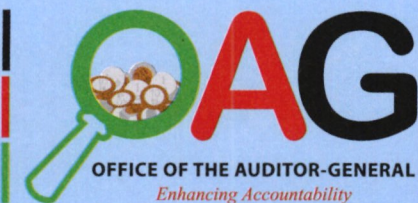


REPUBLIC OF KENYA



REPORT

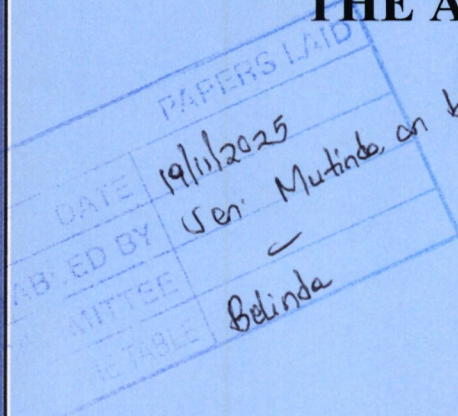
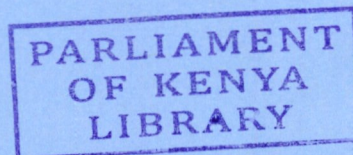
OF

THE AUDITOR-GENERAL

ON

EMALI-SULTAN HAMUD MUNICIPALITY

FOR THE YEAR ENDED
30 JUNE, 2025





OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
MACHAKOS HUB

21 OCT 2025

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EMALI SULTAN HAMUD MUNICIPALITY

County Government of Makueni

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2025

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

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1. Acronyms and Definition of Key Terms

A. Acronyms

CECM	County Executive Committee Member
CPA	Certified Public Accountant
FY	Financial Year
ICPAK	Institute of Certified Public Accountants of September
ICT	Information Communication Technology
IPSAS	International Public Sector Accounting Standards
JKUAT	Jomo Kenyatta University of Agriculture and Technology
KSG	Kenya School of Government
Kshs	Kenya Shilling
LAN	Local Area Network
MBA	Master's in Business Administration
NEMA	National Environment Management Authority
OSHA	Occupational Safety & Heath Act
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Jun	June
IEK	Institute of Engineers of Kenya

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information and Management

a) Background information

Emali Sultan Hamud Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011(amended 2019) and Cities and Municipal Charter on 20th December 2022. The City/ Municipality is under the County Government of *Makueni* and is domiciled in Kenya.

b) Principal Activities

The Emali-Sultan Hamud Municipal mandate is to improve the livelihoods of each household through integration of technology, socio-economic development and nature-based solutions for inclusive, effective and efficient service delivery. The Municipal vision, mission, core values and objectives are;

i) Vision

A well planned, economically resilient and green municipality with a high quality of life.

ii) Mission

To improve the livelihoods of each household through integration of technology, socio-economic development and nature-based solutions for inclusive, effective and efficient service delivery.

iii) Core Values

The municipal operations are guided by the following six (6) core values;

- Citizen focused
- Creativity & Innovativeness
- Transparency and Accountability
- Teamwork
- Integrity
- Efficiency

iv) Objectives

Emali-Sultan Hamud Municipality goal is to;

- a) Provide for efficient and accountable management of the affairs of the Municipality
- b) Provide for a governance mechanism that will enable the inhabitants of the Municipality to:
 - Participate in determining the social services and regulatory framework which will best satisfy their needs and expectations
 - Verify whether public resources and authority are utilized or exercised, as the case may be, to their satisfaction
 - Enjoy efficiency in services delivery
- c) Vigorously pursue the developmental opportunities which are available in the Municipality and to institute such measures as are necessary for achieving public order and the provisions of civic amenities, so as to enhance the quality of life of the inhabitants of the Municipality

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- d) Provide a high standard of social services in a cost-effective manner to the inhabitants of the Municipality
- e) Promote social cohesiveness and a sense of civic duty and responsibility among the inhabitants and stakeholders in the Municipality in order to facilitate a collective action and commitment towards achieving the goal of a harmonious and stable community
- f) Providing for services on all matters for Municipalities benefit
- g) Fostering the economic, social, and environmental well-being of its community
- h) Vigorously pursue the developmental opportunities which are available in the Municipality and to institute such measures as are necessary for achieving public order and the provisions of civic amenities, so as to enhance the quality of life of the inhabitants of the Municipality
- i) Provide a high standard of social services in a cost-effective manner to the inhabitants of the Municipality

c) Key Management

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

- County Department of Lands, Urban Planning & Development, Environment & Climate Change
- Board of Management
- Municipality Manager
- Management Team

d) Fiduciary Management

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

SN	Position	Name
1	Municipality Manager	Philip Ngila
2.	Head of Corporate services	Joseph Mutuku
3.	Head of Engineering and Planning	Eng. Yvone Robert
4.	Head of Administrative services	Mark Ndunga

e) Fiduciary Oversight Arrangements

The following are the key fiduciary oversight arrangements for the Emali Sultan Hamud Municipality for the annual year ended 30th June ,2025.

- **Makueni County Assembly-** Enacted the various legislation and oversight required, approved the Municipal budgets and Appropriation Bills and offered oversight of Municipal projects and activities
- **Controller of Budget;** Provided the required guidelines in budget execution, processed requisition for funds and provided oversight in budget implementation.
- **National Treasury;** Processed exchequer funds and provided technical support;
- **Public Sector Accounting Standards Board (PSASB);** Developed the financial reporting templates and guidance on the accounting standards adopted by the Municipal in presentation of their financial reports.
- **Finance and Administration Committee;** Implemented robust financial reporting, internal controls, and compliance mechanisms. Fostered transparency and accountability, thus responsible financial management.
- **Roads and Infrastructure Committee;** ensured that municipal infrastructure projects are planned, funded, and executed responsibly and transparently. This included monitoring budgets, assessing project risks, and ensuring compliance with regulations to protect public investments and enhanced community development.
- **Environment & Social Services Committee;** ensured that municipal environmental and social initiatives were managed transparently and effectively within budgetary constraints. Assessed program impacts, and ensuring compliance with relevant regulations to safeguard community welfare and ecological integrity.
- **Audit, Risk and Compliance Committee;** Evaluated the municipality's financial reporting processes, risk management strategies, and compliance with regulations.

f) Registered Offices

P.O. Box 78-90300,
Eden Mall Building
Nairobi- Mombasa Highway
**Emali Town, MAKUENI COUNTY,
KENYA**

g) Contacts

Telephone: (+254) 716 481984

E-mail: emalisultan.municipality@makueni.go.ke

Website: www.makueni.go.ke

h) Bankers

Co-operative Bank, Emali Branch

- i. Emali-Sultan Hamud Municipality Recurrent Account Account No. 01100429877002
- ii. Emali-SultanHamudMunicipalityDevelopment AccountAccount No. 01100429877001

i) Independent Auditor

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

j) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

k) County Legal Advisor

The County Attorney

Office of the Governors Building, 2nd Floor, Wote Town

P.O. Box 78-90300,

Makueni, Kenya

3. Municipality Board

Name	Details of qualifications and experience
1. Anderson Masila Matheka 	Anderson serves as the Chairperson of the Municipality. He holds a Master's of Science in Chemistry and Bachelor of Science from The University of Nairobi. Mr. Anderson has worked as the Managing Director Trendsetters Tyres for 12years and as the Regional Sales Manager - Trendsetters Tyres for 6years.
2. Anne Nduku Muthusi 	Anne serves as board member. She holds an executive Master's degree in Strategic Management from Moi University, a Bachelor of Commerce Degree (Marketing) from the University of Nairobi and a Diploma in Business Management from University of Nairobi. Anne has a wealth of experience having worked as a Bank Manager with Standard Chartered Bank for over 10 years and thereafter as a Director of Ansy Enterprises Ltd. She has also served as a director with the Noulfresh Water and Sanitation Company.
3. Stanley Mwanja Kyalo 	Stanley is an independent director aged 40 years' old. He holds Bachelor of Architecture from the Jomo Kenyatta University of Agriculture and Technology and has over 14 years' experience in private practise. He is a member of name the Architects Association of Kenya.
4. Dominic Mbevi Matheka 	He is an independent director aged 68 years' old. He Holds a Bachelor of Education degree (Science) from The University of Nairobi. Dominic has a wealth of experience in the education sector having served as the High school Senior Principal for 8years and as the Chief Principal for 4years in Kilima Mbogo Teachers'.

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5. Julius Wambua Musau	Julius is an Independent director aged 28 years' old. He holds a Bachelor's degree in Communication and media technology from Maseno University and is currently pursuing a MBA in Leadership at the International Leadership University. He has a vast experience in corporate communication and public relations with very keen interest matters environmental conservation and social protection especially to the marginalised. He worked as an assistant communication manager at Impact Africa firm.
	
6. Eng. Patrick Mutua	Eng. Patrick Mutuku Mutua holds a BSc in Civil Engineering and a Master of Urban Management (MUM) Degree both from the University of Nairobi. He is a registered Professional Engineer with Engineers Board of Kenya (PEng.), a Corporate Member of the Institution of Engineers of Kenya (MIEK), and an Associate Member of the Chartered Instituted of Arbitrators Kenya Branch (ACI Arb). As a career public servant in the Kenyan transport sector, Eng. Mutua has diverse experience spanning over twenty years in infrastructure engineering projects. He served as Chief Assistant Engineer in charge of Estates and Development Control Section of the City Engineer's Department of the former City Council of Nairobi and was a member of the Town Planning Technical Committee at the time. Eng. Mutua was also actively involved in the establishment of Konza Techno City where he actively participated in development of engineering guidelines for the smart city and initiation of the first major integrated infrastructure project for Phase 1 of Konza City which was delivered through an EPC-F model. He has a strong bias in Urban Transportation matters and has attended many training programs locally and abroad on strategic leadership, urban transportation systems planning and development, projects and contract management among others
	
7. Felistus Kamene Mutune	Felistus Kamene Mutune serves as an executive director and the Chief Officer for the Office of the Governor. She holds a Bachelor's degree in Linguistics, media and communication and currently undertaking master's degree in gender and Development studies. Felistus worked as a media relations officer in the senate of the Republic of Kenya, Executive office administrator in the office of the senate minority whip and has a wealth of experience in communication, office administration and management.
	

8.Jackson Charo Daudi 	Jackson Daudi serves as an executive director and the Chief Officer for Lands, Urban Planning & Development. He holds a Bachelor's Degree in urban and Regional planning from The University of Nairobi and has a vast experience on urban planning and development for the last 12years. He is a licenced NEMA lead expert and is aged 36 years.
9.Philip Ngila 	Philip serves as the Municipal Manager/Board Secretary. He holds a degree in Bachelor of Science in Information Technology from JKUAT, Senior Management Course and Strategic Leadership Development Programme from the Kenya School of Government. He served as the head of ICT Infrastructure Division (Makueni County) for 8 years and in various organizations with an experience of 19 years. He is a consultant on ICT Infrastructure Project design and management.

4. Key Management Team

Name	Details of qualifications and experience
1. Philip Ngila 	He serves as the Municipal Manager & Secretary to the Board. He holds a degree in Bachelor of Science in Information Technology from JKUAT, Senior Management Course and Strategic Leadership Development Programme from the Kenya School of Government. He served as the head of ICT Infrastructure Division (Makueni County) for 8 years and in other various organizations with an experience of 19 years. He is a consultant on ICT Infrastructure Project design and management.
2. CPA Joseph Mutuku 	He is the Municipal Senior Accountant and head of the Municipal Corporate services. He holds Masters degree in Development Finance, Bachelor of commerce- Finance(Hons) and he is a Certified Public Accountant CPA(K). He has over 19 years of professional experience.
3. Mark Ndunga 	Mark Ndunga serves as the Municipal Administrative Officer, where he coordinates municipality activities and public participation. Previously, he worked as a Programs Officer at African Mission Healthcare-Kenya and Edzes (K) Ltd. He is a skilled Project Planning and Management professional. He holds a BSc in Project Planning and Management from Moi University and a certification in planning for Monitoring and Evaluation from Philanthropy University. He is a registered trainer with the National Industrial Training Authority with a bias in capacity building and empowerment
4. Eng. Yvone Robert - 	Eng. Yvone Robert, Civil Engineer Currently Municipal Engineer and as the Head of the Directorate of Design and Planning in Emali Sultan Hamud Municipality. Registered Professional Engineer with the Engineers Board of Kenya (Reg No. A4303) and a Corporate Member of the IEK (Membership No. M.7226). Eng. Yvone holds a Master of Science (MSc.) in Civil Engineering (Transportation Option) from UON and a Bachelor of Science (BSc.) in Civil Engineering. With ten years of experience in civil engineering.

5. Municipality Board Chairperson's Report

As we reflect on the financial year ended 30 June 2025, I am pleased to present our financial report which highlights not only our achievements but also the challenges that we have faced and overcome as a Municipality as we celebrate our second financial year since inception. Being a young municipality, the report serves as a testament to the resilience and dedication of our team, as well as the unwavering support from our stakeholders

For the financial year under review, the municipality bought a new garbage collection tractor, cleaning equipment and protective gear to bolster the municipality's markets cleaning programme hence promoting sustainable and good working environment for businesses. An environmental and social impact assessment has also been done for Sultan Hamud decentralised treatment facility. The acquisition of an enterprise resource programme is underway and will be in use in the beginning of FY 2025/2026. Throughout the year, we focused on strategic initiatives that enhance our operational efficiency and drive sustainable growth. The Emali business centre shop leases were reviewed and renewed during the year under review. During the year under review the municipality murramed several roads within the municipality and especially in the two big towns The municipality hired several staff, especially for the markets cleaning programme, to smoothly operationalize the municipality and conducted civic education barazas to sensitize the community on sustainable development and better ways of managing the environment in terms of refuse and waste management.

The municipality also partnered with stakeholders especially KENHA with the view of entrenching safe trading environment while steering clear of road reserves.

Challenges:

As mentioned earlier the municipality is only a year old. Some challenges were faced as the municipality took off and these included, reluctance of some traders to honour their lease agreements for the Emali Business Centre and shortage of staff as the municipality depended on secondments from the County HQ. Others included poor town roads infrastructure that needed urgent grading/paving, poor storm water drainage system, water shortage within the towns and a volatile political environment that led to disruption of business operations resulting to loss of revenue.

Future Outlook

Despite the ever-evolving challenges, the municipality's future looks bright considering the growth of urbanization and the number of new businesses coming up.

My sincere appreciation goes to the municipality's board of management, who have shown extreme commitment towards making the municipality the business hub of Makueni and have supported me in providing leadership. I also commend the management and staff led by the municipal manager for working tirelessly to register the achievements witnessed.

I also appreciate the Government of Makueni County under the leadership of H.E Mutula Kilonzo Jnr, the County Assembly of Makueni, the residents and all other stakeholders for their continued support-together we shall transform the look and feel of our municipality

Anderson Matheka....



Chairperson of the Municipal Board

6. Report of the Municipality Manager

Emali Sultan Municipality was chartered in 2022 and began her operations in the FY 2023/2024. This municipality is the second one under the Government of Makueni County after Wote Municipality. Emali Sultan Municipality has her secretariat at Emali town and covers five wards of Makueni County which are: Emali-Mulala, Mbitini, Nguu-Masumba, Kasikeu and Nzau/Kilili/Kalamba.

The Municipality is established under the Cities/Municipalities Act No.13 of 2011 (amended 2019) and the principle activities are enabling and facilitating planned urbanisation, facilitating conducive working and living conditions for the residents through sustainable development and waste management.

During the year under review, the municipality collected revenue totalling to KES 79,122,971.30 which was transferred to the County Revenue Fund account. Despite the hard economic times, the municipality together with the directorate of revenue, has put measures in place to increase the amount of revenue collected.

The approved budget for the FY 24/25 was KES 32,044,280 for recurrent expenditure where KES 27,332,166 was utilized translating to 63%. For Development, the Municipality had a budget of KES 42,745,731, of which 19,438,887.25 was utilized giving an absorption rate of 45.5%. This low budget implementation was caused by late disbursement of funds and total non-disbursement of the KUSP 11 funds, which contributed to half the years development budget.

During the year under review the municipality implemented various projects and programs that positively impacted on the livelihoods of the residents. This included the acquisition of a new garbage collection tractor, purchase of cleaning equipment and personal protective gear for the markets cleaning programme, environmental and social impact assessment for the Sultan Hamud decentralised treatment plant. The purchase of an enterprise resource programme for prudent financial management is underway and will be in use in the beginning of the FY 25/26.

Further, the municipality did the murraming of roads within Emali and Sultan Hamud towns.

Towards the control of storm water control and flooding, the municipality carried out unclogging of all major drainages in Emali & Sultan Hamud towns. All this aims at creating an ambient working environment for our business community.

Challenges

During the year under review the secretariat depended on staff seconded from the County HQ and although a few staff were hired, there are existing staffing needs that need to be addressed.

Being on its formative stage the municipality faced problems of poor town roads, water shortage, poor and drainage systems especially in the urbanized areas. At the Emali business Centre, which has been transferred to the municipality, many tenants are not honouring the lease agreements hence affecting revenue collection.

Future Outlook

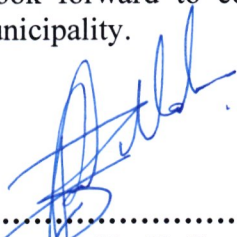
Observing the current trends, the future of this young municipality looks bright. The increasing level of urbanization and the number of upcoming businesses signals good times ahead.

I sincerely thank the leadership the Government of Makueni County, led by H.E. Mutula Kilonzo Jnr, Municipal Board Members, the Municipality staff and the community at large for their support as well as their efforts in making sure the Municipality achieves her goals and objectives.

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I also appreciate our partners, mother department and service providers and all other stakeholders for their respective contributions to the Municipality during the year.

I look forward to continued support as we strive to realize the objectives and mandate of the Municipality.



.....
Name: Philip Ngila
Municipal Manager

7. Statement of Performance Against Predetermined Objectives for the FY 24/25

The key development objectives of the Emali-Sultan Hamud Municipality in the Annual Development plan for FY 2024/25:

Strategic Intervention 2: Urban planning and infrastructure development

Urban centres are the development modes and centres of growth in the county. Investment in the urban areas will stimulate growth leading to growth of business, employment creation and increased revenue generation. In an effort to establish facilitative urban infrastructure for socio-economic transformation, the government will:

- i. Enhance physical planning by preparing and implementing land use plans for major
- ii. urban areas;
- iii. Survey and issue title deeds to plot owners in the major urban areas;
- iv. Ensure development control through compliance to approved urban land use plans;
- v. Support industrialization through zoning and establishing incentive-based relationship
- vi. with investors;
- vii. Collaborate with national government agencies, development partners and private investors to develop urban infrastructure in Wote and Emali-Sultan Hamud Municipalities; and
- viii. Initiate development in seven other urban areas that are not within the gazetted municipalities including Kiboko, Nunguni, Mtito Andei, Malili, Makindu, Kikima and Kibwezi.
- ix. Facilitating collection of solid waste for markets and support cleaning;
- x. Establish 10 functional waste transfer stations
- xi. Develop and maintain one sanitary landfill;
- xii. Fencing of two dumpsites; and
- xiii. Constructing a Decentralized Treatment Facility (DTF) in Sultan Hamud town.

Program	Objective	Outcome	Outputs	Indicator	Performance
Urban Infrastructure Development	To promote urbanization through the provision of urban infrastructure	Improved urban quality of life	Approved development plans	No of approved development plans implemented	
			Improved solid waste management	No of dumpsite designated and protected	
			Cabro paved parking zones	Meters of parking zones established and cabro paved in square meters	

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Program	Objective	Outcome	Outputs	Indicator	Performance
			Improved municipal street lighting	No of solar powered high mast floodlights installed	
			Improved sanitation	No of modern toilets constructed	

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Urban planning	To control urban development	To create orderly development in urban areas	Number of developments conforming with rules and regulations governing urban development	In FY under review we increased Housing units by 10%.
	-	-	-	-

8. Corporate Governance Statement

a. Process of appointment and removal of Board members.

The appointment of County Municipalities Board members is conducted through a transparent, merit-based selection process. The process involves: 4 members of the board of the municipality are appointed through a competitive process by the County Executive Committee member and approved by the county assembly, ensuring the candidates meet the necessary qualifications and ethical standards. 5 members of the board are nominated by the following; An umbrella body representing the professional association in the area, an association representing the private sector in the area, a cluster representing the registered association of the informal sector in the area, and an association of the municipality.

The representative bodies nominate 3 members to the Board and County Executive Committee Member appoints one to represent each body and vetted by County Assembly. The appointment considers gender equity, and representation of persons with disability, youth, and marginalized groups. The term of members is five years on a part-time basis and eligible for renewal for a further one term.

Removal

Board members can be removed for reasons such as without reasonable cause, the member is absent from three consecutive meetings of the board or committee of the board of the municipality within one financial year, declared or becoming bankrupt or insolvent, underperformance because of mental or physical infirmity, resignation in writing to the Governor, or any other grounds specified by Emali-Sultan Hamud Municipal Charter. The removal process is conducted through a formal procedure that includes an investigation, a hearing, and a final decision by the appropriate County Authorities.

b. Roles and functions of the Municipality Board members,

Board members are responsible for providing strategic leadership and governance to the municipalities within the county. Their roles include:

1. Ensuring the provision of services to Municipality residents
2. Impose such fees, levies, and charges as may be authorized by the county government for the delivery of services by the municipality
3. Ensure the implementation and compliance with policies affecting the municipality formulated by both the national and county government
4. Make by-laws or make recommendations for issues to be included in by-laws
5. Ensure the participation of the residents in decision-making, in the board's activities and programs
6. Oversee the affairs of the municipality
7. Develop or adopt policies, plans, strategies and programmes and set targets for service delivery

8. control land, land sub-division, land development and zoning by public and private sectors for any purpose.
9. promote and undertake infrastructural development and services within the municipality as delegated by the county executive committee of the government of Makueni
10. Develop and manage schemes including site development in collaboration with the relevant national and county agencies
11. Promote constitutional values and principals

c. Induction and training, Municipality Board members and member's performance,

Upon appointment, Board members undergo an induction program that introduces them to their roles, responsibilities, and the operational framework of the county municipalities. Continuous professional development is offered through training programs that keep members informed of new governance practices, legislative changes, and emerging urban development challenges.

The performance of Board members is periodically evaluated through a structured process. This evaluation considers their participation in board activities, meeting attendance, contributions to decision-making, and adherence to ethical standards.

d. Number of Municipality Board meetings held and the attendance to those meetings by members,

The board of the municipality holds its sitting to transact the business once every month. The chairperson of the board of the municipality may, and upon request in writing by at least one-third of the members of the board of the municipality convene a special meeting to transact any urgent business of the board of the municipality.

Members are expected to maintain a high level of attendance, and attendance records are kept and reviewed during performance evaluations.

S/N O.	BOAR D MEMB ER	DESIGNAT ION	Q1		Q2		Q3		Q4	
			Specia l Meeti ngs Atten ded	Quart erly meetin gs attend ed	Specia l Meeti ngs Atten ded	Quart erly meetin gs attend ed	Specia l Meeti ngs Atten ded	Quart erly meetin gs attend ed	Specia l Meeti ngs Atten ded	Quart erly meetin gs attend ed
1.	Anders on Mathek a	Chairperson	✓	✓	✓	✓	✓	✓	✓	✓

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1.	Anne Nduku Muthusi	Vice Chairperson	✓	✓	✓	✓	✓	✓	✓	✓
2.	Mary Nduku Muthama	Member	✓	✓	✓	✓	✓	✓	✓	✓
3.	Domini c Mbevi Matheka	Member	✓	✓	✓	✓	✓	✓	✓	✓
4.	Stanley Mwania Kyalo	Member	✓	✓	✓	✓	✓	✓	✓	✓
5.	Julius Musau	Member	✓	✓	✓	✓	✓	✓	✓	✓
6.	Eng.Patrick Mutua		✓	✓	✓	✓	✓	✓	✓	✓
7.	Felistus Kamen e Mutune	Member	✓	✓	✓	✓	✓	✓	✓	✓
8.	Jackson Daudi	Member	✓	✓	✓	✓	✓	✓	✓	✓
9.	Philip Ngila	Municipal Manager/Secretary to the Board	✓	✓	✓	✓	✓	✓	✓	✓

e. Succession plan,

A succession plan is established to ensure leadership continuity within the County Municipalities Board. According to Emali-Sultan Hamud Municipal Charter and Urban and Cities Act, outlines how to identify potential successors for key positions and outlines the steps for their development and eventual transition into the vacant roles. This approach minimizes disruptions in governance and ensures the board's long-term effectiveness.

f. Existence of a service charter,

The Municipalities Board operates under a service charter that clearly outlines the standards of service delivery expected from the municipalities. This charter serves as a contract between the Municipality and the residents, ensuring accountability, transparency, and a commitment to meeting the needs of the community. However, this key document is under development.

g. Conflict of interest,

According to UACA Regulations 3.12.3, A member of the Board of the City who has a conflict of interest on a matter before the Board shall declare the same ahead of the meeting and shall not be eligible to vote on that particular issue.

h. Board remuneration,

The board of the municipality shall not be entitled to a salary. However, members of board shall be paid such allowances as County Executive Committee shall advice of Salaries and Remuneration Commission determine, according to the Municipal Charter 3.11.1.

Remuneration is structured to reflect the responsibilities and workload of board members while ensuring that it is fair, transparent, and aligned with public service standards.

i. Ethics and conduct as well as governance audit undertaken if any

Board members are bound by a code of ethics and conduct, which emphasizes integrity, transparency, accountability, and adherence to the law. This code ensures that members act in a manner that upholds public trust and the board's reputation.

Governance audits may be conducted periodically to assess the effectiveness of the board's governance practices. These audits help identify areas for improvement, ensuring that the board operates in accordance with best practices and fulfills its mandate effectively.

This framework ensures that the County Municipalities Board operates with integrity, efficiency, and a focus on delivering quality services to the community.

9. Management Discussion and Analysis

a) The entity's operational and financial performance

i) Operational Performance

The Emali Sultan Hamud municipality is strategically located along the Nairobi-Mombasa highway and the gateway to Tanzania through the Loitokitok border consists of five wards namely Mbitini, Nzaui/Kilili/Kalamba, Kasikeu, Emali/Mulala ward and Nguu/Masumba. The strategic location enriches the Municipal capacity to collect revenue as per its functions. The Municipal deployed and recruited key staff including 19 revenue officers and four (4) Revenue clerks in charge of the ward level. The municipal is currently not collecting revenue independently since the municipal has not been fully operationalised. The functions will be transferred to the Municipal once its fully operationalised. The County Government administration is working on promoting Emali-sultan Municipality as Makueni's economic hub.

The municipality rolled out the process of developing a Municipal Integrated Development Plan with a focus on social pillar as set out in the Vision 2030 and a five-year strategic plan with focus on the following objectives:

- i. To improve urban infrastructure & public transport
- ii. To promote urban planning and design
- iii. To enhance liquid waste management,
- iv. To improve disaster management,
- v. To improve cohesion.

Key Challenges experienced during the quarter include;

1. Lack of sufficient office furniture and equipment
2. Only one vehicle is in good condition for use in enforcement and compliance
3. The municipality is yet to recruit key staff required to oversee implementation of the strategic objectives.
4. Delay in disbursement of funds which affects service delivery.
5. Lack of key policy document to guide in administration and governance.

ii) Financial Performance

The Emali Sultan Hamud Municipal was allocated Kshs 74,790,011 for the Financial Year 2024/25. The Municipal had received transfers from the County Government of Kshs 44,966,037.65 as at 30th June, 2025, representing only 60% of the expected transfers during the year. The low performance was due non remittance of funds for Kenya Urban Support Project which amounted to close to one third of the total budget and delay in disbursements by the National Treasury during the year under review. The Municipal had spent a total of Kshs 27,332,166.00 on use of goods and Board expenses. The Municipal has bought assets worth Ksh 4,885,062.35, and the was a part payment of the ERP system amounting to Kshs 5,700,000. Use of goods and services Kshs 34,785,687.7, Board Expenses Kshs. 2,081,243.20 and Routine maintenance –Vehicle and other equipment Kshs. 383,807.60.00 as shown in the notes section of this statements.

b) Entity's compliance with statutory requirements

Emali-sultan Hamud Municipality is in compliance with all the statutory requirements regarding the financial management and operations of the entity. The Municipality does not have non-compliance issues that may expose the entity to potential contingent liabilities.

The financial management of the entity is conducted in accordance with the Public Financial Management Act of 2012, which outlines the financial management framework for the County Government. The municipality has followed the guidelines and procedures set out in the PFM Act and has complied with the following statutory requirements:

1. Accounting Standards: The Municipality has complied with the International Public Sector Accounting Standards, which are the standards that are used for preparing financial statements for public entities.
2. Budgeting: The Municipality has prepared and implemented an annual budget, which is in accordance with the requirements set out in the Public Financial Management Act of 2012. The budget is approved by the County Assembly and is regularly monitored and revised as necessary.
3. Procurement: The Municipality has followed the procurement guidelines set out in the Public Procurement and Asset Disposal Act of 2015. The procurement process is transparent, competitive, and compliant with the relevant regulations.
4. Financial Reporting: The municipality has started preparation and submitting of the first quarterly financial reports to the County Treasury, the National Treasury, and the Controller of Budget in accordance with the Public Financial Management Act of 2012.

c) Key projects and investment decisions the entity is planning/implementing.

The Municipality plans to implement the following key projects in the FY 2024/25

S/No	PROJECT	AMOUNT
1.	Rehabilitation of sultan Hamud decentralized treatment facility(DTF)	3,000,000
2.	Purchase of market cleaning equipment and protective gear	1,000,000
3.	Purchase of cleaning machinery	6,000,000
4.	Purchase of ERP system	5,000,000

During the previous year, the municipality through consultancy services started formulation of Municipal Integrated Development Plan 2023-27 in line with Urban and Cities Areas Act 2011, amended in 2019. This plan highlights investment areas for the next 5 years.

In line with disaster preparedness function, the municipal started unclogging of drainage systems in Emali and Sultan Hamud towns to avert flooding and control storm water.

The municipal has installed Local Area Network (LAN) in the municipal offices to create conducive working environment. This will impact positively in service delivery to the citizens.

Through the market cleaning programme, the municipality has promoted sanitation in all markets within the area of jurisdiction thus providing conducive environment for businesses in the markets. There is a dedicated team that is overseen the cleaning and garbage collection within the town centres.

Urban infrastructure development is a key driver for economic development in urban areas. The municipal started a programme for opening and spot murraining in Emali and Sultan- Hamud towns.

The projects are funded by County Government of Makueni through the exchequer. The project sustainability manage committees will oversee management of the projects to ensure sustainability.

d) Major risks facing the entity.

The municipality faces the following risks in its operations;

- i. Operational Risks: Operational risks are those associated with the municipality's day-to-day activities and processes. These could include risks related to internal controls, fraud, technology failures, human errors, and legal or compliance issues
- ii. Market risks are tied to fluctuations in financial markets. For a municipality, these risks might include changes in interest rates, currency exchange rates, and commodity prices, as well as how these changes affect investments, borrowing costs, or revenue streams.
- iii. Capital risks refer to the risks related to the municipality's capital structure, debt levels, and funding sources. This may involve the risk of not being able to secure funding for important projects or facing high debt levels that strain financial resources
- iv. Credit risks are related to the municipality's exposure to the potential failure of its counterparties to fulfil their financial obligations. This can be particularly relevant if the municipality has investments or financial agreements with other entities
- v. Liquidity risks pertain to the ability of the municipality to meet its short-term financial obligations. A lack of liquidity can lead to financial distress and difficulties in funding essential operations.

e) Material arrears in statutory/financial obligations

The management has complied with all the statutory and financial obligations during the quarter. Remittance of statutory deduction was done within the required timelines and there were no pending bills to report

f) The entity's financial probity and serious governance issues

Emali-Sultan Hamud Municipality did not have financial improprieties raised either by internal auditors or external auditors during the quarter neither any governance issues among the Board or members of the Board and top management, including conflicts of interest.

The municipal has a Grievance Redress Mechanism to ensure that any concerns or complaints are addressed in a timely and effective manner. The Municipal Board meets quarterly as per the Board Charter to review progress and provide strategic guidance. Governance risks including the potential for corruption or misuse of public funds have been identified and measures to mitigate the risks implemented such as regular audits and increased transparency in financial reporting.

Emali-Sultan Hamud Municipality is committed to transparency, accountability, and good governance practices and strives to ensure that all financial transactions are conducted in a transparent and responsible manner, with full disclosure of all relevant information to stakeholders. The Municipal maintains a strict policy of transparency, ensure that any potential conflicts of interest are addressed and managed appropriately.

10. Environmental and Sustainability Reporting

1. Sustainability strategy and profile

The Municipality is mandated to provide essential services such as urban planning, infrastructure development, waste management, and water supply to its residents. Our sustainability strategy is centered on maintaining and improving these services while considering environmental, economic, and social dimensions. Sustainability, in this context, refers to our ability to consistently offer long-term services that meet the needs of current and future generations.

The top management, under the guidance of the Municipal Accounting Officer, has prioritized sustainable practices in line with national policies and international best practices such as the United Nations Sustainable Development Goals (SDGs). The municipality recognizes the significance of addressing political and macroeconomic trends, such as budget constraints and shifts in governance, which influence our sustainability priorities. Through collaboration with stakeholders and embracing innovative solutions, we have made significant progress, though challenges remain in areas like infrastructure maintenance and waste management.

2. Environmental performance

The Municipality operates under a comprehensive environmental policy that aims to mitigate its environmental impact. This policy, aligned with the Environmental Management and Coordination Act, focuses on waste management, biodiversity conservation, and the reduction of pollution.

However, the municipality faces challenges in fully implementing its biodiversity management plans due to limited resources.

3. Employee welfare

The Municipality's hiring process adheres to policies that promote equal opportunity and diversity. The gender ratio is taken into account, with regular stakeholder engagements to ensure inclusivity. Employee welfare is enhanced through continuous skill development programs and career management systems.

Key Initiatives include; Annual staff appraisals ensure career progression and performance-based rewards. Comprehensive safety policies comply with the Occupational Safety and Health Act (OSHA) of 2007, promoting a safe working environment.

Additionally, the municipality conducts health check-ups, and offers training on safety compliance, thus safeguarding the well-being of employees.

4. Market place practices

The organisation should outline its efforts to:

a) Responsible competition practice.

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition, and respect for competitors.

b) Responsible Supply chain and supplier relations

The Municipality is keen to observe principles of procurement as outlined by the Public Procurement and Asset Disposal Act, 2015. It does this by:

- i. Having a well constituted procurement and asset disposal committees namely opening, evaluation and inspection committees.
- ii. Preparing procurement plans for each financial year in conformity with medium term fiscal framework and fiscal policy objectives.
- iii. Promoting good business practices by providing the relevant information relating to tenders and specifications of works. The Authority reserves 30% of the procurable budget to youth, women and people living with disability.
- iv. The Municipality also ensures invoices are paid within a period of one month, and has committed to reduce the pending bills to less than 1% for every financial year subject to availability of funds.

c) Responsible marketing and advertisement

The Municipality ensures responsible marketing and advertisement through:

- i. Ensuring there is equity and fairness in provision of information to suppliers on the required goods, works and services.
- ii. Ensuring confidentiality of the information received from suppliers about their businesses and bids submitted in accordance with PPDA of 2015.
- iii. Ensuring the suppliers are notified of the proceeding resulting from the tender they submitted in accordance with the regulation and act.
- iv. Ensuring there is transparency in evaluation of suppliers and awarding of tenders based on the evaluation criteria described in solicitation document.
- v. Ensuring the organization gets value for their money and at the same time the supplier benefits from the service, good or work rendered to the organization.

d) Product stewardship

The Municipality ensures that consumer rights and interests are safeguarded through:

- i. Advising the County Government on applicable licences and rates in relation to sand harvesting which in turn is subjected to public participation.
- ii. Ensuring that public participation is embraced

5. Community Engagements

Community engagement is at the heart of our operations, and Emali Sultan Hamud Municipality has undertaken several Corporate Social Responsibility (CSR) initiatives aimed at improving the quality of life for residents.

Key Initiatives: **Sports:** Sponsorship of local sports tournaments to encourage youth participation.

Water and Sanitation: Installation of community water kiosks and boreholes to improve access to clean water. This has been achieved through a collaborative effort with county department of water and sanitation.

Through these activities, the Municipality has contributed to the upliftment of the community, with positive feedback from residents regarding the tangible benefits. These initiatives not only promote social cohesion but also reflect our commitment to sustainable urban development.

In conclusion, Emali Sultan Hamud Municipality strives to embed sustainability across all its operations while working towards improving environmental performance, employee welfare, ethical market practices, and community well-being.

11. Report of the Municipality Board Members

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

Principal activities

The principal activities of the Municipality are to provide for efficient and accountable management of the affairs of the Municipality

Performance

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

Board Members

The members of the Board who served during the year are shown on page vii-ix. The inaugural chairperson was replaced by the vice chairperson, but still remains a board member. As for the other members, there was no change

Auditors

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

By Order of the Board



.....

Secretary to the Board

Philip Ngila

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, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Municipality, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) Safeguarding the assets of the Municipality, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The 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, 2025, 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.

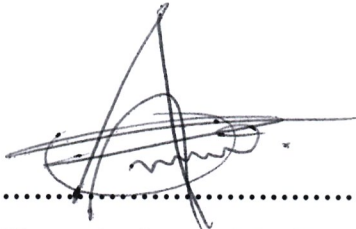
In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern. Nothing has come to the attention of the Municipal Manager to indicate that the

***County Government of Makueni
Emali-Sultan Hamud Municipality
Annual Report and Financial Statements for the year ended June 30, 2025***

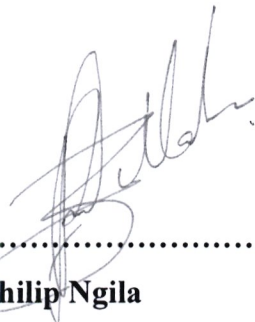
Municipality will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Municipal 's financial statements were approved by the Board on 26th August 2025 and signed on its behalf by:


.....

Name: Anderson Masila
Chairperson of the Board


.....

Name: Philip Ngila
Accounting officer of the Board

REPUBLIC OF KENYA



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

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

AUDIT REPORT OF THE AUDITOR - GENERAL ON EMALI-SULTAN HAMUD MUNICIPALITY FOR THE YEAR ENDED 30 JUNE, 2025

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.

Qualified Opinion

I have audited the accompanying financial statements of Emali-Sultan Hamud Municipality set out on pages 1 to 41 which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Emali-Sultan Hamud Municipality as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Urban Areas and Cities Act, 2011 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Misclassification of Expenditure

The statement of financial performance and as disclosed in Note 12 to the financial statements reflect use of goods and services of Kshs.20,882,748 which includes Kshs.15,681,187 relating to other operating expenses. Review of payment vouchers and support documents revealed that the expenditure includes Kshs.2,809,073 which was wrongly charged to other operating instead of various components as analyzed in the table below;

Correct Account Item	Amount
Domestic Travel and Subsistence	1,334,527.00
Fuel, Oil and Lubricants	835,519.00
Hospitality, Supplies and Services	29,400.00
Routine maintenance Expenses	6,000.00
Staff Costs	603,627.00
Grand Total	2,809,073.00

In the circumstances, the accuracy of the various expenditure items under use of goods and services could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Emali-Sultan Hamud 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 revenue budget and actual on comparable basis of Kshs.74,790,011 and Kshs.48,045,038 respectively,

resulting to underfunding of Kshs.26,744,973 or approximately 36% of the budget. Similarly, the Municipality expended Kshs.27,603,884 against actual receipts of Kshs.48,045,038 resulting to under absorption of Kshs.20,441,154 or approximately 43% of the receipts.

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

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 effects of the matter described in the Basis for Qualified Opinion, I have determined that there are no other key audit matters to communicate in my report.

Other Information

The Management are responsible for the Other Information set out on pages iii to xxix which comprise of Key Entity Information, Municipality Board, Key Management Team, 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 Municipality's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance 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, I confirm that nothing 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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain

assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on the 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

Lack of Internal Audit Function and an Audit Committee of the Board

The Municipality has not established an internal audit function and an Audit Committee of the Board. This is contrary to Section 155 of the Public Finance Management Act, 2012 which provides for the establishment of the internal audit function and an Audit Committee of the Board. As such the Municipality did not benefit from the assurance and advisory services from the internal audit function as well as oversight from the Audit Committee.

In the circumstances, the effectiveness of the internal controls could not be confirmed.

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

Responsibilities of the Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

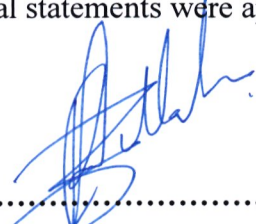
Nairobi

06 November, 2025

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

Description	Note	FY 2024/25	FY 2023/24
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from the County Government	6	44,966,038	51,917,448.
Public contributions and donations	7		-
Levies Fines and Penalties	8		-
Other revenues	9	11,248,612	6,207,132
		56,214,650	58,124,580
Revenue from exchange transactions			
Interest income	10		-
Miscellaneous Income	11		-
			-
Total revenue		56,214,650	58,124,580
Expenditure			
Use of goods and services	12	20,882,748	29,940,705
Staff costs	13	8,169,612	6,207,132
Board expenses	14	1,731,555	1,860,818
Finance costs	15		-
Depreciation and amortization	16	3,247,562	2,469,398
Repairs and maintenance	17	383,807	9,302,679
Total expenses		34,415,284	49,780,732
Other gains/losses			
Gain/loss on disposal of assets	18	-	-
Surplus/(deficit) for the period		21,799,366	8,343,849

The notes set out on pages 22 to 34 form an integral part of these Financial Statements. The entity financial statements were approved on 26th Aug 2025 and signed by:


.....
Name: Philip Ngila**Municipal Manager**
.....
Name: CPA Joseph Mutuku**Head of Finance****ICPAK M/No:14398**

*County Government of Makueni
Emali-Sultan Hamud Municipality
Annual Report and Financial Statements for the year ended June 30, 2025*

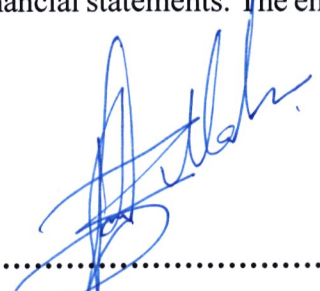
15. Statement of Financial Position as at 30 June 2025

Description	Note	FY 2024/25	FY 2023/24
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	19	13,659,956	3,584,934
Receivables from exchange transactions	20	-	-
Receivables from non-exchange transactions	21	-	12,826,844
Prepayments	22	709,800	780,000
Inventories	23	-	-
Total current assets		14,369,756	17,191,778
Non-current assets			
Property, plant, and equipment	24	10,606,413	8,968,912
Intangible assets	25	5,752,788	-
Total Non-current Assets		16,359,201	8,968,912
		30,728,957	26,160,690
Total assets (A)		30,728,957	26,160,690
Liabilities			
Current liabilities			
Trade and other payables	26	245,742	17,816,841
Refundable deposits from customers	27	-	-
Provisions	28	-	-
Borrowings	29	-	-
Employee benefit obligations	30	-	-
Deferred Income	31	-	-
Social Benefits	32	-	-
Total current liabilities		245,742	17,816,841
Non-current liabilities			
Provisions	28	-	-
Borrowings	29	-	-
Non-current employee benefit obligation	30	-	-
Deferred Income	31	-	-
Social Benefits	32	-	-
Total Non-current liabilities		-	-
Total liabilities (B)		245,742	17,816,841
Net Assets (A-B)		30,483,215	8,343,849
Represented by:			

County Government of Makueni
Emali-Sultan Hamud Municipality
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Capital/Development Grants/Fund			-
Reserves			-
Accumulated surplus		30,483,215	8,343,849
Net Assets/Equity		30,483,215	8,343,849

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 26th Aug, 2025 and signed by:



.....
Name: Philip Ngila

Municipal Manager

Date:26.08.2025



.....
Name: CPA Joseph Mutuku

Head of Finance

ICPAK M/No:14398

Date:26.08.2025

*County Government of Makueni
Emali-Sultan Hamud Municipality
Annual Report and Financial Statements for the year ended June 30, 2025*

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

Description	Capital/ Development Grants/Fund	Revaluatio n Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
Bal as at 1 July 2022	-	-	-	-
Surplus/(deficit) for the year		-	-	-
Funds received during the year	-	-	-	-
Revaluation gain/loss	-	-	-	-
Bal as at 30 Jun 2023	-	-	-	-
Bal as at 1 July 2023				
Surplus/(deficit) for the year	-		8,343,849	8,343,849
Funds received during the year	-	-	-	-
Revaluation gain/loss	-	-	-	-
Balance as at 30 June 2024	-	-	8,343,849	8,343,849
Surplus for the year FY 24/25		-	21,799,366	21,799,366
Prior Year Adjustments	-	-	340,000	340,000
Funds received during the year				
Revaluation gain/loss	-	-	-	-
Bal as at 30 Jun 2025	-	-	30,483,215	30,483,215

Prior Year Adjustments

There was a pending bill of FY 23/24 for Damu Logistics which was declared at KES 2,737,880 but the actual amount that was paid was KES 2,497,880 being the last payment giving a balance of KES 240,000. There was another pending bill of KES 100,000 for Jambo Africa but to date no documents have been availed to support this claim. Payables totalling to Kshs 3,063,412 relating to FY 24/25 were paid in the year under review, to be precise between 3rd July to 9th July 2024. This had been captured in the previous year cashbooks.

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

Description	Note	FY 2024/25	FY 2023/24
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6	35,180,568	50,098,689
Public contributions and donations			-
Interest received			-
Transfer from other government entities	9	3,079,000	
Miscellaneous receipts			-
Total Receipts		38,259,568	50,098,689
Payments			
Use of goods and services		21,184,121	28,722,046
Staff costs			-
Board expenses		1,731,555	1,734,169
Finance costs			-
Repairs and maintenance		383,808	6,066,483
Total Payments		23,299,484	36,522,697
Net cash flows from operating activities	33	14,960,084	13,575,992
Cash flows from investing activities			
Purchase of PPE & intangible assets		(4,885,062)	(9,991,058)
Proceeds from sale of PPE			-
Net cash flows used in investing activities		(10,075,022)	(9,991,058)
Cash flows from financing activities			
Receipts from Capital grants			-
Proceeds from borrowings			-
Repayment of borrowings			-
Net cash flows used in financing activities			-
Net increase/(decrease) in cash & cash equivalents		10,075,022	3,584,934
Cash And Cash Equivalents At 1 July	19	3,584,934	-
Cash And Cash Equivalents At 30 June	19	13,659,956	3,584,934

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
Revenue		Kshs.	Kshs.	Kshs.	Kshs.	
Transfers from the County Government	109,955,810	(35,165,799)	74,790,011	44,966,038	29,823,973	60%
Public contributions and donations	-	-	-	-	-	0%
Interest income	-	-	-	-	-	0%
Miscellaneous income						
Transfers from other government entities	-	-	-	3,079,000	-	0%
Total Revenue	109,955,810	(35,165,799)	74,790,011	48,045,038	29,823,973	60%
Expenses						
Use of goods and services	32,610,241	(3,165,961)	29,444,280	25,488,521	3,955,759	87%
Board expenses	2,700,000	(600,000)	2,100,000	1,731,555	368,445	82%
Repairs and maintenance	500,000	-	500,000	383,808	116,192	77%
Finance costs	-	-	-	-	-	0%
Total Expenditure	35,810,241	(38,931,760)	32,044,280	27,603,884	4,440,396	86%
Surplus for the period	74,143,569	(16,453,200)	42,745,731	20,441,183	-	
Capital Expenditure	74,145,569	(31,399,838)	42,745,731	19,438,887	23,306,844	46%

19. Notes to the Financial Statements

1. General Information

Emali-Sultan Hamud Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011, Amended 2019 and Municipal Charter on 22nd December, 2022. The Municipality is under the County Government of *Makueni* and is domiciled in Kenya.

The entity's principal activity is to provide for efficient and accountable management of the affairs of the Municipality.

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 years presented.

3. Application of New and revised standards (IPSAS)

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.

There are no new standards effective in the financial year ended 30th June 2025.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by:

	i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47: Revenue	<i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48: Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49: Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

iii. Early adoption of standards

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

4. Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2024/25 was approved by the County Assembly on 27th June, 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The appropriations are reduced to the original budget by the Municipality upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Municipality recorded reduced appropriations of Kshs. 35,165,799 on 20th November, 2024 following the governing body's approval.

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 on page 1 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. *The municipality is using the straight line method of depreciation as stipulated in the depreciation guidelines, which provides 25% for motor vehicles, 8% for furniture and fittings, 33% for computers and office equipment and 13% for plant and machinery.*

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

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

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 needs of society as a whole. The entity recognises a social benefit as an expense for the social benefits scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

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 has not created any reserves.

l) Changes in accounting policies and estimates

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

m) Employee benefits – Retirement benefit plans

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

n) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. 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 year.

r) Comparative figures

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

s) Events after the reporting period

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

- (a) Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) Those that are indicative of conditions that arose after the reporting date

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

t) Currency

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

5. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made.

Estimates and assumptions.

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

Useful lives and residual values

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

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

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Notes to the Financial Statements

6. Transfers from the County Government

Description	FY 2024/25	FY 2023/24
	Kshs.	Kshs.
Transfers from County Govt.	35,180,568	23,513,896
Payments by County on behalf of the entity	9,785,470	28,403,553
Unconditional development grants	-	-
Total	44,966,038	51,917,488

(a) Transfers from County Government entities (Categorized)

Name Of The Entity Sending The Grant	Amount recognized to Statement of financial performance Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	FY 2024/25	FY 2023/2024
			Kshs	Kshs	Kshs	Kshs
County Government of Makueni-Wote Municipality	3,079,000	-		3,079,000	3,079,000	0
Staff Costs in Kind	8,169,612			8,169,612	8,169,612	6,207,132
Total	11,248,612	-	-	11,248,612	11,248,612	6,207,132

7. Public Contributions and Donations

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

8. Levies, Fines and penalties

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Levies	-	-
Fines	-	-
Penalties	-	-
Others	-	-
Total	-	-

9. Other Revenues from Non-Exchange Transactions

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Transfers from other government entities	3,000,000	-
Others(Water Account)	79,000	-
Staff costs in kind	8,169,612	6,207,132
Total	11,248,612	6,207,132

10. Interest income

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

11. Miscellaneous income

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Income from sale of tender documents	-	-
Others	-	-
Total other income	-	-

12. Use of Goods and Services

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Utilities, supplies and services	-	87,800
Communication, supplies and services	403,184	583,804
Domestic travel and subsistence	1,272,200	1,914,356
Foreign travel and subsistence	500,000	-
Printing, advertising, supplies & services	134,142	160,953
Rent and rates	155,700	156,000
Training expenses	325,800	161,700
Hospitality supplies and services	448,050	536,721
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	466,210	356,700
Fuel, oil and lubricants	1,000,000	583,050
Other operating expenses (<i>Specify</i>)	15,681,187	25,298,833
Routine maintenance – vehicles and other equipment	381,158	-
Routine maintenance – other assets	2,650	-
Contracted Professional Services		
Audit fees		-
Hire of Transport, equipment etc		-
Bank Charges	112,467	100,788
Social Benefit expenses*		-
Total	20,882,748	29,940,705

13. Staff costs

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Salaries and wages	8,169,612	6,207,132
Staff gratuity		-
Social security contribution		-
Other staff costs (<i>Specify</i>)		-
Total	8,169,612	6,207,132

14. Board expenses

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Chairman/Members' Honoraria	-	-
Sitting allowances	1,731,555	1,860,818
Medical Insurance		-
Induction and Training		-
Travel and accommodation		-
Conference Costs		-
Other allowances (Specify)		-
Total	1,731,555	1,860,818

15. Finance costs

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

16. Depreciation and amortization

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Property, plant and equipment	3,247,562	2,469,398
Intangible assets		-
Investment property carried at cost		-
Total depreciation and amortization	3,247,562	2,469,398

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17. Repairs and Maintenance

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Property- Buildings	-	-
Office equipment	2,650	-
Furniture and fittings	-	-
Motor vehicle expenses	381,158	901,392
Maintenance of civil works	-	8,401,287
Total repairs and maintenance	383,808	9,302,679

18. Gain/(loss) on disposal of assets

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

19. Cash and cash equivalents

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Fixed deposits account	-	-
On – call deposits	-	-
Current account	13,659,956	3,584,934
Others	-	-
Total cash and cash equivalents	13,659,956	3,584,934

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

Financial institution	Account number	FY 2024/2025	FY 2023/2024
		Kshs.	Kshs.
a) Fixed deposits account			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
Sub- total		-	-
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
Sub- total		-	-
c) Current account			
Co-operative Bank	01100429877002	7,564,877	377,476
Co-operative Bank	01100429877001	6,095,079	3,207,458

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Sub- total		13,659,956	3,584,934
d) Others(specify)		-	-
Cash in transit		-	-
Cash in hand		-	-
Mobile Money		-	-
Sub- total		-	-
Grand total		13,659,956	3,584,934

20. Receivables from exchange transactions

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

21. Receivables from Non-Exchange transaction

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Transfer from County Executive	-	1,818,759
Payments in kind(by County Executive)		11,008,085
Total		12,826,844

Ageing analysis for Receivables from non-exchange transactions

Description	FY 2024/2025		FY 2023/2024	
	Kshs		Kshs	
	FY 2024/2025	% of the total	FY 2023/2024	% of the total
Less than 1 year	-	100%	1,818,759	100%

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Between 1- 2 years	-	-	0	%
Between 2-3 years	-	-	0	%
Over 3 years	-	-	0	%
Total	-	100%	1,818,759	100%

22. Prepayments

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Prepaid rent	709,800.00	780,000
Prepaid insurance		-
Prepaid electricity costs		-
Other prepayments		-
Total	709,800.00	780,000

23. Inventories

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Stationery	-	-
Consumables	-	-
Other inventories	-	-
Total inventories at the lower of cost and net realizable value	-	-

24. Property, Plant and Equipment

Description	Land	Building	Motor vehicles	Furniture and fittings	Computers	Plant and Machinery (specify)	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Depreciation Rate		%	25%	8%	33%	13%		
As at 1 July 2023	-	-	-	-	-	-	-	-
Additions	-	-	6,000,000	3,300,977	2,137,334	-	-	11,438,311
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
Revaluation Adjustment	-	-	-	-	-	-	-	-
As at 30th June 2024	-	-	6,000,000	3,300,977	2,137,334	-	-	11,438,311
Additions for the year	-	-	-	137,628	847,435	3,900,000	-	4,885,062
Disposals for the year	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
Revaluation Adjustment	-	-	-	-	-	-	-	-
As at 30th June 2025	-	-	6,000,000	3,438,605	2,984,769	3,900,000	-	16,323,373
Depreciation and impairment								-
At 1st July 2023	-	-	-	-	-	-	-	-
Depreciation		-	1,500,000	264,078	705,320	-	-	2,469,398
Impairment		-	-	-	-	-	-	-
Transfers/ Adjustments		-	-	-	-	-	-	-
As at 30 June 2024		-	1,500,000	264,078	705,320	-	-	2,469,398
Depreciation for the year		-	1,500,000	275,088	984,974	487,500	-	3,247,562
Disposals for the year		-	-	-	-	-	-	-
Impairment for the year		-	-	-	-	-	-	-
Transfer/adjustment		-	-	-	-	-	-	-
As at 30th June 2025		-	3,000,000	539,167	1,690,294	487,500	-	5,716,960
								-
NBV as at 30th Jun 2024	-	-	4,500,000	3,036,899	1,432,014	-	-	8,968,913
NBV as at 30th Jun 2025	-	-	3,000,000	2,899,438	1,294,475	3,412,500	-	10,606,413

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25. Intangible assets

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Cost		
At beginning of the year	-	-
Additions	5,752,788	-
At end of the year	5,752,788	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	5,752,788	-

This relates to an ERP system partially paid as of the end of FY 2024/25

26. Trade and other payables

Description	FY 2024/2025	FY 2023/2024
	Kshs.	23Kshs.
Trade payables	245,742	6,808,756
Retentions	-	-
Accrued expenses	-	-
Other payables(payments by county Executive)	-	11,008,085
Total trade and other payables	245,742	17,816,841

Ageing analysis:	FY 2024/2025	% of the Total	FY 2023/24	% of the Total
Under one year	181,299	100%	17,816,841	100%
1-2 years	64,443		-	0%
2-3 years			-	0%
Over 3 years			-	0%
Total	245,742		17,816,841	100%

27. Refundable deposits from customers

There were no refundable deposits from customers to disclose

28. Provisions

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

29. Borrowings

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

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

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

30. Employee Benefit Obligations

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

31. Deferred Income

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

The deferred income movement is as follows:

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

Analysed as:

Description	Amount
	Kshs
Current	-
Non- Current	-
Total	-

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32. Social Benefit Liabilities

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

33. Cash generated from operations

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax	21,799,366	8,343,849
Adjusted for:		
Depreciation	3,247,562	2,469,398
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Working Capital adjustments		
Increase in Prepayments	(70,200)	(780,000)
Increase in inventory	-	-
Increase in receivables	12,826,844	(12,826,844)
Increase/decrease in payables	(17,571,099)	16,369,589
Net cash flow from operating activities	14,960,084	13,575,992

34. 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/scheme is related to the following entities:

- a) The County Government.
- b) Department of Lands, Urban Planning, Environment and Climate Change.
- c) County Assembly.
- d) Key management.
- e) Municipality Board; etc.

b) Related party transactions

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

c) Key management remuneration

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Board Members	1,731,555	1,860,818
Key Management Compensation		-
Total	1,731,555	1,860,818

d) Due from related parties

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

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e) Due to related parties

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

35. Contingent liabilities

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

36. Contingent Assets

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

37. Financial risk management

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

I. Credit risk

The Municipality has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience, and other factors. Individual risk limits are set based on internal or external assessments in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Municipality's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the Municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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

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

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

II. Liquidity risk management

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

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

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

III. Market risk

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

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

IV. Foreign currency risk

There were no foreign exchange transactions to disclose

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

Foreign currency sensitivity analysis

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

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

V. Interest rate risk

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

Management of interest rate risk

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

VI. Capital risk management.

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

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

20. Appendices

Appendix 1. Progress on Follow up of Auditors Recommendations.

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
1	The statement of financial position as disclosed in Note 19 to the financial statements reflects cash and cash equivalents balance of Kshs. 3,584,934 while the bank reconciliation statements for recurrent and development accounts reflect balances of Kshs. 92,659 and Kshs. 155,528 respectively totaling to	The cash and cash equivalents balance indicated in the Financial Position was the Cashbook Balances. The amounts of Kshs 92,658.75 and Kshs 1,527,522.65 were the balances as per the bank statements for recurrent and development operations accounts	Not Resolved	N/A

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	Kshs.248,187 resulting to unexplained variance of Kshs.3,336,747.	respectively as at 30th June 2024.		

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Accounting officer of Emali-Sultan Hamud Municipality
Philip Ngila

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Appendix 2: Inter-Entity Transfers

MUNICIPALITY NAME: Emali-Sultan Hamud Municipality			
Breakdown of Transfers from the County Executive of Makueni County			
FY 2023/2024			
a. Recurrent Grants	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate
	6-Sep-24	924,360.00	FY 2024/2025
	6-Sep-24	250,000.00	FY 2024/2025
	6-Sep-24	300,000.00	FY 2024/2025
	3-Oct-24	893,000.00	FY 2024/2025
	3-Oct-24	456,160.00	FY 2024/2025
	3-Oct-24	1,102,040.00	FY 2024/2025
	13-Nov-24	244,800.00	FY 2024/2025
	9-Dec-24	890,920.00	FY 2024/2025
	17-Dec-24	21,000.00	FY 2024/2025
	17-Dec-24	250,000.00	FY 2024/2025
	17-Dec-24	52,720.00	FY 2024/2025
	13-May-25	943,000.00	FY 2024/2025
	6/27/2025	864,400.00	FY 2024/2025
	7/3/2025	1,108,760.00	FY 2024/2025
	7/3/2025	3,314,900.00	FY 2024/2025
	7/3/2025	8,000.00	FY 2024/2025
	7/3/2025	364,000.00	FY 2024/2025
	7/3/2025	521,466.00	FY 2024/2025
	7/3/2025	399,765.00	FY 2024/2025
	7/3/2025	276,500.00	FY 2024/2025
	7/3/2025	261,159.00	FY 2024/2025
	7/3/2025	50,000.00	FY 2024/2025
	7/11/2025	5,768,420.00	FY 2024/2025

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		Total	19,265,370.00	
b. Development Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>	
	17-Dec-24	490,398.00	FY 2024/2025	
	3-Mar-25	2,007,000.00	FY 2024/2025	
	3-Mar-25	3,993,000.00	FY 2024/2025	
	3-Mar-25	3,000,000.00	FY 2024/2025	
	6/27/2025	5,000,000.00	FY 2024/2025	
	6/27/2025	924,800.00	FY 2024/2025	
	6/27/2025	500,000.00	FY 2024/2025	
		Total	15,915,198.00	
c. Direct Payments	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>	
	30-Jun-25	9,785,469.65	FY 2024/2025	
		Total	44,966,037.65	

Philip Ngila-Municipal Manager

John Nguni-CO Finance-Government of Makueni County

Appendix 3: Reporting of Climate Relevant Expenditures

Name of the Organization: Emali Sultan Hamud Municipality

Telephone Number: 0716418984

Email Address: emalisultan.municipality.go.ke

Name of Municipal Manager: Philip Ngila

Name and contact details of contact person (in case of any clarifications) Philip Ngila Tel 0724111029

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

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Appendix 4: Disaster Expenditure Reporting Template

Date: 30th June 2025

Entity

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

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Trial Balance

Trial Balance				
Details	Debit	Credit	Debit	Credit
Accumulated surplus		8,343,849		
Transfers from the County Government	-	44,966,038		58,124,580
Other Revenues Transfers from County Govt		11,248,612		
Prior year adjustment- Payables		340,000		
Expenditure	31,167,722		47,311,333	
Depreciation and amortization	3,247,562		2,469,398	
Cash and cash equivalents	13,659,956		3,584,934	
Receivables from non-exchange transactions			12,826,844	
Prepayments	709,800		780,000	
Property, plant, and equipment	16,359,200		8,968,912	
Trade and other payables		245,742		17,816,841
Total	65,144,240	65,144,240	75,941,421	75,941,421