

REPUBLIC OF KENYA



Enhancing Accountability

REPORT
OF
THE AUDITOR-GENERAL

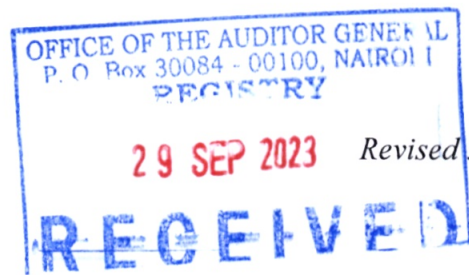
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KIAMBU MUNICIPALITY

FOR THE YEAR ENDED
30 JUNE, 2023

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Revised 30th June 2023



KIAMBU MUNICIPALITY

County Government of Kiambu

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

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

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1. Acronyms & Glossary of Terms

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

2. Key Entity Information and Management

a) Background information

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

b) Principal Activities

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

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

The municipality will strive to achieve the above Mission by;

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

c) Key Management

The Municipality management is under the following key organs:

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

d) Fiduciary Management

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

SN	Position	Name
1	Municipality Manager	Joshua Mwangi Muthee
2	Resident Engineer	Eng Peter Karanja
3	Programme Coordinator	Martin Kangiri
4	Assistant Resident Engineer	Samwel Rono

e) Fiduciary Oversight Arrangements

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

f) Registered Offices

P.O. Box 2344- 00900, KIAMBU
Red Nova Offices-Room G1
Indian Bazaar Road, off Kiambu Road
Kiambu Town, KENYA

g) Contacts

Telephone: (+254) 709877000
E-mail: kiabumunicipality@kiambu.go.ke
kiabumunicipality@gmail.com
Website: <https://kiambu.go.ke/kiambu-municipality/>

h) Bankers

Commercial Banks
1. Family Bank Kiambu Branch-001000046296



i) Independent Auditor

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

j) Principal Legal Adviser

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

3. Municipality Board

Name	Details of qualifications and experience
 <p data-bbox="221 775 539 857">Thomas Kimari Kamau Chairman of the Board</p>	<p data-bbox="632 322 1390 394">Thomas Kimari 53, was appointed on 27th June 2018 as the Chairman of the Kiambu Municipality Board.</p> <p data-bbox="632 445 1449 943">Mr. Kimari holds a Bachelors Degree of Arts in Journalism & Communication with a major in Public Relations from the Presbyterian University of East Africa. He also holds a Diploma in Security Management from Kenya Institute of Studies in Criminal Justice. He is the Founder / Chief Executive Officer of Gratom Babz Security Services Ltd. and is an active member of the Protective Security Industry Association. He was formerly Administrative and Security Officer with Kenya Tea Development Agency (KTDA) with working experience of 16 years. He also serves in the capacity of a Board Member of Biashara Group of Kiambu, a member of Kiambu Golf Club and Patron Ndumberi Golf Club.</p>
 <p data-bbox="256 1485 533 1570">Paul Njuguna Gituku Board Member</p>	<p data-bbox="632 994 1409 1066">Paul Gituku, 63 was appointed on 27th June 2018 as a Board Member of Kiambu Municipality.</p> <p data-bbox="632 1122 1422 1193">He has over 19 years working experience and proven success in Financial and Management Accounting.</p> <p data-bbox="632 1205 1449 1323">Mr Gituku holds a Bachelors Degree of Arts (Economics) from the University of Nairobi and a Master's degree in Economics from the University of Ottawa.</p>



Edmund Njihia
CO LHPP & MAUD

Professional & Academic Qualification: He is an Environmental Safety & Health, Food Safety, Quality Management, Procurement & Supply Chain and Project Management expert.
Work experience: Over 20 years
Current Chief Officer Department of Municipal Administration and Urban Development in Kiambu County

CECM MAUD



Salome Muthoni Wainaina




Salome Wainaina is a holder of a Bachelor of Economics and Political Science degree and has an MBA in Strategic Management. She additionally has certifications in Leadership and Governance courses.
She has over 20 years' experience in marketing and strategic management in both private and public sector.






Caroline Gathoni Muibu
Vice Chairperson



Caroline Muibu, 28 was appointed to the board on 14th October 2021.

Caroline holds a degree in law from the University of Nairobi and is currently undertaking her Master's degree in Law from the same university. She also holds a Post Graduate Diploma from the Kenya School of Law. She is an advocate with 4 years post admission experience in legal consultancy, advocacy and litigation. She is also a member of the Law Society of Kenya, Kiambu Bar Chapter and The Young Bar Association. She is currently the Managing Partner at Kamuiru Muibu & Co. Advocates.

 <p>Eng. Simon Kamunge Board Member</p>	<p>Simon Kamunge, 68 was appointed to the board on 14th October 2021.</p> <p>Simon has over 40 years of experience in the civil engineering field. He holds a Degree in Civil Engineering from the University of Nairobi. Eng. Kamunge has worked on many engineering projects ranging from roads, water supply, sewerage, high rise buildings, universities, housing estates, factories etc. many of them funded by the GOK, World Bank and other agencies in Kenya, Swaziland and Rwanda.</p> <p>Eng. Kamunge is conversant with FIDIC Conditions of Contract and procurement procedures for various bodies including GOK and has previously conducted training workshops for small and medium clients and contractors.</p>
<p>Board Member</p>  <p>Daniel Rurigi</p>	<p>Daniel Rurigi, 36 was appointed as a board member on 14th October 2021.</p> <p>Daniel holds a Bachelor of Commerce, Marketing option from the Catholic University of Eastern Africa. He has over 5 years' experience in all phases of Medical Assistance and another 10 years in Marketing and Human Resource Management. He is currently a marketing director with HBG Medical Assistance Kenya.</p>
 <p>Joshua Mwangi Muthee Municipal Manager</p>	<p>Mr. Muthee, 34 years old was appointed on 27th June 2018 as the Municipal Manager.</p> <p>Before joining the municipality, Mr. Muthee had worked as program manager for Healing Tree International, A registered NGO and previously worked in various banks in various capacities.</p> <p>He has a Degree in Bachelor of Science in Economics and an MBA (Management Information Systems) at Kenyatta University He has also been trained at the Kenya School of Government for the 'Senior Management Course'.</p>

4. Key Management Team

Name	Details of qualifications and experience
 <p>Joshua Mwangi Muthee Municipal Manager</p>	<p>Mr. Muthee, 34 years old was appointed on 27th June 2018 as the Municipal Manager.</p> <p>Before joining the municipality, Mr. Muthee had worked as program manager for Healing Tree International, A registered NGO and previously worked in various banks in various capacities.</p> <p>He has a Degree in Bachelor of Science in Economics and an MBA (Management Information Systems) at Kenyatta University He has also been trained at the Kenya School of Government for the ‘Senior Management Course’.</p>
<p>Environment Officer</p>  <p>Grace Wanjiru Mwangi</p>	<p>Grace Wanjiru Mwangi, 31 years old, graduate from Kenyatta University BSc Environment Studies (Community Development). Worked with the County Government for the past 7 years as an Environment Officer, Department of Environment, Waste Management, Renewable Energy and Climate Change.</p>
 <p>Samwel Rono Civil Engineer</p>	<p>Samwel Rono, 36 holds a Bachelor’s degree in Civil Engineering from the University of Nairobi. He is also a member of the Institution of Engineers of Kenya and the Engineers Board of Kenya.</p> <p>He has 10 years’ experience in the civil engineering profession and has worked for the County Government of Kiambu- Ministry of Roads, Transport & Public Works since 2015.</p>

 <p>Jennifer Mueni Kamzeh Surveyor</p>	<p>Jennifer holds a Bachelor Degree of Science in Geospatial Information Science from Dedan Kimathi University of Science and Technology, Masters in Environmental Planning and Management from Kenyatta University and a post graduate diploma in Project Management from Kenya Institute of Management. She has also been trained at the Kenya School of Government for the ‘Senior Management Course’. She is a member with the professional body, Institute of Surveyors of Kenya.</p> <p>Jennifer is a senior land surveyor and GIS expert at the County Government of Kiambu. She serves as the Municipal surveyor for Kiambu Municipality.</p>
<p>KUSP Program Coordinator</p>  <p>Martin Kangiri</p>	<p>Martin has an ongoing Ph.D. Urban Economics-University of South Africa, an Executive Diploma in Urban Development - London School of Economics and Political Science, Master of Economics (Finance) and Bachelor of Arts (Economics).</p> <p>Martin is an Economist with over ten years working experience for both public and private sector organizations in Coordination, supervision and promotion of economic ties with development partners.</p> <p>He is currently the County Programme Coordinator-Kenya Urban Support Programme and the Technical Team Leader (TTL)-Creation of Thika Industrial Smart City, Kabete, Githunguri, Juja, Gatundu, Githurai and Kimende Municipalities.</p>

5. Municipality Board Chairperson's Report

On behalf of the Kiambu Municipality Board, I am pleased to present to you an overview of the annual report and financial statements of the Municipality for the year ended 30th June 2022. The foundation that we have laid over time by embracing our vision to be a world class municipality; continues to drive growth and provide momentum for a secure future.

In efforts to deliver optimal performance, the board has achieved the following.

Successes made

- Municipal Manager, Municipal board members and following staff in place seconded from the County Engineer, Surveyor and Environment Officer.
- Delegation of functions by the Governor to the Municipalities as envisaged in the municipal service charter. As per the Municipality Charter, none of the delegated functions have been delegated. Most functions are being handled from the office of the Sub- County Administrator.
- Formation of the Project Implementation Committee to oversee the overall execution of works in the municipality.
- Formation of a Grievances committee to foresee social environmental issues in the municipalities during the project implementation in place.
- Improvement of urban infrastructure such connectivity- roads, street lighting, sewer, landscaping and beautification

Like many other municipalities, the municipality has continued to experience a turbulent tenure but remain hopeful in the face of continued support from the County Government of Kiambu and other partners.

Challenges faced

- Competition for projects to be selected in the Annual Urban Investment Plans by citizens during project selection exercise.
- Delegation of functions and Gazettement of more roles. There has been consistent lobbying by the board to ensure delegation and Gazettement of more functions.
- Lack of a municipality vote head despite numerous request by the board. This has led to challenges in sorting out the recurrent expenditures.

- Resource allocation of conditional grant (Urban Development Grant) is based on 2009 population census 83,645 which has since grown massively to population 145,903 according to 2019 census.
- Delayed relocation of services and utilities during infrastructural development such KPLC and water companies.

Review of the Municipality's Board performance

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

- Upgrading and Lighting of 2km Riabai Shopping Centre access Road to Bituminous Standards and Rehabilitation of Riabai Open Air Market
- Proposed Upgrading of Githunguri - Gatitu - Githiga Access Road to Bituminous Standards

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

Future outlook of the Municipality's Board

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

On the governance front, the Board inducted 3 new board members into the activities and operations of the Municipality. The 3 members have brought on the board fresh and diverse perspectives and increased the efficiency and reach of the Municipality. Unfortunately, the board has also lost 2 of its board members to resignations but remain optimistic with the current composition and look forward to be fully constituted.



Thomas Kimari Kamau

Chairperson – Kiambu Municipality

6. Report of the Municipality Manager

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

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

FINANCIAL OVERVIEW

The financial performance during the period was dependent on the performance of the municipality under KUSP- World Bank Grant. The municipality was able to absorb all the funds granted in the grant during the FY 2020/21.

PUBLIC PARTICIPATION

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

STAFF ACQUISITION

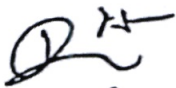
The municipality has requested for the deployment of staff in line with the proposed governance and institution framework proposed to the county for the operationalization of the municipality.

FUTURE PLANS

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

Challenges made during the reporting period FY 2022/2023

- Competition for projects to be selected in the Annual Urban Investment Plans by citizens during project selection exercise.
- Delegation of functions and Gazettement of more roles. There has been consistent lobbying by the board to ensure delegation and Gazettement of more functions.
- Lack of a municipality vote head despite numerous request by the board. This has led to challenges in sorting out the recurrent expenditures.
- Resource allocation of conditional grant (Urban Development Grant) is based on 2009 population census 83,645 which has since grown massively to population 145,903 according to 2019 census.
- Delayed relocation of services and utilities during infrastructural development such as KPLC and water companies.



Joshua Mwangi Muthee

Municipal Manager – Kiambu Municipality

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

Introduction

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

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

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

Programme Name: Kiambu Municipality						
Objective: To Improve Infrastructural Developments in Kiambu Municipality and it's Urban Areas						
Outcome: Creation of liveable cities, improved urban infrastructure, revenue improvement						
Sub Programme	Key output	Key performance indicator	Baseline			
			Year	Value	Planned Target FY 22/23	Actual FY 22/23
General Administration & Support Services: Costing of Salaries	Improved efficiency and effectiveness in quality service delivery	No. of Officers Recruited	2022	0	1	1
Staff Training and development programs	Sustainable and satisfied work force	No. of staff sponsored for promotional, refresher courses & CPD programs	2022	0	10	12
Operation & Maintenance: General office	Consistency of information, methods, skills and controls	No. of offices equipped & furnished and general office maintenance	2022	0	1	1
Construction and upgrading of Municipal Infrastructures	Improvement of Roads	Kilometres of Roads Constructed	2022	km	3km	2.5km
	Improvement of Sewer System	Kilometres of Sewer lines constructed	2022	km	0km	0km
	Improvement of Street Lighting	No. of Street Lights Installed	2022	0	20	20
	Improvement of Bus Parks	No. Bus parks Rehabilitated	2022	0	0	0
	Improvement of Market sheds & Ablution Blocks	No. of Market sheds & Ablution Blocks	2022	0	0	0
	Construction & Rehabilitation of	No. of Stadia built or rehabilitated	2022	0	0	0

	Stadium					
	Provision of Waste Management & Equipment	No. of Waste Management stations constructed or/& Equipment bought	2022	0	0	0
	Improvement of NMT & Parking Lots	No. of NMTs & Parking Lots constructed	2022	km	5km	5km
	Construction of Recreational centers	No. Recreational facilities Constructed	2022	0	1	1
	Construction of Fire station and Purchase of Disaster management Equipment	No. of Fire stations constructed and Disaster management Equipment Purchased	2022	0	0	0
	Construction of Storm water Drains	Kilometers of storm water Drains Constructed	2022	km	3 km	3km
Renewable Energy and Climate Change	Incorporation of green energy as an alternative source of power within the municipality	No. of KWh units of wind energy generated	2022	0	0	0
		Volume of bio gas produced	2022	0	0	0
		No. of KWh units of solar PV energy generated	2022	0	0	0
Total						

8. Corporate Governance Statement

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

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

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

The key instruments within the framework are

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

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

- i. Oversee the affairs of the Municipality;
- ii. Develop or adopt policies, plans, strategies and programmes and set targets for service delivery;
- iii. Formulate and implement an integrated development plan;
- iv. Control land, land sub-division, land development and zoning by public and private sectors for any purpose, including industry, commerce, markets, shopping and other employment centres, residential areas, recreational areas, parks, entertainment, passenger transport, agriculture, and freight and transit stations within the framework

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

Induction and Training

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

Board Meetings

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

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

Ethics and conduct as well as governance audit

Several audits have been conducted by the World Bank, State Department of Housing and Urban Development, Internal auditors and the Office of the Auditor General. The municipality is continuously working on the recommendations of the reports generated from these audits.

9. Management Discussion and Analysis

Key Projects -F/Y 2022/23

Kiambu Municipality						
Project Name	Contract Sum	Budget Allocation	Implementation %	Start date	End date	Works done
Establishment and Construction of Light Industrial Garage and Posta Indian Bazaar Road (Phase3) in Kiambu Municipality.	44,324,786.10	47,000,000	90%	22nd March 2022	30 th September 2023	Project is Substantially Complete

Compliance with statutory requirements

The municipality is compliant with the various statutory requirements:

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

Major risks facing the organization

1. Unaligned Kiambu Municipality Charter

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

2. Lack of implementation of the Governance and Institutional Framework

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

10. Environmental And Sustainability Reporting

Kiambu Municipality exists to provide a stable, progressive, resilient and self-sufficient community with an empowered citizenry living in a sustainable environment governed by a competent and dynamic work force.

1. Sustainability strategy and profile

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

2. Environmental performance

The municipality is located within a touching distance of Karura Forest and recognizes that environmental sustainability as the greatest challenge of the 21st century and commits to ensuring that all its major strategies and operations consider their environmental and ecological aspects and impacts.

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

- a. Protecting public health and environment
- b. Facilitating public and private sector collaboration and participation.
- c. Encouraging full stakeholder support.
- d. Unfolding of more detailed plants, programmes and project
- e. Structure planning and sustainability
- f. Effective and achievable implementation and monitoring
- g. Promoting greater public awareness and behavior change.

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

The ESMPs prepared are based on an overall environmental and social assessment, which includes (i) the general baseline at project areas (ii) Evaluation of potential environmental and social impacts of different project components and subcomponents and (iii) Assessment of environmental practices in different ongoing and completed projects.

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

3. *Employee welfare*

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

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

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

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

4. *Market place practices*

a) *Responsible competition practice.*

The municipality has ensured that all its practices adhere to the relevant legal and institutional framework including the competition act (2010). Procurement of contractors is done through competitive bidding and preventing unfair and misleading market conduct;

b) Responsible Supply chain and supplier relations

The municipality has ensured that all its practices adhere to the relevant legal and institutional framework including the Public Procurement and Asset Disposal Act (2015)-PPADA and the Public Procurement and Asset Disposal Regulations (2020)-PPADR, Circulars from County and National Government and Executive Orders from the Office of the President. This is included in procurement planning, procurement processing, inventory and asset management, disposal of assets and contract management.

The Municipality also maintains good relationships and has ensured that suppliers and contractors are treated fairly and equally.

c) Responsible marketing and advertisement

The municipality has ensured advertisement for competitive bidding of projects as well as public participation forums.

d) Product stewardship

Consumer rights in Kenya are fundamental rights afforded to consumers provided for under the Bill of Rights in the Constitution of Kenya (2010). Article 46(1) (TCK) provides that consumers have certain rights in respect of goods and services offered by public entities or private persons: -

- to goods and services of reasonable quality;
- to the information necessary for them to gain full benefit from goods and services;
- to the protection of their health, safety, and economic interests; and
- to compensation for loss or injury arising from defects in goods or services.

The municipality is aware of the legal framework protecting these rights in the undertaking of infrastructural projects and consumption of public goods and service delivery.

5. Community Engagements

The municipality has undertaken various CSR engagements within the projects undertaken in the municipality sensitizing the community on their health. In particular, the municipality did a HIV /AIDs campaign within the projects undertaken within the F/Y 2022/23.

The municipality also undertook awareness campaigns on COVID-19 prevention and care by buying masks and ensuring COVID protocols are adhered to in the workplace.

11. Report of the Municipality Board Members

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

Principal activities

The principal activities of the Municipality are to strengthen urban institutions and to provide the necessary urban infrastructure to the residents

Performance

The performance of the Municipality for the period ended June 30th, 2023 are set in section 8 of this report.

Board Members

The members of the Board who served during the year are shown as per section 2 of this report.

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.



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Name: Joshua Muthee

Secretary of the Board

12. Statement of Management's Responsibilities

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

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

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

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

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

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

Approval of the financial statements

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



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Name: Thomas Kimari
Chairperson of the Board

Name: Joshua Muthee
Accounting officer of the Board

REPUBLIC OF KENYA

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



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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Kiambu Municipality set out on pages 1 to 31, which comprise of the statement of financial position as at 30 June, 2023, statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory

Report of the Auditor-General on Kiambu Municipality for the year ended 30 June, 2023

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

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

Basis for Adverse Opinion

1. Omissions in Presentation and Disclosure of the Financial Statements

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

- i. Date of birth for four (4) Board members was not included in the Municipality Board section in the financial statements.
- ii. The foot note on the statement of financial performance for the year ended 30 June, 2023 indicates that the Notes to the financial statements are set out on page 20 to 32 instead of page 18 to 31.
- iii. ICPAK number for head of finance was not indicated in the financial statements on pages 1, 4 and 5.
- iv. Progress on follow up of auditors' recommendations was not included in the financial statements.
- v. The statement of cash flows reflects net cash flow from operating activities amounting to Kshs.1,129,531 and Kshs.44,242,580 for 2022/2023 and 2021/2022 financial years respectively. However, Note 28 to the financial statements reflects nil net cash flows from operating activities for both financial years.
- vi. The statement of financial performance reflects transfers from the County Government amounting to Kshs.1,194,559. However, Note 29 to the financial statements on related party transactions reflects nil transfers from related parties.

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

2. Inaccuracies in the Financial Statements

2.1 Statement of Financial Position

The statement of financial position reflects net assets and liabilities of Kshs.33,092,423 as at 30 June, 2023, however the following anomalies were noted;

- i. The statement of financial position reflects a nil balance in respect to property, plant and equipment/Infrastructure project, while, note 22 to the financial statements reflects property, plant and equipment balance of Kshs.157,521,188

resulting to an unexplained variance of Kshs.157,521,188. In addition, Management did not charge depreciation/impairment on the reported balance of property plant and equipment/infrastructure project.

- ii. The statement of financial position reflects a nil balance in respect of trade and other payables while Note 15b to the financial statements reflects infrastructure projects expenditure amounting to Kshs.54,508,683 which includes retention monies of Kshs.2,573,604. The variance of Kshs.2,573,604 was not explained.
- iii. Note 15b to the financial statements reflects infrastructure projects payments amounting to Kshs.57,082,287 which includes retention monies of Kshs.2,573,604 reported in the year under review. Review of payment vouchers provided for audit revealed that outstanding retention monies for the year amounted to Kshs.1,519,116 resulting to a variance of Kshs.1,054,488 which was not reconciled. Further, the reported payable amount of Kshs.2,573,604 relates to retention for the previous year which was paid during the financial year under audit.

2.2 Statement of Cash Flows

The statement of cash flows reflects cash and cash equivalents balance of Kshs.86,471,575 for the comparative year which differs with the cash and cash equivalents comparative balance of Kshs.89,045,179 as disclosed in the statement of financial position resulting to an unexplained variance of Kshs.2,573,604. Further, journal adjustments were not passed during the year under audit to correct the cash and cash equivalents balances in the financial statements.

2.3 Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects budgeted income and expenditure amounts of Kshs.50,000,000 and Kshs.60,070,000 respectively. However, the following anomalies were noted;

- i. The statement reflects nil total revenue for both original budget and actual budget on comparable basis columns. However, re-computation of the balances revealed total original revenue and actual of Kshs.50,000,000 and Kshs.1,194,559 respectively. The variances of Kshs.50,000,000 and Kshs.1,194,559 for total original and actual revenue respectively were not explained.
- ii. The statement of comparison of budget and actual amounts reflects transfer from the County Government under original budget and final budget columns of Kshs.50,000,000 and Kshs.1,194,559 respectively. However, the statement reflects nil adjustments resulting to unexplained variance of Kshs.48,805,441.
- iii. The statement of comparison of budget and actual amounts reflects nil total revenue under final budget column. However, recomputation of the amount revealed final budgeted revenue totalling to Kshs.1,194,559. The variance of Kshs.1,194,559 was not reconciled.

- iv. The statement of comparison of budget and actual amounts reflects nil balances for infrastructure projects payment and finance costs-bank charges under performance difference column. However, recomputation of the balances revealed infrastructure projects payment and finance costs-bank charges amounting to Kshs.5,491,317 and Kshs.4,972 respectively. The variances of Kshs.5,491,317 and Kshs.4,972 for infrastructure projects payment and finance costs-bank charges respectively were not reconciled.
- v. The statement of comparison of budget and actual amounts reflects nil total expenditure and surplus for the period under performance difference column. However, recomputation of the balances revealed total expenditure and surplus for the period amounting to Kshs.5,496,289. The variance of Kshs.5,496,289 was not explained or supported.

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

3. Double Counting of Payments for Infrastructure Projects

The statement of financial performance and Note 15b to the financial statements reflects infrastructure projects payments amounting to Kshs.54,508,683 which have been expensed despite being payments for capital projects. Further, Note 22 to the financial statements reflects property, plant and equipment balance of Kshs.54,508,683 for other assets as additional assets, an indicator of capitalisation of projects. Review of the schedule provided in support of the balance revealed that the balance related to payments for the projects whose contracts occurred and were recognised in the year of occurrence.

In the circumstances, the accuracy and completeness of the infrastructure projects payments amounting to Kshs.54,508,683 could not be confirmed.

4. Misstatement of Property, Plant and Equipment Balance

Note 22 to the financial statements reflects property, plant and equipment balance of Kshs.157,521,188 which is in respect of infrastructure projects. Review of the donor fund transfer schedule revealed that a total amount of Kshs.380,244,284 was received for project development for Kiambu Municipality resulting to an unexplained variance of Kshs.222,723,096.

In the circumstances, the accuracy, completeness and existence of property, plant and equipment balance of Kshs.157,521,188 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of Board Committee Charter

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

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

2. Failure to Provide Approved Budget and Annual Revenue Estimates

Management did not provide for audit the approved budget for the financial year 2022/2023. This was contrary to Section 20(1)(l) of the Urban Areas and Cities Act, 2011 which requires a Board of a City or Municipality to prepare and submit its annual budget estimates to the relevant County Treasury for consideration and submission to the County Assembly for approval, as part of the annual County Appropriation Bill.

Further, Management did not prepare and submit revenue estimates for approval by the Board and the County Assembly. This was contrary to Section 45(1) of the Urban Areas and Cities Act, 2011 which requires that three (3) months before the commencement of each financial year, a Board or Town committee shall cause to be prepared estimates of revenue and expenditure of a Board or Town committee for that year.

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

3. Failure to Conduct Annual Performance Review of Integrated Development Plan

Review of the Municipality records provided for audit revealed that there was no evidence provided to confirm that annual performance review of the integrated development plan was conducted as required by the law. This was contrary to Section 42 of the Urban Areas and Cities Act, 2011 which requires the City or Municipal Board to review its Integrated Development Plan annually to assess its performance in accordance with performance management tools set by it.

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

4. Failure to Maintain a Retention Account

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

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

5. Upgrading of Riabai Shopping Centre

Kiambu Municipality entered into a contract agreement with a local contractor for upgrading of Riabai Shopping Centre at a contract sum of Kshs.95,601,910 which was completed and fully paid as at 30 June, 2023. Included in the contract was construction of a Public Sanitation Facility at a cost of Kshs.4,486,590. Audit inspection carried out in the month of November, 2023 revealed that the Public Sanitation Facility was complete but not operational. No explanation was provided as to why the facility was complete and not in use.

In the circumstances, value for money was not obtained from the complete project that has not been put to use.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Risk Management Policy and Disaster Recovery Plan

Kiambu Municipality spent a total amount of Kshs. 54,508,683 during the year under review. Review of the Municipality records, processes and systems revealed that the Municipality operated without a risk management policy and thus had no framework for management of risks. As a result, it was not possible to define the Municipality's risk appetite and set the risk tolerance levels by identifying boundaries against unacceptable exposure to risk.

In addition, the Municipality did not have a disaster recovery or business continuity plan in place. In the absence of a disaster recovery or business continuity plan, the Municipality lacks a blue print for identifying, preventing and mitigating against disasters and ensuring that its operations are not interrupted. This is in contravention of Regulation 158 (1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer to ensure that the County Government entity develops risk management strategies, which include fraud prevention mechanism; and also develops a system of risk management and internal control that builds robust business operations.

2. Incomplete Asset Register

Note 22 to the financial statements reflects property, plant and equipment balance of Kshs.157,521,188 under the category of other assets. However, review of the asset register provided for audit revealed that the asset register did not include details in respect of cost/value of the assets and year of acquisition and the assets disclosed in the financial statements had not been included in the asset register. This was contrary to Section 149(2)(o) of the Public Finance Management Act, 2012 which requires the Accounting Officer to ensure that the respective County Government entity has adequate systems and processes in place for the maintenance of an assets register that is current, relevant and available to the relevant County Treasury and Auditor General.

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

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Municipality's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to terminate the Municipality or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

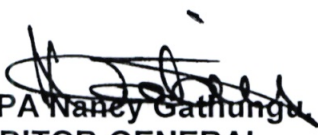
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Municipality to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 February, 2024

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

	Notes	FY 2022/2023	FY 2021/2022
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from the County Government	6	1,194,559	44,280,884
Public contributions and donations	7	-	-
Levies Fines and Penalties	8	-	-
Other revenues (<i>Specify</i>)	9	-	-
		1,194,559	44,280,884
Revenue from exchange transactions			
Interest income	10	0	0
Other Income	11	0	0
		0	0
Total revenue		1,194,559	44,280,884
Expenditure			
Use of goods and services	12	-	-
Staff costs	13	-	-
Board expenses	14	-	-
Finance costs	15a	65,028	38,304
Infrastructure Projects	15b	54,508,683	105,586,110
Total expenses		54,573,711	105,624,414
Other gains/losses			
Gain/loss on disposal of assets	16	-	-
Surplus/(deficit) for the period		(53,379,152)	(61,343,529)

The notes set out on pages 20 to 32 form an integral part of these Financial Statements. The entity financial statements were approved on 15th September 2023 and signed by:



.....
 Name: Joshua Muthee
 Municipality Manager



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

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

	Note	FY 2022/2023	FY 2021/2022
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	17	33,092,423	89,045,179
Receivables from exchange transactions	18	-	-
Receivables from Non- exchange transactions	19	-	-
Prepayments	20	-	-
Inventories	21	-	-
Total Current Assets		33,092,423	89,045,179
Non-current assets			
Property, plant, and equipment			
Intangible assets	23	-	-
Total Non-current Assets		-	-
Total assets		33,092,423	89,045,179
Liabilities			
Current liabilities			
Trade and other payables	24	-	2,573,604
Provisions	25	-	-
Borrowings	26	-	-
Employee benefit obligations	27	-	-
		-	2,573,604
Non-current liabilities			
Provisions	25	-	-
Borrowings	26	-	-
Non-current employee benefit obligation	27	-	-
		-	-
Total liabilities		-	2,573,604
Net assets		33,092,423	86,471,575
Capital/Development Grants/Fund			
Reserves			
Accumulated surplus		33,092,423	86,471,575
Total net assets and liabilities		33,092,423	86,471,575

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



.....

Name: Joshua Muthee
Municipality Manager
Date:



.....

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

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

	Capital/ Development Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
Balance as at 1 July 2021			147,815,104	147,815,104
Surplus/(deficit) for the period			(61,343,529)	(61,343,529)
Funds received during the year				-
Revaluation gain				-
Balance as at 30 June 2022	-	-	86,471,575	86,471,575
				-
Balance as at 1 July 2022	-	-	86,471,575	86,471,575
Surplus/(deficit) for the period		-	(53,379,152)	(53,379,152)
Funds received during the year				
Revaluation gain				
Balance as at 30 June 2023	-	-	33,092,423	33,092,423



.....
Name: Joshua Muthee
Municipality Manager



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

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

	Note	FY 2022/2023	FY 2021/2022
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6	1,194,559	44,280,884
Public contributions and donations	7	-	-
Interest received	10	-	-
<i>Other receipts (Specify)</i>			
Total Receipts		1,194,559	44,280,884
Payments			
Use of goods and services	12	-	-
Staff costs	13	-	-
Board expenses	14	-	-
Finance costs	15a	(65,028)	(38,304)
Total Payments		(65,028)	(38,304)
Net cash flows from operating activities		1,129,531	44,242,580
Cash flows from investing activities			
Purchase of PPE & intangible assets		(54,508,683)	(105,586,110)
Proceeds from sale of PPE		-	-
Net cash flows used in investing activities		(54,508,683)	(105,586,110)
Cash flows from financing activities			
Receipts from Capital grants		0	0
Proceeds from borrowings		0	0
Repayment of borrowings		0	0
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash & cash equivalents		(53,379,152)	(61,343,529)
Cash And Cash Equivalents At 1 July		86,471,575	147,815,104
Cash And Cash Equivalents At 30 June	17	33,092,423	86,471,575



.....
Name: Joshua Muthee

Municipality Manager



.....
Name: Brian Mwangi

Head of Finance

ICPAK M/No

County Government of Kiambu

Kiambu Municipality

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

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

DESCRIPTION	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	c=(a+b)	d	e=(c-d)	f=d/c
Revenue		Kshs.	Kshs.	Kshs.	Kshs.	
Transfers from the County Government	50,000,000	0	1,194,559	1,194,559	0	90%
Public contributions and donations	-	(-)	-	-	(-)	%
Interest income	-	(-)	-	-	(-)	%
Other income (<i>specify</i>)	-	(-)	-	-	(-)	%
Total Revenue	0	0	0	0	0	%
Expenses						
Infrastructural projects payment	60,000,000	(-)	60,000,000	54,508,683	(-)	90%
Board expenses	-	(-)	-	-	(-)	%
staff expenses	-	(-)	-	-	(-)	%
Finance costs –bank charges	70,000	(-)	70,000	65,028	(-)	93%
Total Expenditure	60,070,000	(0.00)	60,070,000	54,573,711	(-)	79%
Surplus for the period	(10,070,000)	0	(58,875,441)	(53,379,152)	0	91%
Capital Expenditure	-	-	-	-		

19. Notes to the Financial Statements

1. General Information

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

2. Statement of Compliance and Basis of Preparation

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

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

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

Notes to financial statements continued

3. Application of New and revised standards (IPSAS)

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

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

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

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

iii. Early adoption of standards

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

4. Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

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

c) Property, plant and equipment

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

d) Intangible assets

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

e) Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

f) Inventories

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

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

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

g) Provisions

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

h) Social Benefits

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

Significant Accounting Policies (Continued)

i) Contingent liabilities

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

j) Contingent assets

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

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits – Retirement benefit plans

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

n) Foreign currency transactions

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

o) Borrowing costs

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

p) Related parties

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

q) Cash and cash equivalents

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

r) Comparative figures

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

Significant Accounting Policies (Continued)

s) Events after the reporting period

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

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

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

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

t) Currency

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

5. Significant judgments and sources of estimation uncertainty

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

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

Estimates and assumptions

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

Useful lives and residual values

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

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

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6. Transfers from the County Government

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Transfers from County Govt. – Development	1,194,559	44,280,884
Payments by County on behalf of the entity	-	-
Total	1,194,559	44,280,884

b) Transfers from County Government entities

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

7. Public Contributions and Donations

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

8. Levies, Fines and penalties

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Levies	0	0
Fines	0	0
Penalties	0	0
Others (indicate and specify)	0	0
Total	0.00	0.00

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9. Other Revenues from Non-Exchange Transactions

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

10. Interest income

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

11. Other income

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

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12. Use of Goods and Services

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

13. Staff costs

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

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 (Notes To the Financial Statements (Continued))

14. Board expenses

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

15. (a) Finance costs

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Interest on Bank overdrafts	-	-
Bank Charges	65,028	38,304
Retention Pay	-	-
Total	65,028	38,304

15b. Infrastructure Projects

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Infrastructure payments	57,082,287	103,012,506
Others (Retention Monies)	(2,573,604)	2,573,604
Total	54,508,683	105,586,110

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 (Notes To the Financial Statements Continued)

16. Gain/(loss) on disposal of assets

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

17. Cash and cash equivalents

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Fixed deposits account	0	0
On – call deposits	0	0
Current account	33,092,423	89,045,179
Others(<i>specify</i>)	-	-
Total cash and cash equivalents	33,092,423	89,045,179

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

Financial institution	Account number	FY 2022/2023	FY 2021/2022	Audited June 2022
		Kshs.	Kshs.	Kshs.
a) Fixed deposits account				
Kenya Commercial bank		-		-
Equity Bank, etc		-		-
Sub- total		-		-
b) On - call deposits				
Kenya Commercial bank		-		-
Equity Bank - etc		-		-
Sub- total		-		-
c) Current account				
Family bank UDG Account	001000046296	33,092,423	89,045,179	89,045,179
Equity Bank - etc				
Sub- total				
d) Others(specify)				
Cash in transit				
Cash in hand				
Mobile Money				
Sub- total				
Grand total		33,092,423		89,045,179

18. Receivables from exchange transactions

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

19. Receivables from Non-Exchange transaction

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

20. Prepayments

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

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21. Inventories

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

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22. Property, Plant and Equipment

	Infrastructure	Building	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Capital Work in progress	Total
Description	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 1st July 2021	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	103,012,506	-	103,012,506
Disposals	(-)	(-)	(-)	(-)	(-)	-	-	-
Transfers/adjustments	-	-	(-)	-	(-)	-	-	-
As at 30th June 2022	-	-	-	-	-	103,012,506	-	103,012,506
Additions	0	0.0	0.00	0.00	0.00	54,508,683	-	54,508,683
Disposals	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	-	-	-
Transfer/adjustments	(0.00)	-	0.00	0.00	(0.00)	-	-	-
As at 30th June 2023	-	-	-	-	-	157,521,188	-	157,521,188
Depreciation and impairment								
At 1st July 2022		-	-	-	-	-	-	-
Depreciation		-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-
Transfers/ Adjustments		-	-	-	-	-	-	-
As at 30th June 2023		-	-	-	-	-	-	-

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	Infrastructure	Building	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Capital Work in progress	Total
Description	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Depreciation		-	-	-	-	-	-	-
Disposals		(0.00)	(0.00)	(0.00)	-	-	-	-
Impairment		-	(0.00)	-	-	-	-	-
Transfer/adjustment		-	(0.00)	(0.00)	-	-	-	-
As at period ended 30th June 2023		-	-	-	-	-	-	-
NBV as at Audited 30 th June 2022	0.00	0.00	0.00	0.00	0.00	103,012,506	-	103,012,506
NBV as at period ended 30 th June 2023	0.00	0.00	0.00	0.00	0.00	157,521,188	-	157,521,188

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 (Notes to The Financial Statements Continued)

23. Intangible assets

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

24. Trade and other payables from exchange transactions

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Trade payables	0	0
Refundable deposits (Retentions, court bonds etc)	-	2,573,604
Accrued expenses	-	
Other payables (<i>Specify</i>)		
Total trade and other payables	-	2,573,604

25. Provisions

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

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 (Notes To the Financial Statements Continued)

26. Borrowings

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

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

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

The table below shows the Distribution of borrowings:

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

27. Employee benefit obligations

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

28. Cash generated from operations

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

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Other Disclosures

29. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

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

c) Key management remuneration

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

d) Due from related parties

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

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e) Due to related parties

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

30. Contingent liabilities

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

31. Contingent Assets

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

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Annexes

Annexe 1: Statement of Financial Performance

	Notes	Period ended September	Period ended December	Period ended March	Period ended June	Cumulative*	Prior year total
		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue from non-exchange transactions							
Transfers from the County Government	6	1,194,559	-	-	-	1,194,559	44,280,884
Public contributions and donations	7	-	-	-	-	-	-
Levies Fines and Penalties	8	-	-	-	-	-	-
Other revenues (<i>Specify</i>)	9	-	-	-	-	-	-
		-	-	-	-	-	-
Revenue from exchange transactions							
Interest income	10	-	-	-	-	-	-
Other Income	11	-	-	-	-	-	-
Total revenue		1,194,559	-	-	-	1,194,559	44,280,884
Expenditure							
Use of goods and services	12	-	-	-	-	-	-
Staff costs	13	-	-	-	-	-	-
Board expenses	14	-	-	-	-	-	-
Finance costs	15a	16,257	16,257	16,257	16,257	65,028	38,304
Infrastructure Projects	15b	13,627,171	13,627,171	13,627,171	13,627,171	54,508,683	105,586,110
Total expenses		13,643,428	13,643,428	13,643,428	13,643,428	54,573,711	105,624,414
Other gains/losses							
Gain/loss on disposal of assets	16	-	-	-	-	-	-
Surplus/(deficit) for the period		(12,448,869)	(13,643,428)	(13,643,428)	(13,643,428)	(53,379,152)	(61,343,529)

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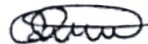
Annex 2: Inter Entity Transfers for the period ended 30th June 2023

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

Signed by



Accountant Municipalities



Director Accounts Kiambu County

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

Name of the Organization Kiambu Municipality
 Telephone Number (+254) 709877000
 Email Address kiabumunicipality@kiambu.go.ke
 Name of CEO/MD/Head Joshua Mwangi Muthee

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

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Appendix 4: Disaster Expenditure Reporting Template

Date: 15TH September 2023

Entity Kiambu Municipality

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