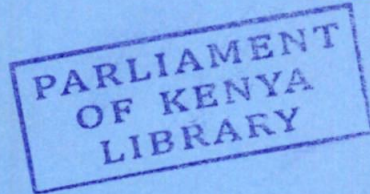


REPUBLIC OF KENYA

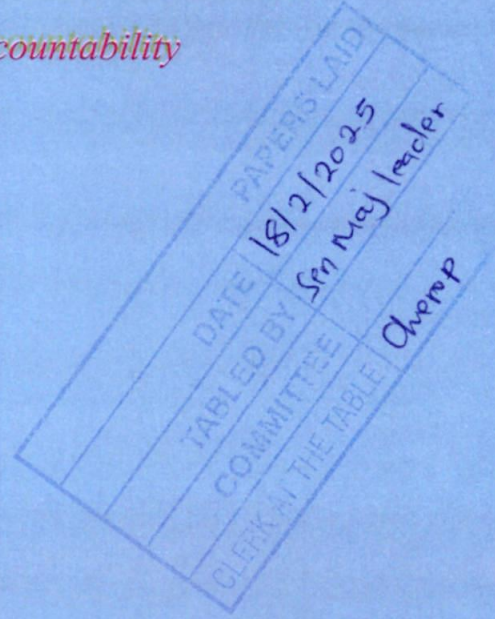


*Enhancing Accountability*

**REPORT**



**OF**

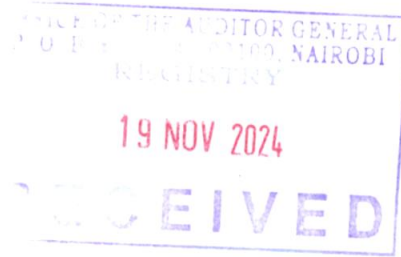


**THE AUDITOR-GENERAL**

**ON**

**THIKA MUNICIPALITY**

**FOR THE YEAR ENDED  
30 JUNE, 2024**



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# THIKA MUNICIPALITY

*County Government of Kiambu*

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE 2024

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

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## **1. Acronyms & Glossary of Terms**

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

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

### **a) Background information**

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

### **b) Principal Activities**

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

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

The municipality will strive to achieve the above Mission by;

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

### **c) Key Management**

The Municipality management is under the following key organs:

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

### **d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2024 and who had direct fiduciary responsibility were:

<b>SN</b>	<b>Position</b>	<b>Name</b>
1	Municipality Manager	Gathii Kanyi
2	Resident Engineer	Eng Peter Karanja
3	Programme Coordinator	Martin Kangiri
4	Assistant Resident Engineer	Nelson Wanjohi

**e) Fiduciary Oversight Arrangements**

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

**f) Registered Offices**

P.O. Box 240-01000 Thika  
Town Hall Building/House/Plaza  
Kenyatta Highway  
Thika, Kenya

**g) Contacts**

Telephone: (+254)722287637  
E-mail: thikamunicipality@kiambu.go.ke  
Website: Kiambu.go.ke

**h) Bankers**

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

**i) Independent Auditor**




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




**j) Principal Legal Adviser**

The Office of the County Attorney  
County Government of Kiambu  
P.O. Box 2344 - 00200  
Kiambu, Kenya

3. Municipality Board

<p><b>Chairman, Thika Municipal Board</b></p>  <p><b>Independent Board Member</b></p>	<p>Personal Details:</p> <p>Age:67</p> <ul style="list-style-type: none"> <li>• Joseph G. Mwangi</li> <li>• 18th December 1957</li> </ul> <p>Education:</p> <ul style="list-style-type: none"> <li>• Diploma in Business Technical Education Program (TEP)</li> <li>• Certificate in Engineering, Surveying and Photogrammetry</li> <li>• Certificate in Building Construction Engineering</li> </ul> <p>Work:</p> <ul style="list-style-type: none"> <li>• Businessman</li> <li>• Member of Kenya Private Sector Alliance</li> <li>• Management Member of Kenya Auto Bazaar Association</li> <li>• Chairman, Board of Management, Kathak Secondary School</li> <li>• Infrastructure Development committee</li> <li>• Legal committee</li> </ul>
 <p><b>Vice Chairperson, Thika Municipal Board</b></p> <p><b>Independent Board Member</b></p>	<p>Personal details</p> <ul style="list-style-type: none"> <li>• Rachel Wanjiru Njue Mrs</li> <li>• 13th Sept. 1966 (58 yrs)</li> </ul> <p>Education</p> <ul style="list-style-type: none"> <li>• Diploma in Banking and Finance</li> </ul> <p>Work</p> <ul style="list-style-type: none"> <li>• Former Banker</li> <li>• Entrepreneur in Confectionery and banking accessories</li> <li>• Gender Mainstreaming committee</li> <li>• Infrastructure Development committee</li> </ul>

 <p><b>Independent Board Member</b></p>	<p>Personal Details:</p> <p>Age:55</p> <ul style="list-style-type: none"> <li>• John Kimaru</li> <li>• Age:</li> </ul> <p>Education:</p> <ul style="list-style-type: none"> <li>• Diploma in Theology Studies</li> <li>• TEE Certificate in Theology</li> <li>• PCEA Theological Education</li> </ul> <p>Work:</p> <ul style="list-style-type: none"> <li>• Chairman: Jamhuri Market, Makongeni PCEA Church, Dr. Ngoima School</li> <li>• Makongeni PCEA Parish Finance Member</li> <li>• Infrastructure Development committee</li> <li>• Legal committee</li> </ul>
 <p><b>Independent Board Member</b></p>	<p>Personal Details:</p> <ul style="list-style-type: none"> <li>• Mumbi. A Ng'aru Hon. E.B.S</li> <li>• 25th August, 1959 (65 Years)</li> </ul> <p>Education:</p> <ul style="list-style-type: none"> <li>• Bachelor of Arts in Social Work – Honours</li> </ul> <p>Work:</p> <ul style="list-style-type: none"> <li>• Thika Municipal Council Nominated Councillor</li> <li>• Thika Municipality - Deputy Mayor</li> <li>• Thika Municipality - H.W. Mayor</li> <li>• Gender Mainstreaming committee</li> <li>• Legal committee</li> </ul>
 <p><b>Independent Board Member</b></p>	<p>Personal Details:</p> <ul style="list-style-type: none"> <li>• Rev Peter Kenyanjui</li> <li>• Born 1947</li> </ul> <p>Education:</p> <ul style="list-style-type: none"> <li>• Master of Divinity.</li> </ul> <p>Work:</p> <ul style="list-style-type: none"> <li>• Worked with Nairobi County as Technical assistance Road's Department</li> <li>• Deputy Secretary General (PCEA)</li> <li>• Church Minister</li> <li>• Legal committee</li> <li>• Finance, Revenue &amp; Audit committee</li> </ul>

 <p><b>Independent Board Member</b></p>	<p>Personal Details:</p> <ul style="list-style-type: none"> <li>• Mr Thome Paul Jomo,</li> <li>• Born 8/4/1967 (57 Years)</li> </ul> <p>Education:</p> <ul style="list-style-type: none"> <li>• Diploma in Applied Theology and Community Leadership,</li> <li>• Diploma in Transformational church leadership,</li> <li>• Theological education by extension,</li> </ul> <p>Work:</p> <ul style="list-style-type: none"> <li>• HR at GK and Bros for 10years,</li> <li>• Director at Truckmasters Company,</li> <li>• Infrastructure Development committee</li> <li>• Finance, Revenue &amp; Audit committee</li> </ul>
 <p><b>Independent Board Member</b></p>	<p>Personal Details:</p> <ul style="list-style-type: none"> <li>• Hezron Muiruri Githua</li> <li>• Born 7/7/1959 (65 Years)</li> </ul> <p>Education:</p> <ul style="list-style-type: none"> <li>• Diploma in Theology</li> <li>• Electrical installation</li> </ul> <p>Work</p> <ul style="list-style-type: none"> <li>• Senior technician Automatic Tech</li> <li>• Factory Supervisor, EABL</li> <li>• Finance, Revenue &amp; Audit committee</li> <li>• Legal Committee</li> </ul>
<p><b>Key Management Team</b></p>	
<p>I. Municipal Manager:</p>  <p><b>Gathii Kanyi</b></p>	<p>Age:44</p> <p>Gathii Kanyi is the Manager, Thika Municipality. He is a Management and Administration expert. He holds Masters Degree in Entrepreneurship, Bachelors degree in Education and Certified Public Accountant (CPA 2) Gathii Kanyi has vast knowledge and experience in Project Management, Budgeting, Grant Writing, Community based planning, Policy analysis Urban Development, Financial monitoring, and forecasting among others.</p>

<p>2. Resident Engineer</p>  <p>Peter Karanja Njenga</p>	<p>Age:44</p> <p>Eng. Njenga is a holder of a Master's of Science in civil engineering from the University of Nairobi. He holds a BSc degree in Civil Engineering from the University of Nairobi and has 17 years' experience in different fields of structural and civil engineering works namely contracts management, material testing and analysis, construction supervision of structures and road projects and structures design.</p> <p>Registered Professional Engineer with the Engineer's Board of Kenya (EBK) and a Corporate Member under the Institution of Engineers of Kenya (IEK).</p>
<p>3. Assistant Resident Engineer</p>  <p>Nelson Wanjohi</p>	<p>Age:36</p> <p>BSC Civil Engineering from JKUAT university and pursuing Msc. Project Management with over 14 years' experience in civil works and is registered by Engineers Board of Kenya (EBK) as a graduate engineer and by the Institute of Engineers of Kenya as a graduate member.</p> <p>Has 6 years' experience in the Private sector and 8 years' experience in the public sector and currently the assistant resident engineer in Thika Municipality.</p>
<p>1. CECM MAUD</p>  <p>Salome Muthoni Wainaina</p>	<p>Age:52</p> <p>Salome Wainaina is a holder of a Bachelor of Economics and Political Science degree and has an MBA in Strategic Management. She additionally has certifications in in Leadership and Governance courses.</p> <p>She has over 20 years' experience in marketing and strategic management in both private and public sector.</p>
<p>2. Chief Officer MAUD</p>	<p>Age:39</p> <p>Martin has an ongoing Ph.D. Urban Economics-University of South Africa, an Executive Diploma in Urban Development - London School of Economics and Political Science, Master of Economics (Finance) and Bachelor of Arts (Economics).</p>



Martin Kangiri

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

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

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

### **Successes made.**

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

### **Review of the Municipality Board's performance**

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

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

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

### **Challenges faced**

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

**Future outlook of the Municipality Board**

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

On the governance front, the Board inducted 6 new board members into the activities and operations of the Municipality. The 6 members have brought on the board fresh and diverse perspectives and increased the efficiency and reach of the Municipality.

**Name: J.G. Mwangi**



.....

**Chairperson of the Board**

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

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

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

### **Financial Overview**

The financial performance during the period was dependent on the Annual Performance Appraisal (APA) on the performance of the municipality under KUSP- World Bank conditional grant which is a Performance for Results Program(P4R). The municipality was able to absorb all the funds granted in the grant during the FY 2023/24.

### **Public Participation**

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

### **Staff Acquisition**

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

### **Future Plans**

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

**Name: Gathii Kanyi**



.....  
**Municipality Manager**

## **7. Statement of Performance Against Predetermined Objectives for the FY 2023/2024**

### **Introduction**

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

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

Most of the projects listed below were continuing projects from FY 2022/2023 since there was no funding for the year FY 2023/2024.

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

County Government of Kiambu

Thika Municipality

Annual Report and Financial Statements for the period ended June 30<sup>th</sup>, 2024

Programme Name: Thika Municipality						
Objective: To Improve Infrastructural Developments in Thika Municipality and it's Urban Areas						
Outcome: Creation of liveable cities, improved urban infrastructure, revenue improvement						
Sub Programme	Key output	Key performance indicator	Baseline			
			Year	Value	Planned Target FY 23/24	Actual FY 23/24
General Administration & Support Services: Costing of Salaries	Improved efficiency and effectiveness in quality service delivery	No. of Officers Recruited	2022	0	2	1
Staff Training and development programs	Sustainable and satisfied work force	No. of staff sponsored for promotional, refresher courses & CPD programs	2022	0	10	12
Operation & Maintenance: General office	Consistency of information, methods, skills and controls	No. of offices equipped & furnished and general office maintenance	2022	0	1	1
Construction and upgrading of Municipal Infrastructures	Improvement of Roads	Kilometres of Roads Constructed	2022	km	5km	5km
	Improvement of Sewer System	Kilometres of Sewer lines constructed	2022	km	0km	0km
	Improvement of Street Lighting	No. of Street Lights Installed	2022	0	50	50
	Improvement of Bus Parks	No. Bus parks Rehabilitated	2022	0	0	0
	Improvement of Market sheds & Ablution Blocks	No. of Market sheds & Ablution Blocks	2022	0	0	0
	Construction & Rehabilitation of Stadium	No. of Stadia built or rehabilitated	2022	0	0	0
	Provision of Waste Management & Equipment	No. of Waste Management stations constructed or/& Equipment bought	2022	0	0	0
	Improvement of NMT & Parking Lots	No. of NMTs & Parking Lots constructed	2022	km	6km	5km
	Construction of Recreational centers	No. Recreational facilities Constructed	2022	0	0	0
	Construction of Fire station and Purchase of Disaster management Equipment	No. of Fire stations constructed and Disaster management Equipment Purchased	2022	0	0	0
	Construction of Storm water Drains	Kilometers of storm water Drains Constructed	2022	km	5 km	5 km
Renewable Energy and Climate Change	Incorporation of green energy as an alternative source of power within the municipality	No. of KWh units of wind energy generated	2022	0	0	0
		Volume of bio gas produced	2022	0	0	0
		No. of KWh units of solar PV energy generated	2022	0	0	0
<b>Total</b>						

## **8. Corporate Governance Statement**

### **Roles of Thika Municipal Board**

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

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

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

The key instruments within the framework are

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

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

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

employment centers, residential areas, recreational areas, parks, entertainment, passenger transport, agriculture, and freight and transit stations within the framework of the spatial and master plans for the Municipality as delegated by the County executive committee.

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

### **Board Induction and Training**

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

### **Board Meetings**

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

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

### **Ethics and conduct as well as governance audit**

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

## 9. Management Discussion and Analysis

Key Projects done during FY 2023/2024 The municipality has increased revenue collection improving financial performance of the entity within the year by improving service delivery and enforcement.

The county devolved all functions to the municipalities thus making them autonomous.

Thika Municipality						
Project Name	Contract Sum	Contractor	Implementation %	Start date	End date	Comments
Upgrading Of Gwa Kairu Road (1 Km) To Bituminous Standards In Thika Municipality	47,215,190.00	GOLDEN YEARS SUPPLIES	100%	10th March 2022	30th June 2024	Project Complete and certificate of completion issued after lapse of DLP period
Proposed construction of jkuat gate a –uchumi junction in juja to bitumen standards in thika municipality	47,215,190.00	Pejom Contractors	90%	10th March 2022	30th June 2024	Project Substantially Complete

### Compliance with statutory requirements

The municipality is compliant with the various statutory requirements:

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

### Major risks facing the organization

#### 1.Unaligned Thika Municipality Charter

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

**2.Lack of implementation of the Governance and Institutional Framework**

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

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

### *1. Sustainability strategy and profile*

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

### *2. Environmental performance*

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

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

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

Promoting greater public awareness and behavior change.

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

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

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

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

### *3. Employee welfare*

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

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

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

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

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

The Board Members submit their report together with the audited financial statements for the year ended June 30<sup>th</sup>, 2024 which show the state of the Municipality affairs.

### **Principal activities**

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

### **Performance**

The performance of the Municipality for the year ended June 30<sup>th</sup>, 2024 are as set out in earlier context.

### **Board Members**

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

### **Auditors**

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



.....  
**Name: Gathii Kanyi**  
**Secretary of the Board**

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

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

The Municipality manager is responsible for the preparation and presentation of the Municipality's financial statements, which give a true and fair view of the state of affairs of the Municipality for and as at the end of the financial year ended on June 30<sup>th</sup>, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Municipality, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) Safeguarding the assets of the Municipality, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

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

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

assessed the Municipality's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

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

**Approval of the financial statements**

The Municipalities financial statements were approved by the Board on 16th September 2024 and signed on its behalf by:



.....  
**Name: J. G. Mwangi**

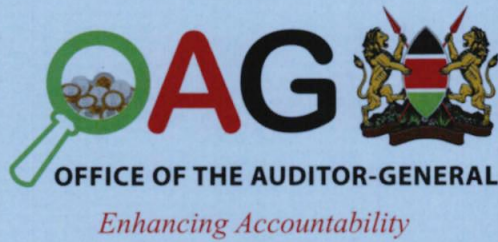
**Chairperson of the Board**



.....  
**Name: Gathii Kanyi**

**Municipal Manager**

# REPUBLIC OF KENYA



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

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

## **REPORT OF THE AUDITOR-GENERAL ON THIKA MUNICIPALITY FOR THE YEAR ENDED 30 JUNE, 2024**

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### **Qualified Opinion**

I have audited the accompanying financial statements of Thika Municipality set out on pages 1 to 30, which comprise the statement of financial position as at 30 June, 2024

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*Report of the Auditor-General on Thika Municipality for the year ended 30 June, 2024*

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Thika Municipality as at 30 June, 2024 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 Urban Areas and Cities Act, 2011 and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Inaccuracies in the Financial Statements**

Review of financial statements revealed the following errors and inaccuracies: -

- i. The statement of financial position reflects comparative balance for property, plant and equipment of Kshs.101,765,297 while the audited financial statements for the financial year 2022-2023 reflected a nil balance. The statement also reflects comparative balance for accumulated surplus of Kshs.126,771,986 while the audited financial statement reflected accumulated surplus of Kshs.25,006,688 resulting to a variance of Kshs.101,765,297. Further, the statement reflects accumulated surplus of Kshs.126,753,235 while the statement of changes in net assets reflects accumulated surplus of Kshs.15,105,768 resulting to a variance of Kshs.111,647,467.
- ii. The statement of cash flows reflects net cash flows from operating activities of Kshs. (18,750) which was not supported by the reconciliation in Note 33 of the financial statements for accuracy as required by the template.
- iii. The statement of comparison of budget and actual amounts reflects total actual on comparable basis amount of Kshs.9,882,170 against the recalculated amount of Kshs.9,900,920 resulting to variance of Kshs.18,750.
- iv. Note 22 of the financial statements under property, plant and equipment reflects comparative balance and additions as at 1 July, 2022 for other assets as nil and Kshs.101,765,297 respectively, instead of Kshs.313,446,160 and Kshs.96,896,553 as per audited financial statements. Further, closing balances for other assets as at 30 June, 2023 and 30 June, 2024 were reflected as Kshs.101,765,297 and Kshs.111,647,467 instead of Kshs.411,537,272 and Kshs.421,419,442 respectively.

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

## **2. Misstatement of Property, Plant and Equipment**

The statement of financial position and Note 22 to the financial statements reflects property, plant and equipment balances of Kshs.111,647,467 and Kshs.101,765,297 for the financial years ended 30 June, 2023 and 2024 respectively, in respect to infrastructure projects. However, the audited financial statements for the year 2022-2023 reflects property, plant and equipment closing balance of Kshs.411,537,272. The variance of Kshs.309,771,957 in the comparative balance was not explained or supported. Further, the financial statements reflects nil balance for depreciation of property, plant and equipment.

In addition, review of the donor fund transfers schedule revealed that the Municipality received a total amount of Kshs.689,206,165 for the period between 2018 to 2021 for project development in Thika Municipality. However, the said capital projects were not disclosed under the property, plant and equipment and Management did not prepare the asset register to record the assets acquired.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.111,647,467 could not be confirmed.

## **3. Irregular Accounting of Payments for Infrastructure Projects**

The statement of financial performance and as disclosed in Note 15b to the financial statements reflects infrastructure projects expenditure totalling Kshs.9,882,170. However, the amount is reported as an expenditure instead of property, plant and equipment.

In the circumstances, the accuracy and completeness of the infrastructure project payments totalling Kshs.9,882,170 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Thika 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 qualified opinion.

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.Nil, resulting in no revenue budget or funding of the Municipality. Further, the statement reflects final expenditure budget and actual on comparable basis totalling Kshs.10,020,000 and Kshs.9,882,170 respectively, resulting to under expenditure of Kshs.137,830 or 1% of the budget.

Failure to fund the approved budget is an indication that all activities and projects in the annual work-plan were not implemented by the County Executive which may have negatively impacted on the delivery of services to the public.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

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

The audit report for the year ended 30 June, 2023 raised several unsatisfactory issues in regard to balances reflected in the financial statements, lawfulness and effectiveness in use of resources and effectiveness of internal controls, risk management and governance. However, the issues remained unresolved as at 30 June, 2024 and the status of the issues has not been incorporated in the financial statements.

### **Other Information**

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

In connection with my audit on the Thika 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 effect of the matters described in the Basis for Conclusion on

*Report of the Auditor-General on Thika Municipality for the year ended 30 June, 2024*

Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

### **1. Non-Compliance with Public Sector Accounting Standards Board Reporting Template**

Review of financial statements revealed the following anomalies:

- i. Management discussion analysis does not contain discussion on operational and financial performance of the entity.
- ii. The head of finance did not indicate his ICPAK number.
- iii. The statement of management responsibilities contains the date of June 30<sup>th</sup>, 2023 instead of June 30<sup>th</sup>, 2024.
- iv. Note 33 for cash generated from operations reconciliation has been omitted from the financial statements.
- v. Appendix on progress on follow up of the auditor's recommendation has been omitted from the financial statements and instead the statement of performance has been inserted.
- vi. Report of the Independent Auditor on the financial statements contains information that should be deleted since the page should be blank. Further, blank page numbered xxvii should be removed.
- vii. The statement of financial performance and the statement of financial position have not been signed by the Chairman of the Municipality.

In the circumstances, the preparation and presentation of the annual reports and financial statements is not as per the standards prescribed and published template by the Public Sector Accounting Standards Board.

### **2. Lack of Accountability in Retention Money**

The statement of financial position and as disclosed in Note 24 reflects trade and other payables on comparable basis of nil balance. However, review of the ledger provided for payments related to infrastructure revealed total payments of Kshs.9,882,130 made during the year in respect of retention payments which were not provided for or withheld in a deposit account. Further, the retention money has not been supported by the retention register and movement schedule.

In the circumstances, the payments made were contrary to the law.

### **3. Failure to Provide Annual Revenue Estimates**

The Urban and Cities Act, 2011 requires Thika Municipality to prepare and submit revenue estimates for approval by the Board committee, the Board itself and the County Assembly. However, no evidence was provided to show that Management prepared and submitted revenue estimates for the financial year 2023/2024 for approval as required.

In the circumstances, Management was in breach of the law and the budgetary controls were not effective.

### **4. Failure to Conduct an Annual Performance Review of the Integrated Development Plan**

Review of Municipality records revealed that there was no evidence provided to confirm that annual performance review of the integrated development plan was conducted as required by the law.

In the circumstances, the payments made were contrary to the law.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Lack of Risk Management Policy and Disaster Recovery Plan**

Thika Municipality spent an amount totalling Kshs.9,900,920 during the year under review. Review of the Municipal's records, processes and systems revealed that it operated without a risk management policy and thus had no framework for management of risks. Further, the Municipal did not have a disaster recovery or business continuity plan. In the absence of a disaster recovery or business continuity plan, the Council lacks a blue print for identifying, preventing and mitigating against disasters and ensuring that its operations are not interrupted. In addition, there are no mechanisms in place to recover lost data in case of a disaster.

In the circumstances, the lack of policies may lead to weak internal controls and failure to prevent or detect risks.

## **2. Lack of Board and Committee Charter**

The Municipality as per the Urban Areas and City Act, is required to have the Board and the Committees of the Board. Review of the Board records indicated that the Board has not developed or adopted a Board Charter since inception in 2018. Further, the Board had three (3) Committees namely technical, planning and oversight, human resources, finance and administration and partnership, audit and risk management committees established to run the affairs of the Board but none of the committees has a charter that outlines its roles and responsibilities.

In the circumstances, the effectiveness of management by the Board could not be confirmed.

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

### **Responsibilities of the Management and the Municipality Board**

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 Municipality Board 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 for 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 IFPP 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**

**24 December, 2024**

County Government of Kiambu  
Thika Municipality  
Annual Report and Financial Statements for the year ended June 30, 2024

14. Statement of Financial Performance for the Year ended 30<sup>th</sup> June 2024.

	Notes	FY 2023/2024	FY 2022/2023
		Kshs.	Kshs.
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	-	1,194,559
Public contributions and donations	7	-	-
Levies Fines and Penalties	8	-	-
Other revenues ( <i>Specify</i> )	9	-	-
		-	<b>1,194,559</b>
<b>Revenue from exchange transactions</b>			
Interest income	10	0	0
Other Income	11	0	0
		<b>0</b>	<b>0</b>
<b>Total revenue</b>		<b>-</b>	<b>1,194,559</b>
<b>Expenditure</b>			
Use of goods and services	12	-	-
Staff costs	13	-	-
Board expenses	14	-	-
Finance costs	15a	18,750	34,572
Infrastructure Projects	15b	9,882,170	98,091,112
<b>Total expenses</b>		<b>9,900,920</b>	<b>98,125,684</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets	16	-	-
<b>Surplus/(deficit) for the period</b>		<b>(9,900,920)</b>	<b>(96,931,125)</b>

The notes set out on pages 19 to 32 form an integral part of these Financial Statements. The entity financial statements were approved on 16<sup>th</sup> September 2024 and signed by:



.....  
Name: Gathii Kanyi  
Municipality Manager



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

*County Government of Kiambu  
Thika Municipality  
Annual Report and Financial Statements for the year ended June 30, 2024*

**15. Statement of Financial Position As At 30<sup>th</sup> June 2024**

	Note	FY 2023/2024	FY 2022/2023
		Kshs.	Kshs.
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	17	15,105,768	25,006,689
Receivables from exchange transactions	18	-	-
Receivables from Non- exchange transactions	19	-	-
Prepayments	20	-	-
Inventories	21	-	-
<b>Total Current Assets</b>		<b>15,105,768</b>	<b>25,006,689</b>
<b>Non-current assets</b>			
Property, plant, and equipment		111,647,467	101,765,297
Intangible assets	23	-	-
<b>Total Non-current Assets</b>		<b>-</b>	<b>-</b>
<b>Total assets</b>		<b>126,753,235</b>	<b>126,771,986</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	24	-	-
Provisions	25	-	-
Borrowings	26	-	-
Employee benefit obligations	27	-	-
		-	-
<b>Non-current liabilities</b>			
Provisions	25	-	-
Borrowings	26	-	-
Non-current employee benefit obligation	27	-	-
		-	-
<b>Total liabilities</b>		<b>-</b>	<b>-</b>
<b>Net assets</b>		<b>126,753,235</b>	<b>126,771,986</b>
<b>Capital/Development Grants/Fund</b>			
Reserves			
Accumulated surplus		126,753,235	126,771,986
<b>Total net assets and liabilities</b>		<b>126,753,235</b>	<b>126,771,986</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 16th September 2024 and signed by:

*County Government of Kiambu  
Thika Municipality  
Annual Report and Financial Statements for the year ended June 30, 2024*

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.....  
Name: Gathii Kanyi  
Municipality Manager



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

16. Statement of Changes In Net Assets for the Year ended 30<sup>th</sup> June 2024

	Capital/ Development Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
<b>Balance as at 1<sup>st</sup> July 2022</b>			121,937,813	121,937,813
Surplus/(deficit) for the period			(96,931,125)	(96,931,125)
Funds received during the year				-
Revaluation gain				-
<b>Balance as at 30th June 2023</b>	-	-	<b>25,006,688</b>	<b>25,006,688</b>
				-
<b>Balance as at 1<sup>st</sup> July 2024</b>	-	-	<b>25,006,688</b>	<b>25,006,688</b>
Surplus/(deficit) for the period		-	(9,900,920)	(9,900,920)
Funds received during the year				
Revaluation gain				
<b>Balance as at 30th June 2024</b>	-	-	<b>15,105,768</b>	<b>15,105,768</b>



.....  
Name: Gathii Kanyi  
Municipality Manager



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

County Government of Kiambu  
Thika Municipality  
Annual Report and Financial Statements for the year ended June 30, 2024

17. Statement of Cash Flows for the Year ended 30<sup>th</sup> June 2023

	Note	FY 2023/2024	FY 2022/2023
		Kshs.	Kshs.
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government	6	-	1,194,559
Public contributions and donations	7	-	-
Interest received	10	-	-
<i>Other receipts (Specify)</i>			
<b>Total Receipts</b>		-	<b>1,194,559</b>
<b>Payments</b>			
Use of goods and services	12	-	-
Staff costs	13	-	-
Board expenses	14		-
Finance costs	15a	(18,750)	(34,572)
<b>Total Payments</b>		<b>(18,750)</b>	<b>(34,572)</b>
<b>Net cash flows from operating activities</b>		<b>(18,750)</b>	<b>1,159,987</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE & intangible assets		(9,882,170)	(98,091,112)
Proceeds from sale of PPE		-	-
<b>Net cash flows used in investing activities</b>		<b>(9,882,170)</b>	<b>(98,091,112)</b>
<b>Cash flows from financing activities</b>			
Receipts from Capital grants		0	0
Proceeds from borrowings		0	0
Repayment of borrowings		0	0
<b>Net cash flows used in financing activities</b>		<b>0</b>	<b>0</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>(9,900,920)</b>	<b>(96,931,125)</b>
Cash And Cash Equivalents At 1 July 2024	17	25,006,688	121,937,813
<b>Cash And Cash Equivalents At 30 June 2024</b>	17	<b>15,105,768</b>	<b>25,006,688</b>



.....  
Name: Gathii Kanyi  
Municipality Manager



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

County Government of Kiambu  
Thika Municipality  
Annual Report and Financial Statements for the year ended June 30, 2024

18. Statement of Comparison of Budget & Actual Amounts for Year ended 30<sup>th</sup> June 2024

DESCRIPTION	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	c=(a+b)	D	e=(c-d)	f=d/c
<b>Revenue</b>		Kshs.	Kshs.	Kshs.	Kshs.	
Transfers from the County Government	0	0	0	0	0	%
Public contributions and donations	-	(-)	-	-	(-)	%
Interest income	-	(-)	-	-	(-)	%
Other income ( <i>specify</i> )	-	(-)	-	-	(-)	%
<b>Total Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>%</b>
<b>Expenses</b>						
Infrastructural projects payment	10,000,000	(-)	10,000,000	9,882,170	(-)	<b>98%</b>
Board expenses	-	(-)	-	-	(-)	%
staff expenses	-	(-)	-	-	(-)	%
Finance costs –bank charges	20,000	(-)	20,000	18,750	(-)	<b>90%</b>
<b>Total Expenditure</b>	<b>10,020,000</b>	<b>(0.00)</b>	<b>10,020,000</b>	<b>9,882,170</b>	<b>(-)</b>	<b>98%</b>
<b>Deficit for the period</b>	<b>(10,020,000)</b>	<b>0</b>	<b>(10,020,000)</b>	<b>(9,900,920)</b>	<b>0</b>	<b>98%</b>
Capital Expenditure	-	-	-	-		

19. Notes to the Financial Statements

**1. General Information**

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

**2. Statement of Compliance and Basis of Preparation**

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

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

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

Notes to financial statements continued

3. Application of New and revised standards (IPSAS)

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

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

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

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

iii. Early adoption of standards

The entity adopted new IPSAS standards as above mentioned in FY year 23/24

**4. Significant Accounting Policies**

**a) Revenue recognition**

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

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

***Interest income***

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

**b) Budget information**

The original budget for FY 2023/24 was approved by the County Assembly on April 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Municipality upon receiving the respective approvals in order to conclude the final budget. The Municipality's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented from page 4 of these financial statements.

**c) Property, plant and equipment**

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

**d) Intangible assets**

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

**e) Financial instruments**

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

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

**Financial assets**

**Classification of financial assets**

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

**Subsequent measurement**

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

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

**Financial liabilities**

**Classification**

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

**f) Inventories**

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

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

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

**g) Provisions**

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

**h) Social Benefits**

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

**i) Contingent liabilities**

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

**j) Contingent assets**

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

**k) Nature and purpose of reserves**

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

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

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

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

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

**n) Foreign currency transactions**

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

**o) Borrowing costs**

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

**p) Related parties**

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

**q) Cash and cash equivalents**

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

**r) Comparative figures**

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

**s) Events after the reporting period**

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

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

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

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

**t) Currency**

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

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

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

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

**Estimates and assumptions**

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

**Useful lives and residual values**

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

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

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6. Transfers from the County Government

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Transfers from County Govt. – Development	-	1,194,559
Payments by County on behalf of the entity	-	-
<b>Total</b>	<b>-</b>	<b>1,194,559</b>

b) Transfers from County Government entities

Name Of The Entity Sending The Grant	Amount recognized to Statement of Financial performance for the period KShs	Amount deferred under deferred income during the period KShs		Amount recognised in capital fund during the period KShs	Total transfers for the period ended June 2024 KShs	Comparative period prior year KShs
Department	0	0		0	0	0
Department	0	0		0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>

7. Public Contributions and Donations

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Donation from development partners	0	0
Contributions from the public	0	0
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

8. Levies, Fines and penalties

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Levies	0	0
Fines	0	0
Penalties	0	0
Others	0	0
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

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9. Other Revenues from Non-Exchange Transactions

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Transfers from other government entities	0	0
Others ( <i>indicate and specify</i> )	0	0
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

10. Interest income

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Interest income from investments	0	0
Interest income on bank deposits	0	0
Others ( <i>Specify</i> )	0	0
<b>Total interest income</b>	<b>0.00</b>	<b>0.00</b>

11. Other income

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Income from sale of tender documents	0	0
Others ( <i>specify</i> )	0	0
<b>Total other income</b>	<b>0.00</b>	<b>0.00</b>

County Government of Kiambu

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(Notes To the Financial Statements (Continued))

12. Use of Goods and Services

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Utilities, supplies and services	0	0
Communication, supplies and services	0	0
Domestic travel and subsistence	0	0
Foreign travel and subsistence	0	0
Printing, advertising, supplies & services	0	0
Rent and rates	0	0
Training expenses	0	0
Hospitality supplies and services	0	0
Insurance costs	0	0
Specialized materials and services	0	0
Office and general supplies and services	0	0
Fuel, oil and lubricants	0	0
Other operating expenses ( <i>Specify</i> )	0	0
Routine maintenance – vehicles and other equipment	0	0
Routine maintenance – other assets	0	0
Contracted Professional Services	0	0
Audit fees	0	0
Hire of Transport, equipment etc	0	0
Bank Charges	0	0
Depreciation and amortisation	0	0
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

13. Staff costs

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Salaries and wages	0	0
Staff gratuity	0	0
Social security contribution	0	0
Other staff costs ( <i>Specify</i> )	0	0
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

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14. Board expenses

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Chairman/Members' Honoraria	0	0
Sitting allowances	0	0
Medical Insurance	0	0
Induction and Training M&E, Design & Costing	0	0
Travel and accommodation	0	0
Conference Costs	0	0
Other allowances ( <i>Specify</i> )	0	0
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

15. (a) Finance costs

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Interest on Bank overdrafts	-	-
Bank Charges	18,750	34,572
Retention Pay	-	-
<b>Total</b>	<b>18,750</b>	<b>34,572</b>

15b. Infrastructure Projects

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Infrastructure payments	9,882,170	101,765,297
Others (Retention Monies)		(3,674,185)
<b>Total</b>	<b>9,882,170</b>	<b>98,091,112</b>

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16. Gain/(loss) on disposal of assets

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Property, plant and equipment	0	0
Intangible assets	0	0
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

17. Cash and cash equivalents

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Fixed deposits account	0	0
On – call deposits	0	0
Current account	15,105,768	25,006,689
Others( <i>specify</i> )	-	-
<b>Total cash and cash equivalents</b>	<b>15,105,768</b>	<b>25,006,689</b>

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

Financial institution	Account number	FY 2023/2024	FY 2022/2023	Audited June 2023
		Kshs.	Kshs.	Kshs.
<b>a) Fixed deposits account</b>				
Kenya Commercial bank		-		-
Equity Bank, etc		-		-
<b>Sub- total</b>		-		-
<b>b) On - call deposits</b>				
Kenya Commercial bank		-		-
Equity Bank - etc		-		-
<b>Sub- total</b>		-		-
<b>c) Current account</b>				
Family bank UDG Account	005000063374	15,105,768	25,006,689	25,006,689
Equity Bank - etc				
<b>Sub- total</b>				
<b>d) Others(specify)</b>				
Cash in transit				
Cash in hand				
Mobile Money				
<b>Sub- total</b>				
<b>Grand total</b>		<b>15,105,768</b>	<b>25,006,689</b>	<b>25,006,689</b>

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 {Notes To the Financial Statements Continued}

18. Receivables from exchange transactions

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
<b>Current Receivables</b>		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	(0)	(0)
<b>Total Current receivables (a)</b>	<b>0.00</b>	<b>0.00</b>
<b>Non-Current receivables</b>		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	(0)	(0)
<b>Total Non- current receivables (b)</b>	<b>-</b>	<b>-</b>
<b>Total receivables from exchange transactions</b>	<b>0.00</b>	<b>0.00</b>

19. Receivables from Non-Exchange transaction

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Transfer from County Executive	0	0
Transfer from Fund	0	0
<b>Total receivables from non-exchange transactions</b>	<b>0.00</b>	<b>0.00</b>

20. Prepayments

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Prepaid rent	0	0
Prepaid insurance	0	0
Prepaid electricity costs	0	0
Other prepayments( <i>specify</i> )	0	0
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

21. Inventories

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Stationery	0	0
Consumables	0	0
Other inventories( <i>specify</i> )	0	0
<b>Total inventories at the lower of cost and net realizable value</b>	<b>0.00</b>	<b>0.00</b>

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22. Property, Plant and Equipment

	Infrastructure	Building	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Capital Work in progress	Total
Description	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 1 <sup>st</sup> July 2023	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	101,765,297	-	101,765,297
Disposals	(-)	(-)	(-)	(-)	(-)	-	-	-
Transfers/adjustments	-	-	(-)	-	(-)	-	-	-
As at 30 <sup>th</sup> June 2024	-	-	-	-	-	101,765,297	-	101,765,297
Additions	0	0.0	0.00	0.00	0.00	9,882,170	-	9,882,170
Disposals	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	-	-	-
Transfer/adjustments	(0.00)	-	0.00	0.00	(0.00)	-	-	-
As at 30 <sup>th</sup> June 2024	-	-	-	-	-	111,647,467	-	111,647,467
<b>Depreciation and impairment</b>								
At 1 <sup>st</sup> July 2023		-	-	-	-	-	-	-
Depreciation		-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-
Transfers/ Adjustments		-	-	-	-	-	-	-
As at 30 <sup>th</sup> June 2024		-	-	-	-	-	-	-

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	Infrastructure	Building	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Capital Work in progress	Total
Description	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Depreciation		-	-	-	-	-	-	-
Disposals		(0.00)	(0.00)	(0.00)	-	-	-	-
Impairment		-	(0.00)	-	-	-	-	-
Transfer/adjustment		-	(0.00)	(0.00)	-	-	-	-
<b>As at period ended 30<sup>th</sup> June 2024</b>		-	-	-	-	-	-	-
<b>NBV as at Audited 30<sup>th</sup> June 2023</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>101,765,297</b>	<b>-</b>	<b>101,765,297</b>
<b>NBV as at period ended 30<sup>th</sup> June 2024</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>111,647,467</b>	<b>-</b>	<b>111,647,467</b>

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23. Intangible assets

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
<b>Cost</b>		
At beginning of the year	0	0
Additions	0	0
<b>At end of the year</b>	<b>0.00</b>	<b>0.00</b>
<b>Amortization and impairment</b>		
At beginning of the year	0	0
Amortization	0	0
<b>At end of the year</b>	<b>0</b>	<b>0</b>
Impairment loss	0	0
<b>At end of the year</b>	<b>0</b>	<b>0</b>
<b>NBV</b>	<b>0.00</b>	<b>0.00</b>

24. Trade and other payables from exchange transactions

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Trade payables	0	0
Refundable deposits (Retentions, court bonds etc)	-	-
Accrued expenses	-	
Other payables ( <i>Specify</i> )		
<b>Total trade and other payables</b>	<b>-</b>	<b>-</b>

25. Provisions

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Balance at the beginning of the year	0	0
Additional Provisions ( <i>Specify</i> )	0	0
Provision utilised	(0)	(0)
<b>Balance at the end of the year</b>	<b>0.00</b>	<b>0.00</b>
Current Portion of provision	0	0
Long term portion of provision	0	0
<b>Total Provisions</b>	<b>0.00</b>	<b>0.00</b>

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**26. Borrowings**

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

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Short term borrowings (current portion)	0	0
Long term borrowings	0	0
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
<b>Balance at beginning of the period</b>	<b>0</b>	<b>0</b>
Borrowings during the year	0	0
Repayments of borrowings during the period	(0)	(0)
<b>Balance at end of the period</b>	<b>0.00</b>	<b>0.00</b>

The table below shows the Distribution of borrowings:

	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
<b>Borrowings</b>		
Kenya Shilling loan from KCB	0	0
Kenya Shilling loan from Barclays Bank	0	0
Kenya Shilling loan from Consolidated Bank	0	0
Borrowings from other government institutions	0	0
<b>Total balance at end of the year</b>	<b>0.00</b>	<b>0.00</b>

**27. Employee benefit obligations**

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

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(Notes To the Financial Statements Continued)

28. Cash generated from operations

	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
<b>Surplus/ (deficit) for the year before tax</b>	-	-
<b>Adjusted for:</b>		
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	(-)	(-)
Interest income	(-)	(-)
Finance cost	-	-
<b>Working Capital adjustments</b>		
Increase in inventory	(-)	(-)
Increase in receivables	(-)	(-)
Increase in payables	-	-
<b>Net cash flow from operating activities</b>	-	-

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**Other Disclosures**

**29. Related party balances**

**a) Nature of related party relationships**

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

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

**b) Related party transactions**

	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Transfers from related parties'	-	-
Transfers to related parties	-	-

**c) Key management remuneration**

	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Board of Board Members	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

**d) Due from related parties**

	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Due from parent Ministry	-	-
Due from County Government	-	-
Due from County Assembly	-	-
<b>Total</b>	-	-

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 (Other Disclosures continued)

e) Due to related parties

	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Due to County Assembly	-	-
<b>Total</b>	-	-

30. Contingent liabilities

Contingent liabilities	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Court case against the entity	-	-
Bank guarantees	-	-
<b>Total</b>	-	-

(Give details)

31. Contingent Assets

Contingent liabilities	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Court case against the entity	-	-
Others Specify	-	-
<b>Total</b>	-	-

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Annexes

Annexe 1: Statement of Financial Performance

	Notes	Period ended September	Period ended December	Period ended March	Period ended June	Cumulative*	Prior year total
		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Revenue from non-exchange transactions</b>							
Transfers from the County Government	6	-	-	-	-	-	1,194,559
Public contributions and donations	7	-	-	-	-	-	-
Levies Fines and Penalties	8	-	-	-	-	-	-
Other revenues ( <i>Specify</i> )	9	-	-	-	-	-	-
		-	-	-	-	-	-
<b>Revenue from exchange transactions</b>							
Interest income	10	-	-	-	-	-	-
Other Income	11	-	-	-	-	-	-
<b>Total revenue</b>		-	-	-	-	-	<b>1,194,559</b>
<b>Expenditure</b>							
Use of goods and services	12	-	-	-	-	-	-
Staff costs	13	-	-	-	-	-	-
Board expenses	14	-	-	-	-	-	-
Finance costs	15a	4,688	4,688	4,688	4,688	18,750	34,572
Infrastructure Projects	15b	2,470,543	2,470,543	2,470,543	2,470,543	9,882,170	98,091,112
<b>Total expenses</b>		<b>2,475,230</b>	<b>2,475,230</b>	<b>2,475,230</b>	<b>2,475,230</b>	<b>9,900,920</b>	<b>98,125,684</b>
<b>Other gains/losses</b>							
Gain/loss on disposal of assets	16	-	-	-	-	-	-
Surplus/(deficit) for the period		(2,475,230)	(2,475,230)	(2,475,230)	(2,475,230)	(9,900,920)	(96,931,125)

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 Annex 2: Inter Entity Transfers for the period ended 30th June 2024

THIKA MUNIPLALITY				
Breakdown of Transfers from the County Executive of Kiambu County				
FY 2023/2024				
a	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs )</u>	<u>Indicate the FY to which the amounts relate</u>
			0	
			0	
		<b>Total</b>	<b>0</b>	
b	Development Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs )</u>	<u>Indicate the FY to which the amounts relate</u>
			0	Relate to FY 2023/2024
			0	
			0	
		<b>Total</b>	<b>0</b>	
c	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (Kshs )</u>	<u>Indicate the FY to which the amounts relate</u>
			0	
			0	
		<b>Total</b>	<b>0</b>	

Signed by

Accountant Municipalities

Director Accounts Kiambu County

*County Government of Kiambu  
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**Annex 3: Reporting of Climate Relevant Expenditures for the period ended 30th June 2024**

Name of the Organization Thika Municipality  
 Telephone Number 0722287637  
 Email Address thikamunicipality@kiambu.go.ke  
 Name of CEO/MD/Head Gathii Kanyi

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

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Appendix 4: Disaster Expenditure Reporting Template

Date: 16<sup>TH</sup> September 2024

Entity Thika Municipality

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