbugua
Municipal Board Member

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



Hon. Samuel K. Njiraini:
Board Member

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

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



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

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

Served as elected member of parliament Kinangop constituency. Assistant and operation manager of Pyrethrum Board of Kenya, Nyandarua District KANU chairman, Marketing Director at Invesco Insurance Co., Marketing Agent of major Insurance companies, Managing Director of own businesses and industries. He was born on 12th July, 1957



Ms. Josphine Muiru

Chief officer - Department of Lands, physical planning and Urban Planning

Ms. Josphine holds a Master's degree in Public Health with a specialization in Monitoring and Evaluation, as well as a Bachelor of Science in Environmental Health. She has experience in government as a chief officer. She has a vast experience of over 20 years having served in various capacities in the field of public health among them chief officer public health and head of preventive and promotive health services division in Nyandarua County. She is currently pursuing a PHD in Public Health. She was born on 28th. May 1979



Mr. Eric Igogo
Municipal Manager

He was born on 28th, February 1983. He holds Bachelor of international Business from Makerere University Uganda, Currently pursuing Masters in Business Administration at Nairobi University, member of Marketing Society of Kenya (MSK) served as Marketing manager at Almarai Dairy Company in Saudia Arabia, Financial Advisor with Royal Media Services.

4. Key Management Team



Mr. Eric Igogo
Municipal Manager

He was born on 28th, February 1983. He holds Bachelor of international Business from Makerere University Uganda. Currently pursuing Masters in Business Administration at Nairobi University, member of Marketing Society of Kenya (MSK) served as Marketing manager at Almarai Dairy Company in Saudia Arabia. Financial Advisor with Royal Media Services.



Ms. Josphine Muiru

Chief officer - Department of Lands, physical planning and Urban Planning

Ms. Josphine holds a Master's degree in Public Health with a specialization in Monitoring and Evaluation, as well as a Bachelor of Science in Environmental Health. She has experience in government as a chief officer. She has a vast experience of over 20 years having served in various capacities in the field of public health among them chief officer public health and head of preventive and promotive health services division in Nyandarua County. She is currently pursuing a PHD in Public Health. She was born on 28th, May 1979



CPA Fredrick Gichuhi

Chief officer - Finance

He is a holder of Masters degree in Finance (Kenyatta University), Bachelors degree in Agribusiness Management (University of Nairobi) and CPA (K). Previously, he was the head of Financial reporting Unit, Nyandarua County Government. He has 5 years banking experience and was born on 24th January, 1984.

5. Municipality Board Chairperson's Report

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

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

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

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

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

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



.....

Name: Priscillah Mwirigi

Chairperson of the Board

6. Report Of the Municipality Manager

This report has been prepared by the Municipal board to provide an overview of the projects and programmes implemented towards provision of affordable, accessible, high-quality municipal services in the 2024/2025 financial year. It highlights financial statements that describe the utilization of funds allocated to various projects and programmes over the period. The report conforms to the requirements and guidelines stipulated by section 164 of Public Finance Management Act, 2012 and the Public Sector Accounting Standards Board.

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

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

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

Integrated Development Plan (IDeP)

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

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

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

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

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

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

CHALLENGES

1. Budget Constraints

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

2. Land-Related Disputes

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

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

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

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



.....
Name: Eric Igogo

Municipality Manager.

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

a. Guidance

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

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

Below we provide the progress on attaining the stated objectives:

Sub Programme	objectives	Key Output	Key Performance Indicators	Performance (in parameters)
Municipal Planning and Development	To create a stable and attractive environment for social economic growth.	Approved Municipal Integrated Strategic Urban Development Plan - ISUDP	Orderly and integrated development Municipal Integrated Strategic Urban Development Plan in place	100%
Local Economy Promotion	To protect roads, buildings and other infrastructure from damage by flooding.	Maintenance of drainage systems	Reduction in flooding	70%

*County Government of Nyandarua
Ol kalou Municipality
Annual Report and Financial Statements for the year ended June 30, 2025*

Sub Programme	objectives	Key Output	Key Performance Indicators	Performance (in parameters)
	To facilitate trade, and to foster economic activity in Ol Kalou town	Operational Modern Market	Better business working environment Increased number of traders and jobs Food availability and security	50%
	To provide a designated space for vendors and customers hence contribute to economic growth of Ol Kalou	Operational Modern Multi Storey Kiosks	Increased own source revenue Job creation	50%
	To produce and provide consistent, high quality concrete in a timely and efficient manner in the county.	Operationalization of the Concrete making plant	Job Creation Cheaper construction material Improved revenue	70%
Improvement of infrastructure	To enhance transportation efficiency, boost economic growth and	Upgraded roads to bitumen/concrete paving blocks standards with accompanying	Improved accessibility Reduced travel time Improved living standards	100%

County Government of Nyandarua

Ol kalou Municipality

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

Sub Programme	objectives	Key Output	Key Performance Indicators	Performance (in parameters)
	improve social development.			
	To enhance safety, improve accessibility and promote walkability within Ol Kalou municipality.	Non-motorised transport	Reduced pedestrians' accidents Improved traffic flow & transport system	80%
	To provide safe, convenient and organized spaces for vehicle parking, enhancing traffic flow and improve accessibility.	Driveways and parking lots	Improved business environment Increased own source revenue	60%
Sanitation and waste Management	To improve public health by preventing the spread of diseases, enhance safety and dignity and promote hygiene and sanitation.	Ablution Block	Improved sanitation Better health	70%

*County Government of Nyandarua
Ol kalou Municipality
Annual Report and Financial Statements for the year ended June 30, 2025*

Sub Programme	objectives	Key Output	Key Performance Indicators	Performance (in parameters)
	To improve public health, enhance the environment and facilitate efficient waste management.	Skip Bins Trash Cans	Clean and healthy environment Improved solid waste management	60%
Climate change adaptation and environmental Management	To improve the environment, enhance aesthetic appeal and create spaces for leisure for the residents.	Tree planting and beautification	Climate change resilience	30%
Recreational and Social Facilities	To provide a community gathering space for various activities, fostering social interaction and promoting community development.	Community Multipurpose Hall	Talent enhancement centre Social facility Source of revenue	70%
	To provide a designated and dignified space for the interment of	Cemetery	Source of revenue Decent burial ground	80%

County Government of Nyandarua

Ol kalou Municipality

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

Sub Programme	objectives	Key Output	Key Performance Indicators	Performance (in parameters)
	the diseased, manage land use for burial purposes and offer a place for morning and remembrance.			

8. Corporate Governance Statement

I) Appointment of board members, Process of appointment and removal from office, the size, diversity, and demographics of the board, existence of the board charter

Under the Urban Areas and Cities Act (UACA), 2011 (as amended in 2019) and Ol'Kalou Municipal Charter, the procedure for the appointment of board members of a municipality in Kenya is clearly outlined as follows:

According to Section 14(1) of UACA, a municipal board shall consist of:

- The Municipal Manager (ex-officio)
- Nine (9) other members appointed through a competitive process:

Four (4) from among competent persons ordinarily resident in the municipality and nominated by:

- Organised private sector
- Professional associations
- Neighbourhood associations
- Groups representing people with special needs

Five (5) appointed through open public participation, drawn from:

- Marginalized groups
- Youth
- Women
- Religious groups
- Other stakeholders

A board member may be removed from office:

- For gross misconduct, corruption, or violation of the law.
- Upon conviction of a criminal offense.
- For conflict of interest or incompetence.
- If they miss three consecutive meetings without valid reason.
- Through a process initiated by the municipality or county government, involving written notice and opportunity to respond.

Ol'Kalou municipality is governed by a municipal charter that was adapted by the board and granted on 5th may 2019.

II) Roles and functions of the board

- a) Formulate and approve municipal strategic plans, including Integrated Urban Development Plans (IUDPs).
- b) Offer oversight on administrative performance and service delivery. Resource
- c) Support resource mobilization and Financial Oversight
- d) Advise the County Executive Committee on urban governance matters within the municipality
- e) Promote inclusivity and participation of residents, CBOs, NGOs, and the private sector in municipal governance.

III) Induction, training, and development

Upon appointment, each board member undergoes a structured induction program coordinated by the County Government, usually in collaboration with:

- The Council of Governors (COG)
- Ministry of Lands, Public Works, Housing and Urban Development

- Urban support programs (e.g., World Bank–funded Kenya Urban Support Programme - KUSP)

Municipal board members also receive regular training sessions, organized by the county or national government, to strengthen their capabilities.

IV) Board and members performance

Board and member performance is governed by:

- Urban Areas and Cities Act (UACA), 2011 (Revised 2019)
- Ol'Kalou Municipal Charter
- Leadership and Integrity Act
- Public Officer Ethics Act
- Nyandarua County Laws and HR Guidelines

V) Number of board meetings held and the attendance of those meetings by members

The board is mandated to meet at least once every quarter to deliberate on matters affecting the municipality. There are other special meetings that are also regulated to four per year.

Members who miss three consecutive meetings without a valid reason may face disciplinary action that may include removal from office.

VI) Succession plan

A succession plan for municipal boards ensures continuity of leadership, institutional memory, and sustained service delivery in line with the Urban Areas and Cities Act (UACA) and the Municipal Charter. It provides a structured approach to replacing outgoing members and preparing future leaders within the board framework.

VII) Policy to manage conflict of interest

A Conflict-of-Interest Policy provides guidelines to identify, disclose, and manage any situation where a board member's personal interests could conflict with their public duties.

This policy is grounded in the:

- Urban Areas and Cities Act (UACA), 2011
- Public Officer Ethics Act
- Leadership and Integrity Act
- Municipal Charter

VIII) Board remuneration

The Board remuneration and allowance is guided by the Salary and remuneration Commission guidelines.

IX) Ethics and conduct

The ethical standards and conduct of municipal board members are governed by:

- The Urban Areas and Cities Act (UACA), 2011
- Leadership and Integrity Act, 2012
- Public Officer Ethics Act, 2003
- County Governments Act, 2012
- Municipal Charter

X) Governance Audit

A Governance Audit is a structured, independent evaluation of the structures, policies, processes, systems, and practices that guide the governance of a municipality. It ensures that the board of a

municipality is operating effectively, ethically, legally, and in line with national and county regulations.

It is mandated under:

- Urban Areas and Cities Act (UACA), 2011
- Leadership and Integrity Act, 2012
- The Municipal Charter

XI) Communication policy

Communication Policy is a formal framework that guides how information is shared, received, and managed within the municipality and between the board, county departments, stakeholders, and the public. It ensures that communication is clear, timely, accurate, transparent, and inclusive.

The communication policy is aligned with:

- Urban Areas and Cities Act, 2011 – Public participation & access to information
- Access to Information Act, 2016
- County Governments Act, 2012 – Civic education and transparency
- Constitution of Kenya, 2010 – Right to information (Art. 35)
- The Municipal Charter

XII) Terms of Reference of Committees

Terms of Reference (ToRs) serve as the guiding document that outlines what each committee is responsible for, how it should operate, who it reports to, and how it fits within the broader governance of the municipality.

ToRs are typically approved by the board and aligned with:

- The Urban Areas and Cities Act (UACA), 2011
- The Municipal Charter

XIII) Policy on Related Party Transactions

Related Party Transactions (RPTs) refer to dealings between the municipality (through its board, employees, or departments) and individuals or organizations that have a pre-existing relationship with the municipality. This includes transactions with:

- Board members and their relatives
- Municipal staff and their businesses
- Suppliers, contractors, or consultants with ties to board members or employees

The policy aligns with:

- Urban Areas and Cities Act (UACA), 2011
- Leadership and Integrity Act, 2012
- Public Officers Ethics Act
- Public Finance Management Act
- Municipal Charter
- County Government Public Participation and Procurement Policies

9. Management Discussion and Analysis

SECTION A

The Olkalou Municipality's operational and financial performance

In the FY 2024/2025 The County Government allocated a total of KSh69,684,200 of which KSh9,550,000 under development, Kshs 15,000,000 under UDG, Ksh12,000,000 under compensation of employee and Kshs 568,200 under recurrent pending bill and KSh32,566,000 under recurrent. The management intends to operationalise all the projects completed under the KUSP 1 program.

SECTION B

Key projects and investment decisions Olkalou Municipality is planning/implementing.

Olkalou Municipality undertook the following listed projects below through the County Government funding

PROJECT DESCRIPTION	APPROVED BUDGET ALLOCATION
Drainage works- Rurii, Kaimbaga (Captain) and Kanjuiri (Tumaini)	3,000,000
Install 2 floodlights- Karau ward	2,800,000
Development of drainage systems in Ol'kalou Town (around the tarmacked roads in Ol'kalou CBD)	2,000,000
Repair and Maintenance of the infrastructural projects of the Municipality including KUSP projects, markets, parking, pavements etc	500,000
TOTAL	8,300,000

SECTION C

Ol'kalou Municipality's compliance with statutory requirements

Ol'kalou Municipality has complied with all the rules and regulations while in its operation and there is no potential contingent liability that has come to the knowledge of the management.

SECTION D

Material arrears in statutory/financial obligations

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

Ol'kalou Municipality has outstanding financial obligations of Kshs. 306,674.

SECTION E

The Ol'kalou Municipality's financial probity and serious governance issues

The Ol'kalou Municipality does not have any financial improbity and there are no serious governance issues among the Board or top management.

SECTION F

Major risks facing the Ol'kalou Municipality.

The municipality has managed to avert and control operational, market, capital credit liquidity risks

10. Environmental And Sustainability Reporting

a) Sustainability strategy and profile

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

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

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

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

b) Environmental performance

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

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

The Municipality has an approved Integrated Development Plan (IDeP) and Integrated Urban Development Plan-ISUD that guides development that takes into consideration of the environment. The municipality has a 79 acres county urban forest-Ol'kalou Arboretum and national tree planting site which are critical open space for climate change regulation and recreational facility. Three streams in the municipality are targeted for conservation of biodiversity and regulating storm water flow.

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

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

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

c) Employee welfare

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

d) Market place practices

Olkalou Municipality enhances market practices by ensuring:

Transparency and Honesty

- ❖ Providing clear information about products/services
- ❖ Avoiding exaggerated claims

Responsible Targeting.

- ❖ ensuring marketing efforts respect demographic sensitivities

- ❖ Avoiding exploitation of vulnerable populations

Sustainability and Social Responsibility

- ❖ Incorporating ethical considerations in marketing strategies
- ❖ Highlighting environmentally friendly and socially responsible practices

Training and Awareness

- ❖ Educating employees about ethical marketing standards and practices
- ❖ Fostering a culture of integrity within organizations

a) Responsible competition practice.

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

Key Principles

Fair Marketing

- ❖ Avoiding misleading advertisements and claims.
- ❖ Promoting products based on genuine quality and benefits.

Respect for Competitors

- ❖ No negative campaigning or disparagement.
- ❖ Acknowledging competitors' strengths and contributions.

Collaboration and Innovation

- ❖ Encouraging industry-wide cooperation for mutual benefits.
- ❖ Fostering innovation while respecting intellectual property rights.

Compliance with Regulations

- ❖ Adhering to antitrust laws and trade regulations.
- ❖ Reporting unethical practices to appropriate authorities.

Benefits

- ❖ Enhances brand reputation and consumer trust.
- ❖ Promotes a healthier marketplace and consumer choice.

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

b) Responsible Supply chain and supplier relations

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

Key Principles

Ethical Sourcing

- ❖ Selecting suppliers based on ethical labour practices and environmental impact.
- ❖ Conducting audits to ensure compliance with standards.

Transparency

- ❖ Providing clear information about sourcing practices to consumers.
- ❖ Maintaining open communication with suppliers regarding expectations.

Collaboration and Partnership

- ❖ Building long-term relationships with suppliers for mutual growth.
- ❖ Sharing best practices and supporting suppliers in improving their operations.

Sustainability

- ❖ Prioritizing eco-friendly materials and processes.
- ❖ Reducing waste and carbon footprint throughout the supply chain.

Benefits

- ❖ Enhances brand reputation and consumer loyalty.
- ❖ Mitigates risks related to supply chain disruptions and ethical scandals.
- ❖ Responsible supply chain practices create a positive impact not only on businesses but also on communities and the environment. If you'd like to delve deeper into any specific aspect, just let me know!

c) Responsible marketing and advertisement

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

Key Principles

Fair Marketing

- ❖ Avoiding misleading advertisements and claims.
- ❖ Promoting products based on genuine quality and benefits.

Respect for Competitors

- ❖ No negative campaigning or disparagement.

d) Product stewardship.

Olkalou Municipality ensures product stewardship through ensuring adherence to;

- ❖ Consumer Protection Laws
- ❖ Data Privacy Regulations

Transparency and Information Access

Clear Product Information

- ❖ Mandating accurate labelling and advertising to avoid deception.
- ❖ Providing comprehensive product descriptions and terms of service.

Accessibility of Information

- ❖ Ensuring consumers can easily access information about their rights.
- ❖ Creating user-friendly platforms for complaints and inquiries.

Consumer Advocacy

- ❖ Public Awareness Campaigns
- ❖ Initiatives to inform consumers about common scams and unethical practices.
- ❖ Encouraging informed decision-making through educational resources.

Mechanisms for Redress

- ❖ Complaint Resolution Processes
- ❖ Mediation and arbitration services for dispute resolution.

❖ Product Recalls and Safety Alerts

e) **Corporate social responsibility/ community engagements**

The municipality has not done CSR activity but continue to offer essential services to the public.

11. Report of the Municipality Board Members

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

Principal activities

The principal activities of the Municipality are;

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

Performance

The performance of the Municipality for the year ended June 30, 2025 are set out on page 1

Board Members

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

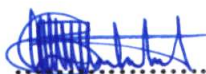
County Government of Nyandarua
Ol kalou Municipality
Annual Report and Financial Statements for the year ended June 30, 2025

Exited board members	Members who came in within the year
JudyLeah Gathoni	Josephine Muiru
Josphat Murage Warui	Teresiah Ruga
Tom Kahigu	Hon.Samuel Njiraini
	John Mwangi
	Charles Mbugua
	Priscillah Mwirigi
	Hon.Stephen Kinyanjui Mburu KK
	Eric Igogo
	Zelipha Njeri Kabuga
	Colleta Wangui Migwi

Auditors

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

By Order of the Board



.....
Name: Eric Igogo

Secretary of the Board

12. Statement of Management's Responsibilities

Section 180 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer of the Olkalou 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 Olkalou Municipality manager is responsible for the preparation and presentation of the Municipality's financial statements, which give a true and fair view of the state of affairs of the Municipality for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 Olkalou 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 Olkalou Municipality's transactions during the financial year ended June 30, 2025, and the financial position as at that date.

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

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

Approval of the financial statements

The Olkalou Municipal's financial statements were approved by the Board on ^{20/10} ___ 2025 and signed on its behalf by:



.....

Name: Priscilla Mwirigi
Chairperson of the Board



.....

Name: Eric Igogo
Accounting officer of the Board

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON OL KALOU MUNICIPALITY FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF NYANDARUA

PREAMBLE

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

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

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Ol Kalou Municipality set out on pages 1 to 47, which comprise of the statement of financial position as at 30 June, 2025,

Report of the Auditor-General on Ol Kalou Municipality for the year ended 30 June, 2025 - County Government of Nyandarua

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Ol Kalou Municipality as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Urban Areas and Cities Act No. 13 of 2011 (Amended 2019), Municipal Charter of 8 May, 2019 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amount for the year reflects total revenue budget of Kshs.69,684,200 against actual receipts on comparable basis of Kshs.18,259,237 resulting to under-funding of Kshs.51,447,433 or 74% of budget.

The under-funding of the budgets implies that the budgeted programmes may not have been implemented, thereby adversely affecting the delivery of services.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

The progress on follow-up on Auditor's recommendations section of the financial statements reflects that the following six (6) issues raised in the previous year's audit report remain unresolved as at 30 June 2025:

- i. Unconfirmed Property, Plant and Equipment balances
- ii. Unresolved prior year matters
- iii. Lack of operational autonomy at the municipality
- iv. Idle projects
- v. Lack of risk management and fraud policies
- vi. Weakness in information communication technology (ICT) environment

No satisfactory explanation was provided for the delay in resolving the issues.

Other Information

The Management is responsible for the Other Information set out on page iii to xxxvi which comprise of Key Entity Information and Management, The Ol Kalou Municipal Board, Key Management Team, Municipality Board Chairperson's Statement, Report of the Municipality Manager, Statement of Performance against predetermined objective, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Environmental and Sustainability report, Report of the Municipality Board members, Statement of Managements Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

1. Non-Compliance with Requirements on Board Composition and Representation

An analysis of the board membership appointment records for the Municipality revealed that out of the seven (7) members appointed to the Municipal Board, none were aged thirty-five (35) years and below. This indicates that there was no youth representation within the current board composition, contrary to the inclusivity requirements of Section 14(4) of the Urban Areas and Cities (Amendment) Act, 2019 and the constitutional

principles promoting youth participation in governance. Further, the review of board composition records and appointment letters indicated that none of the members appointed were persons with disabilities.

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

2. Lack of Operational Autonomy at the Municipality

During the year under review, the County Government incurred an expenditure amounting to Kshs.25,751,276 in respect of the Ol Kalou Municipality. However, although Management prepared separate financial statements as required by Section 46 (1) of the County Governments Act, 2012, it was observed that the County Government continues to perform functions which should have been transferred to the Municipality. This is contrary to Section 48(1)(a) of the County Governments Act, 2012 and the Urban Areas and Cities Act, No. 13 of 2011.

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

3. Engagement of Casuals Beyond Stipulated Period

Review of the casual payrolls revealed that twenty (20) casual workers were engaged by the County Public Service Board continuously for periods exceeding three (3) consecutive months. This is contrary to Section 37 of the Employment Act, 2007 which requires the employer to formalize the employment relationship and extend all the rights and benefits due under the law, including leave entitlements, notice period, and statutory deductions.

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective

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

Responsibilities of the Management and Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


05 December, 2025

*Ol Kalou Municipality
County Government of Nyandarua
Annual Report and Financial Statements for the year ended June 30, 2025*


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

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from the County Government	6	18,259,237	32,944,728
Public contributions and donations	7	-	-
Levies Fines and Penalties	8	-	-
Other revenues	9	-	-
Revenue from exchange transactions			
Interest income	10	-	-
Miscellaneous Income	11	-	-
		-	
Total revenue		18,259,237	32,944,728
Expenditure			
Use of goods and services	12	5,757,700	4,973,830
Staff costs	13	2,812,800	17,856,127
Board expenses	14	1,523,334	829,468
Finance costs	15	-	-
Depreciation and amortization	16	15,166,482	16,694,532
Repairs and maintenance	17	490,960	9,293,678
Total expenses		25,751,276	49,647,635
Other gains/losses			
Gain/loss on disposal of assets	18	-	-
Surplus/(deficit) for the period		(7,492,040)	(16,702,907)

The notes set out on pages 8 to 45 form an integral part of these Financial Statements. The entity financial statements were approved on 24/11/2025 2025 and signed by:



Name: Eric Igogo
Municipal Manager



Name: Samuel Ndung'u
Fund Accountant
ICPAK M/No 32778


15. Statement of Financial Position As At 30 June 2025

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	19	21,275	11,388,799
Receivables from exchange transactions	20	-	-
Receivables from non-exchange transactions	21	270,000	-
Prepayments	22	-	-
Inventories	23	-	-
Total current assets		291,275	11,388,799
Non-current assets			
Property, plant, and equipment	24	254,239,894	259,402,867
Intangible assets	25	-	-
Biological Assets	26	-	-
Total Non-current Assets		254,239,894	259,402,867
			-
Total assets (A)		254,531,169	270,791,666
Liabilities			
Current liabilities			
Trade and other payables	27	306,674	9,075,131
Refundable deposits from customers	28	-	-
Provisions	29	-	-
Borrowings	30	-	-
Employee benefit obligations	31	-	-
Deferred Income	32	-	-
Social Benefits	33	-	-
Total current liabilities		306,674	9,075,131
		-	-
Non-current liabilities			
Provisions	29	-	-
Borrowings	30	-	-
Non-current employee benefit obligation	31	-	-
Deferred Income	32	-	-
Social Benefits	33	-	-
Total liabilities (B)		306,674	-

County Government of Nyandarua
Ol kalou Municipality
Annual Report and Financial Statements for the year ended June 30, 2025

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs.	Kshs.
Net Assets (A-B)		254,224,495	261,716,535
Represented by:		-	-
Capital/Development Grants/Fund		-	-
Reserves		-	278,419,442
Accumulated surplus		254,224,495	(16,702,907)
Net Assets/Equity		254,224,495	261,716,535

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 24/10/2025 2025 and signed by:



Name: Eric Igogo
Municipal Manager



Name: Samuel Ndung'u

Fund Accountant

ICPAK M/No 32778

Date: 24/10/2025

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

Description	Capital/ Development Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
Bal as at 1 July 2023	-	-	278,419,442	278,419,442
Surplus/(deficit) for the year	-	-	(16,702,907)	(16,702,907)
Funds received during the year	-	-	-	-
Revaluation gain/loss	-	-	-	-
Bal as at 30 Jun 2024	-	-	261,716,535	261,716,535
Bal as at 1 July 2024	-	-	261,716,535	261,716,535
Surplus/(deficit) for the year	-	-	(7,492,040)	(7,492,040)
Funds received during the year	-	-	-	-
Revaluation gain/loss	-	-	-	-
Balance as at 30 June 2025	-	-	254,224,495	254,224,495

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

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government		17,989,237	32,944,728
Public contributions and donations		-	-
Interest received		-	-
Miscellaneous		-	-
Total Receipts		17,989,237	32,944,728
Payments			
Use of goods and services		15,017,119	24,438,117
Staff costs		2,812,800	17,856,127
Board expenses		1,523,334	829,468
Finance costs		-	-
Total Payments		19,353,253	43,123,712
Net cash flows from operating activities	34	(1,364,016)	10,178,984
Cash flows from investing activities			
Purchase of PPE & intangible assets		(10,003,508)	42,909,912
Proceeds from sale of PPE		-	-
Net cash flows used in investing activities		(10,003,508)	42,909,912
Cash flows from financing activities			
Receipts from Capital grants		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash equivalents		(11,367,524)	(53,088,896)
Cash And Cash Equivalents At 1 July	19	11,388,799	64,477,695
Cash And Cash Equivalents At 30 June	19	21,275	11,388,799

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
Budget carryovers from the previous year*						
Receipts						
Transfers from the County Government	-	-	-	-	-	-
Public contributions and donations	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Miscellaneous income (<i>Payment by the County on behalf of the entity</i>)	40,718,200	28,966,000	69,684,200	18,259,237	51,447,433	26%
Total Receipts	40,718,200	28,966,000	69,684,200	18,259,237	51,447,433	26%
Payments						
Use of goods and services	26,718,200	1,216,000	27,934,200	6,244,978	21,689,222	22%
Board expenses	2,000,000		2,000,000	1,523,334	476,666	76%
Staff Costs	3,200,000	12,000,000	15,200,000	2,812,800	12,387,200	19%
Finance costs	-	-	-	-	-	-
Capital Expenditure Payments	8,800,000	15,750,000	24,550,000	7,678,125	16,871,875	31%
Total expenditure Payments	40,718,200	28,966,000	69,684,200	18,259,237	51,447,433	26%
Surplus for the period	-	-	-	-	-	-

Budget notes

Explanation of underutilisation of below 90%

- Unrealized own source revenue targets due to high projection
- Urban Development Grant (UDG) was not honoured by the donor

*County Government of Nyandarua
Ol kalou Municipality
Annual Report and Financial Statements for the year ended June 30, 2025*

- Municipality only pay casual salaries while permanent employee seconded to Municipality are paid by county executive

Explanation of changes between original and final budget

- To cater for security expenses and employee salaries
- To honour Urban Development Grant (UDG) fund in case the donor remits

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	-
1	Recognition of Cash and Cash Equivalents At 1 July 2024	11,388,799
2	Building works paid under commercial account	(2,325,383)
3	Bank charges	(3,683)
4	Decrease in payables	(8,768,457)
5	Increase in receivable	(270,000)
	Closing Cash and Cash Equivalent as per the statement of Cash flows	21,275

19. Notes to the Financial Statements

1. General Information

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

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

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

2. Statement of Compliance and Basis of Preparation

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

The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note of these financial statements.

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

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

3. Application of New and revised standards (IPSAS)

(When an IPSAS becomes effective on 1st January 2025, it is applicable in Kenya from 1st July 2025)

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

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

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

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

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

	<p>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</p> <p>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</p>
	N/A

iii. Early adoption of standards

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

4. Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2024/25 was approved by the County Assembly on 27th June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Olkalou Municipality upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Olkalou Municipality recorded additional appropriations of Kshs 28,966,000 on 28th March 2025 following the governing body's approval.

The Olkalou Municipality budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on

accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Cashflows has been presented under page 5 of these financial statements.

c) Property, plant and equipment

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

d) Intangible assets

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

e) Biological Assets

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

f) Financial instruments

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

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

Financial assets

Classification of financial assets

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

on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

g) Inventories

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

Raw materials: purchase cost using the weighted average cost method

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

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

or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Municipality.

h) 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.

i) Social Benefits

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

j) Contingent liabilities

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

k) Contingent assets

The 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

l) Changes in accounting policies and estimates

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

m) Employee benefits – Retirement benefit plans

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

n) Foreign currency transactions

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

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 Olkalou 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 Olkalou Municipality Managers and Olkalou Municipality Accountant.

q) Cash and cash equivalents

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

r) Comparative figures

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

s) Events after the reporting period

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

Two types of events can be identified:

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

(b) Those that are indicative of conditions that arose after the reporting date (*non-adjusting events 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.) and the values rounded off to the nearest shilling.

5. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made.

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Olkalou 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 Olkalou Municipality.
- ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- iii) The nature of the processes in which the asset is deployed.
- iv) Availability of funds to replace the asset.
- v) Changes in the market in relation to the asset.

Notes to the Financial Statements

6. Transfers from the County Government

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	-	-
Payments by County on behalf of the entity	18,259,237	32,944,732
Unconditional development grants	-	-
Total	18,259,237	32,944,732

. These were payment made by Nyandarua county executive on behalf of Ol kalou Municipality

(a) Transfers from County Government entities (Categorized)

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

7. Public Contributions and Donations

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

8. Levies, Fines and penalties

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Levies	-	-
Fines	-	-
Penalties	-	-
Others (<i>indicate and specify</i>)	-	-
Total	-	-

9. Other Revenues

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Transfers from other government entities	-	-
Others	-	-
Total	-	-

10. Interest income

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Interest income from investments	-	-
Interest income on bank deposits	-	-
Others (<i>Specify</i>)	-	-
Total interest income	-	-

11. Miscellaneous income

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Income from sale of tender documents	-	-
Others (<i>specify</i>)	-	-
Total other income	-	-

12. Use of Goods and Services

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Utilities, supplies and services	254,916	134,180
Communication, supplies and services	95,910	57,580
Domestic travel and subsistence	1,350,705	544,990
Foreign travel and subsistence	-	-
Printing, advertising, supplies & services	126,520	68,990
Rent and rates	-	-
Training expenses	22,470	100,000
Hospitality supplies and services	373,540	384,792
Insurance costs	-	-
Specialized materials and services	100,000	-
Office and general supplies and services	383,472	200,000
Fuel, oil and lubricants	799,985	999,973
Other operating expenses	430,000	2,254,000
Routine maintenance – vehicles and other equipment	-	-
Routine maintenance – other assets	-	-
Contracted Professional Services	1,816,500	-
Audit fees	-	-
Hire of Transport, equipment etc	-	-
Bank Charges	3,683	8,375
Social Benefit expenses*	-	-
Total	5,757,700	4,973,830

13. Staff costs

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Salaries and wages	-	15,331,927
Staff gratuity	-	-
Social security contribution	-	-
Other staff costs (<i>Casual</i>)	2,812,800	2,524,200
Total	2,812,800	17,856,127

14. Board expenses

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Chairman/Members' Honoraria		
Sitting allowances	822,230	227,780
Medical Insurance	-	-
Induction and Training	-	-
Travel and accommodation	493,604	601,688
Conference Costs	207,500	-
Other allowances (<i>Specify</i>)	-	-
Total	1,523,334	829,468

15. Finance costs

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
Total	-	-

16. Depreciation and amortization

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Property, plant and equipment	15,166,482	16,694,532
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	15,166,482	16,694,532

17. Repairs and Maintenance

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Property- Buildings	-	-
Office equipment	-	-
Furniture and fittings	-	-
Motor vehicle expenses	490,960	-
Maintenance of civil works	-	9,293,678
Total repairs and maintenance	490,960	9,293,678

18. Gain/(loss) on disposal of assets

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

19. Cash and cash equivalents

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Fixed deposits account	-	-
On – call deposits	-	-
Current account	21,275	11,388,799
Others(<i>specify</i>)	-	-
Total cash and cash equivalents	21,275	11,388,799

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

Financial institution	Account number	FY 2024/2025	FY 2023/2024
		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			
Equity Bank - UDG	620277326491	12,642	3,770,756
Equity Bank - UIG	620278998041	1,790	1,790
Equity Bank - RETENTION	620284416874	6,844	7,616,253
Sub- total		21,275	11,388,799
d) Others(specify)			
Cash in transit		-	-
Cash in hand		-	-
Mobile Money		-	-
Sub- total		-	-
Grand total		21,275	11,388,799

20. Receivables from exchange transactions

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Current Receivables	-	-
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total Current receivables (a)	-	-
	-	-
Non-Current receivables	-	-
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total Non- current receivables (b)	-	-
Total	-	-

Ageing analysis for Receivables from exchange transactions

Description	FY 2024/2025		FY 2023/2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	-	-	-
Between 1- 2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total (a+b)	-	-	-	-

21. Receivables from Non-Exchange transaction

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Transfer from County Executive	270,000	-
Transfer from Fund	-	-
Total	270,000	-

Ageing analysis for Receivables from non-exchange transactions

Description	FY 2024/2025		FY 2023/2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	270,000	100%	-	-
Between 1- 2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	270,000	100%	-	-

22. Prepayments

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Insurance	-	-
Rent	-	-
Water	-	-
Internet	-	-
Other (specify)	-	-
Total	-	-

23. Inventories

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Consumable stores	-	-
Medical supplies	-	-
Spare parts and meters	-	-
Water for distribution	-	-
Other goods held for resale	-	-
Catering	-	-
Less: allowance for impairment	-	-
Total inventories at the lower of cost and net realizable value	-	-

Detailed Disclosure on Inventories

	FY 2024/2025	FY 2023/2024
Opening balance	-	-
Additional Inventory in the year	-	-
Inventory expensed in the year	-	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	-	-

24. Property, Plant and Equipment

Description	Building	Road Infrastructure	Motor vehicles	Infrastructure assets	Furniture and fittings	Computers	Capital Work in progress	Total
	Shs	Shs	Shs		Shs	Shs	Shs	Shs
Depreciation Rate	2%	10%	10-16.67%	2-20%	12.5%	30%		
As at 1 July 2023	35,605,680	130,568,631	17,932,324	11,959,436	6,484,930	1,500,000	66,560,503	270,611,504
Additions	108,271,965	-	-	-	-	1,198,450	-	109,470,415
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	(66,560,503)	(66,560,503)
Revaluation Adjustment	-	-	-	-	-	-	-	-
As at 30th June 2024	143,877,645	130,568,631	17,932,324	11,959,436	6,484,930	2,698,450		313,521,416
Additions for the year	2,325,383			7,178,125			500,000	10,003,508
Disposals for the year	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
Revaluation Adjustment	-	-	-	-	-	-	-	-
As at 30th June 2025	146,203,028	130,568,631	17,932,324	19,137,562	6,484,930	2,698,450	500,000	323,524,924
Depreciation and impairment							-	
At 1 July 2023	3,276,161		17,932,325	11,959,437	2,756,095	1,500,000	-	37,424,018

County Government of Nyandarua
 Ol Kalou Municipality
 Annual Report and Financial Statements for the year ended June 30, 2025

Description	Building	Road Infrastructure	Motor vehicles	Infrastructure assets	Furniture and fittings	Computer	Capital Work in progress	Total
	Shs	Shs	Shs		Shs	Shs	Shs	Shs
Depreciation Rate	2%	10%	10-16.67%	2-20%	12.5%	30%		
Depreciation	2,812,030	13,056,863			466,104	359,535	-	16,694,532
Impairment	-	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-	-
As at 30 June 2024	6,088,191	13,056,863	17,932,325	11,959,437	3,22,199	1,859,535	-	54,118,550
Depreciation for the year	2,755,789	11,751,177			407,841	251,675	-	15,166,482
Disposals for the year	-	-	-	-	-	-	-	-
Impairment for the year	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
As at 30th June 2025	8,843,980	24,808,040	17,932,325	11,959,437	407,841	2,111,210	0	69,285,032
NBV as at 30th Jun 2024	137,789,454	117,511,768			3,262,731	838,915	-	
NBV as at 30th Jun 2025	137,359,048	105,760,591		7,178,125	2,854,890	587,241	-	259,402,868
							500,000	254,239,894

Work In progress relates to Partly paid KUSP infrastructure project

25. Intangible assets

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Cost	-	-
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
	-	-
Amortization and impairment	-	-
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

26. Biological Assets

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Trees in a plantation forest		
Animals: Dairy Cattle, Pigs, Sheep		
Others specify		
Total		

27. Trade and Other Payables

Description	FY 2024/2025		FY 2023/2024	
	Kshs		Kshs	
Trade payables	292,274		-	
Retentions	14,400		9,075,131	
Accrued expenses	-		-	
Other payables (<i>Specify</i>)	-		-	
Total trade and other payables	306,674		9,075,131	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	292,274	95%	5,475,627	60%
1-2 years	14,400	5%	3,599,504	40%
2-3 years	-	-	-	-
Over 3 years	-	-	-	-

County Government of Nyandarua

Ol Kalou Municipality

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

Total	306,674	100%	9,075,131	100%
--------------	----------------	-------------	------------------	-------------

28. Refundable deposits and prepayments from customers

Description	FY 2024/2025		FY 2023/2024	
	Kshs		Kshs	
Rent deposits	-		-	
Prepayments	-		-	
Others (<i>specify</i>)	-		-	
Total	-		-	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	-	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	-	-	-	-

29. Provisions

Description	FY 2024/2025		FY 2023/2024	
	Kshs.		Kshs.	
Balance at the beginning of the year	-		-	
Additional Provisions (<i>Specify</i>)	-		-	
Provision utilised	-		-	
Balance at the end of the year	-		-	
Current Portion of provision	-		-	
Long term portion of provision	-		-	
Total Provisions	-		-	

30. Borrowings

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

Description	FY 2024/2025		FY 2023/2024	
	Kshs.		Kshs.	
Short term borrowings (current portion)	-		-	
Long term borrowings	-		-	
Total	-		-	

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Balance at beginning of the period	-	-
Borrowings during the year	-	-
Repayments of borrowings during the period	-	-
Balance at end of the period	-	-

The table below shows the Distribution of borrowings:

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
Total balance at end of the year	-	-

31. Employee Benefit Obligations

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

32. Deferred Income

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
National/County Government	-	-
International Funding Bodies	-	-
Public Contributions and Donations	-	-
Total Deferred Income	-	-

The deferred income movement is as follows:

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

Analysed as:

Description	Amount
	Kshs
Current	-
Non- Current	-
Total	-

33. Social Benefit Liabilities

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
PWD benefit scheme	-	-
Elderly social benefit scheme	-	-
Total	-	-
	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

34. Cash generated from operations

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax	(7,492,040)	(16,702,907)
Adjusted for:		
Depreciation	15,166,482	16,694,532
Amortisation		-
Gains/ losses on disposal of assets		-
Working Capital adjustments		-
Increase in inventory		-
Increase in receivables	(270,000)	-
Decrease in payables	(8,768,458)	(10,170,609)
Net cash flow from operating activities	(1,364,016)	(10,178,984)

35. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Ol kalou 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) Ol kalou Municipality Board

b) Related party transactions

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Board Members	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Due from parent Ministry	-	-
Due from County Government	-	-
Due from County Assembly	-	-
Total	-	-

e) Due to related parties

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Due to County Assembly	-	-
Total	-	-

36. Contingent liabilities

Contingent liabilities	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Court case against the entity	-	-
Bank guarantees	-	-
Total	-	-

37. Contingent Assets

Contingent liabilities	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Court case against the entity	-	-
Others Specify	-	-
Total	-	-

38. Financial risk management

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

I. Credit risk

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

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

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
At 30 June 2025				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
	-	-	-	-
At 30 June 2024				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

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

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

II. Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 Jun 2025	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 Jun 2024	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

III. Market risk

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

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

IV. Foreign currency risk

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

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

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs.	Kshs.	Kshs.
2025		-	-
Euro	10%	-	-
USD	10%	-	-
2024		-	-
Euro	10%	-	-
USD	10%	-	-

V. Interest rate risk

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

Management of interest rate risk

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

VI. Capital risk management.

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

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Revaluation reserve	-	-
Capital/Development Grants/City/Municipality	-	-
Accumulated surplus	-	-
Total Funds	-	-
	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

39. Program for Results (PforR) Disclosure

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

Name of the PforR: N/A	
Financing Partners: N/A	
Purpose of the PforR: N/A	
Expenditure Details	Amount in Kshs
Cumulative actual expenditures for the previous years	
Actual expenditure in the current financial year.	
<ol style="list-style-type: none"> 1. Employee Cost 2. Use of goods and Services 3. Grants and Subsidies 4. Building of ECDE facilities 5. Others (specify) 	
Sub-total	
Cumulative Actual Expenditures to date	

20. Appendices

Appendix 1. Progress on Follow up of Auditors Recommendations.

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Unconfirmed property, plant and equipment balances	Management is currently developing Asset and disposal policy	Not Resolved	30 th June 2026
2	Unresolved prior year matters	Management is on the process of developing all policies queried by the auditor	Not resolved	30 th June 2026
3	Lack of operational autonomy at municipality	Management has taken various steps to fast-track autonomy of municipality	Partially resolved	30 th June 2026
4	Idle projects	Management is in the process of	Partially resolved	30 th June 2026

County Government of Nyandarua
 Ol Kalou Municipality
 Annual Report and Financial Statements for the year ended June 30, 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		operationalizing the idle project		
5	Lack of risk management & fraud policies	The management is in the process of developing the management & fraud policy	Not resolved	30 th June 2026
6	Weakness in information communication technology (ICT) environment	The management is in the process of developing the ICT policy	Not resolved	30 th June 2026



Eric Igogo
The Accounting officer

Appendix 3: Reporting of Climate Relevant Expenditures

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

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

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

Appendix 4: Disaster Expenditure Reporting Template

Date:

Entity

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						