

REPUBLIC OF KENYA



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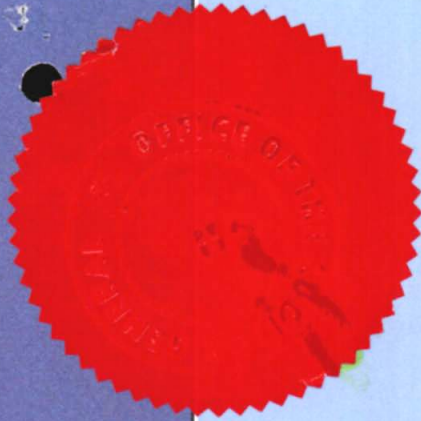


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REPORT

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MANDERA MUNICIPALITY

FOR THE YEAR ENDED  
30 JUNE, 2025

COUNTY GOVERNMENT OF MANDERA

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**MANDERA MUNICIPALITY**  
*County Government of Mandera*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>TH</sup> JUNE 2025**

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

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**1. Acronyms and Definition of Key Terms**

**A. Acronyms**

PSASB	Public Sector Accounting Standards Board
IPSAS	International Public Sector Accounting Standard
FY	Financial Year
PFMA	Public Finance Management Act
OSHA	Occupational Safety & Health Act

**B. Definition of Key Terms**

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

**Comparative Year**- Means the prior period.

## 2. Key Entity Information and Management

### a) Background information

Mandera Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011 and Cities and Municipal Charter on 27<sup>TH</sup> August 2018, The Municipality is under the County Government of Mandera and is domiciled in Kenya.

### b) Principal Activities

#### OUR VISSION

To become a prosperous and People-Centred Municipality in Kenya.

#### OUR MISSION

To deliver exceptional services and promote high quality life for the residents, Visitors and businesses

The municipality of Mandera's principal activities are as follows;

- I. Provide for efficient and accountable management of the affairs of the municipality
- II. Provide for a governance mechanisms that will enable the inhabitants of Mandera municipality to;
  - Participate in determining the social services and regulatory framework which will best suits their needs and expectations.
  - Verify whether public resources and authority are utilized or exercised, as the case may be to their satisfaction.
  - Enjoy efficiency in service delivery.
- III. vigorously pursue the developmental opportunities which is available in the municipality and to institute such measures as necessary for achieving public order and the provision of civic amenities, so as to enhance the quality life of inhabitants of Mandera municipality.
- IV. Provide a high standard of social services in a cost effective manner to the resident of Mandera municipality's
- V. Promote social cohesiveness and a sense of civic duty and responsibility among the residents and stakeholders in the municipality, in order to facilitate collective action and commitment towards achieving the goal of a harmonious and stable community.
- VI. Providing for services and other matters for municipality's benefits.
- VII. Fostering the economic, social and environmental well-being of its community.

### c) Key Management

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

- County Department of Lands, physical planning, Housing, Urban Development, Circular Economy, Solid waste management and Sanitation
- Board of Management
- County Chief officer Housing and Urban Development
- Management

### d) Fiduciary Management

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

SN	Position	Name
1	Municipality Manager	Mr. Matker Mohamed Noor
2	Deputy Municipal Manager	Mrs. Amina Abdi Wahid Noor
3	Head of finance	Mr. Adan Abdi Baraka

4	Head of Procurement department	Mr. Abdinasir Abdullahi Abdi
5	Head of Compliance and Community Services	Mr. Abdi Hussein Kahiye

**e) Fiduciary Oversight Arrangements**

- i) Municipal board
- ii) Mandera county executive
- iii) Mandera county Assembly.
- iv) Audit and Risk Management Committee
- v) Committees of the Senate

**f) Registered Offices**

P.O. Box 88-70300  
Mandera Municipality HQs  
Mandera East Sub County  
Mandera, Kenya

**g) Contacts**

Telephone: (254) 723269643  
E-mail: [Manderamunicipality.co.ke](mailto:Manderamunicipality.co.ke)  
Website: [www.Manderamunicipality.co.ke](http://www.Manderamunicipality.co.ke)

**h) Bankers**

Equity Bank  
P.O. Box 536  
Mandera Branch  
Mandera, Kenya





**i) Independent Auditor**






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

**j) Principal Legal Adviser**

The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya  
Nairobi, Kenya

3. Mandera Municipality Board

Name	Details of qualifications and experience
<p>1. <b>Mr. Kulow Mohamed Sheikh</b></p> 	<p>Mr. Kulow Sheikh is the Chairman of Mandera Municipal Board. He has master degree in international relation and diplomacy. He is Currently Serving as Assistant Treasurer at KNUT (Kenya National Union Of Teachers) at National Level. Has over 25(twenty five) years working experience in teaching and governing sector. He chairs finance, planning and development committee</p>
<p>2. <b>Mrs. Abdia Hussein Abdi</b></p> 	<p>Mrs Abdia is the Vice Chairperson of Mandera Municipal Board. Mrs. Abdia Holds a diploma in Clinical and community Health Nutrition and has over 8(eight) years' experience in that Sector. She chairs The enforcement, Fire, and disaster management board committee at Mandera Municipality. She is also a member of Energy, Environment and sanitation Committee.</p>
<p>3. <b>Mr. Salah Maalim Alio</b></p> 	<p>Mr. Salah is County Executive Committee member for Lands, physical planning, Housing, Urban Development, Circular Economy, Solid waste management and Sanitation. He holds a Master of Science in Governance, peace and security management and undergraduate degree in Business Management. He has a vast years of experience ranging from consultancy works with NGOs to local organisation as part time consultancy on Mr. Salah's last assignment was member and chair of Mandera Municipality board 2018-2021. He is an executive Member and a Member of the Finance, Administration, Development and Enforcement, Fire and Disaster Management Committee.</p>
<p>4. <b>Mr. Zeituna Abdi Karim</b></p> 	<p>Mrs. Zeituna is a County Chief Officer for Housing, Physical planning and Urban Development and a member of Mandera municipal Board. He holds a degree in business Administration and worked as procurement Officer at The County Treasury and has 8(Eight) years working Experience in management Level. She is also a member of Municipality Audit, risk, Governance and compliance Committee and also chairs Energy, Environment committee.</p>

<p><b>5. Mr. Matker Mohamed Noor</b></p> 	<p>Mr. Matker is a municipal Manager and Secretary to the municipal board. He has a bachelor degree in education and has worked as a teacher. He also had 28 (Twenty-Eight) years' work experience at senior management level. He is also an overall Secretary to all municipal committees except audit, risks and governance and compliance committee</p>
<p><b>6. Mr. Alinoor Ibrahim Alio</b></p> 	<p>Mr. Alinoor is a board member of Mandera Municipal Board. He has an experience in cooperate world. He brings to the board the experience of how best Mandera municipality work with business sector and its stakeholders. He is a member of urban development committee, and also member of enforcement Fire and disaster management</p>
<p><b>7. Mrs. Famzahara A. Maalim</b></p> 	<p>Mrs. Famzahara is a board member of Mandera Municipal Board. She holds master of Science in business Management Specialization in Finance. She has nine (9) years' work Experience in senior Management level managing businesses and finance. She is also a committee Member on Energy, Environment and Sanitation, She plays a vital role in afforestation program and solid waste collection and management at Mandera municipality.</p>
<p><b>8. Ibrahim Hassan Malow</b></p> 	<p>Mr. Ibrahim is a board member of Mandera Municipal Board. He has a diploma in adult Education, and Community Development. Also had Eighteen years (18) work experience, he's Chairman of finance, audit, risks and Governance Committee and a member of Compliance and environment, energy and sanitation.</p>
<p><b>9. Mr. Abdi A.Siyat</b></p> 	<p>Mr. Siyat is a board member of Mandera Municipal Board. He was a principal of Neboi Secondary School. He has amassed wealth of knowledge insights and skills in management of municipal board affairs. He Currently Chairs Enforcement, Fire and disasters management Committee and also member of the committee on finance, audit, risks and Governance. He is also a member of Environment, Energy. And sanitation Committee.</p>

**10. Mr. Ahmed M. Abdille**



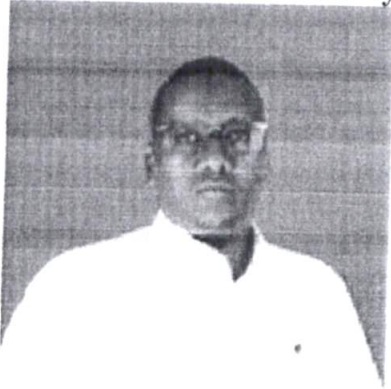
Mr. Abdille is a board member of Mandera Municipal Board. Also a senior educationist with vast experience in Education and management field.

He Currently chairs Committee on Environment, Energy and Sanitation within Mandera municipality. Also a member of Committee on enforcement, Fire, and disaster management

**4. Key Management Team**

Name	Details of qualifications and experience
<p><b>1. Mr. Matker Mohamed Noor</b></p> 	<p>Mr. Matker is a municipal Manager and Secretary to the municipal board. He has a bachelor degree in education and has worked as a teacher. He also had 28(Twenty-Eight) years' work experience at senior management level. He is also an overall Secretary to all municipal committees except audit, risks and governance and compliance committee.</p>
<p><b>2. Mrs. Amina Abdiwahid Noor</b></p> 	<p>Mrs. Amina is the Deputy Municipal Manager at Mandera Municipality and holds Bachelor Degree in Business Administration, and a Diploma in business management. She has worked as a teller at KCB bank (Eastleigh branch).She is responsible in implementing decisions and functions of the board of the municipality and assists in enforcement of the provisions of municipal charter and by-laws. Served as assistant director gender and social services Mandera and currently deputy municipal manager Mandera municipality.</p>
<p><b>3. Mr. Adan Abdi Baraka</b></p> 	<p>Mr. Baraka is among the key management team of Mandera municipality. He hold bachelor degree in commerce and a bachelor of arts in international relation and diplomacy. He's Currently HOD finance &amp; revenue Services responsible for finance, strategy, Cooperate services and revenue administration. And also responsible for preparation of financial statements, budget and cost management within Mandera municipality.</p>
<p><b>4. Mr. Mohamed Issack Edin</b></p> 	<p>Mr. Mohamed is the head of Development services within Mandera municipality. He holds Bachelor degree in Geospatial and space technology Engineering. He worked at spatial research and recourses survey limited. He is HOD-Development services responsible for lands and planning, infrastructure development(public works including roads,markets,bus park, water, drainage system, schools, health facilities etc.) and business development departments.</p>

**5. Mr. Abdi Hussein kahiye**



Mr. Kahiye is the Head of the department of Community Service and Compliance. He holds bachelor of business Administration from East Africa University and has a diploma in business management from the Kenya institute of management. He had an array of experience throughout his career life which include the following; project manager of arid lands, project coordinator of Nomad agenda and delivery and monitoring units. He's responsible for developing disaster management policy and strategies and various mitigating factors in fire and disaster management departments.

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

Mandera Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011 and Cities and Municipal Charter on 27<sup>TH</sup> August 2018, The Municipality is under the County Government of Mandera and is domiciled in Kenya.

The Board of the Municipality shall be a corporate body with perpetual succession and a common seal and is capable of:

- a) Suing and being sued;
- b) Taking, purchasing or otherwise acquiring, holding, charging or disposing of movable and immovable property;
- c) Borrowing money or making investments within the limits imposed by law
- d) Entering into contracts; and
- e) Doing or performing all other act or things for the proper performance of its functions in accordance with the Urban Areas and Cities Act or any other written law which may lawfully be done or performed by a body corporate.

There is a principal and agency relationship between the Board of the Municipality and the Mandera County Government. The Mandera Board of the Municipality consist of nine members appointed by the Governor with the approval of the County Assembly. The Board of Directors consists of the Chairperson, Vice Chairperson, and County Executive Committee member for Lands, physical planning, Housing, Urban Development, Circular Economy, Solid waste management and Sanitation, the Chief Officer Housing and Urban development and five other Members. During the year under review, there were no changes in the board and key management.

The Municipal Manager is an ex officio member and secretary to the Board.

In the last financial years of operation Mandera Municipality achieved the following

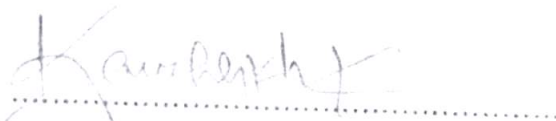
- Transfer of revenue collection role from the county executive to the Municipality
- Operationalization of the revenue department
- Stakeholder engagement and public participation
- Increase in the Afforestation cover
- Improvement of the municipal roads
- Storm water drainage
- Increased Collection and disposal of solid waste.
- Engaged over 350 vulnerable persons as casuals for sanitation and greening programs.

However, Mandera municipality was faced by the following Challenges in the reporting period;

- Budgetary constraints
- Some key functions of the Municipality have not been transferred i.e. Land urban development and some sector of revenue
- Lack of approved spatial plan
- Flooding due to poor drainage system
- Lack of staff and equipment for the department of fire.

The Municipal board anticipates to overcome the above challenges in the forthcoming financial periods by employing the following strategies;

- The board will engage the county government to increase the donation and also exploit the potential donors to overcome budget constraints.
- The board will engage the department of land for the fast trucking of the approval of the spatial plan and the construction of drainage system thereafter.
- The board will formally engage the Governor to transfer the functions that were not transferred.
- The board will engage the public service board to employ the staff to overcome the gab in human resources.



Name: Kulow Mohamed Sheikh

Chairperson of the Board

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

### **1. Introduction**

It is with great pleasure that I present to you the Mandera municipality annual report and financial statements for the financial year 2024/2025. This report provides a comprehensive overview of our operational performance, key achievements, financial progress and service delivery interventions undertaken during the year. It highlights how the municipality has continued to fulfil its mandate of promoting orderly urban development, enhancing infrastructure and improving the quality of life for residents across all wards within Mandera jurisdictions.

The municipality has recorded notable progress in infrastructure development, solid waste management, environmental protection and other urban services. This achievement reflects our commitment to efficient resource mobilization, value for money service delivery and continuous improvement in line with the municipality's strategic objectives and the county integrated development plan.

### **2. Budget performance and programme implementation**

During the financial year 2024/2025, Mandera municipality implemented several key programs funded through the county municipal grants and own source revenues. The budget was allocated to support roads and transport infrastructure, storm water management, environmental services, street lightening and urban socio-economic facilities.

#### **3. Physical Progress**

Despite the challenges, we managed to deliver our mandates as enshrined in the chapter and the urban areas and cities act, 2011. We were able to implement all the planned projects and programmes were executed without much disruptions although there were times we face budgetary issues and insufficiency in manpower. Some of the projects which were planned and executed includes the following;

#### **I. Construction of storm water infrastructure which includes;**

- Construction of trapezoidal open drainage channels at bulla barwaqo
- Unclogging and cleaning of culverts and drainage system
- Construction of shallow earth drains at bulla Arabia
- Construction of Storm water protection measures along major roads.
- Drainage improvement at Mandera Bus Park.

#### **II. Repair and maintenance of solar street lights in Mandera town targeting 616 solar poles and 6 floodlights.**

#### **III. Roads and transport infrastructure**

- ❖ Bush clearing along major roads in order to enhance visibility, reduce accidents and improve town anaesthetics.
- ❖ Roads cutting and installation of twin lines to enable smooth movement of vehicles and improve surface drainage along major access roads.
- ❖ Rehabilitation works at Bus park including surface reshaping, drainage improvement and enhance passenger service to enhance urban mobility and commerce

#### **IV. Solid waste Collection and management**

- Regular waste collection and disposal across estates, markets, public spaces and residential homes.
- Deployment of collection teams and garbage trucks to improve coverage and frequency.
- Public awareness and community engagement activities on proper waste disposal.

#### **IV. Afforestation program**

- ❖ Establishment of tree nursery with a capacity of 30,000 seedlings, to enable to accomplish our phase 3 of Mandera greening program.

#### **4. Comment on each programmes**

Mandera municipality during the year under review has managed to achieve tremendous success despite our limited resources and delay in disbursement of funds from the county executive and the national treasury. These achievement include but not limited to all development projects that were successfully done.

It also include establishment of tree nursery with a capacity of more than 30,000 seedlings that enable us to accomplish our phase 3 of Mandera greening program. We have also been nominated as a finalist in world green city awards 2024, managed to collect more than 63,000tons of solid waste management in Mandera town, opening up of CBD and other access roads by demolition of illegal encroachments, development of 5 years strategic plans and 160 fire incident responses and rescue done successfully.

#### **Challenges**

The following are challenges experienced during the year, it includes; infestation of mathenge trees in the town, high cost of hiring services and procuring of goods, delayed in fund disbursement, high cost of maintenance, lack of specialized collection vehicle for medical waste, logistic issues and vandalism and theft of solar panels, high cost of electricity bills.

#### **Value for Money**

Mandera municipality as an entity is dedicated to ensure service is delivered in accordance with the rules and regulation and value for money is achieved for all services offered or rendered.

We continue to provide core services that we are mandated to perform under the charter and UACA 2011. some of the services we undertake as an entity in daily basis includes;

- ❖ Municipal administrative services
- ❖ Solid waste management and street cleaning
- ❖ Greening and afforestation program
- ❖ Fire fighter and disaster management services
- ❖ Animal welfare and control
- ❖ Enforcement services i.e. development control, parking and traffic control
- ❖ Revenue enhancement
- ❖ Public health promotion and inspection
- ❖ Maintenance of street lights
- ❖ Regulations of out-door advertisement
- ❖ Storm water management and flood control and
- ❖ Stakeholder engagement and sensitization.

#### **Conclusions**


Through the strategic plan which is an important tool for the municipality staff.it clarifies our boards strategic intentions; define the principles that guide our operation and specify our priorities.it also

remind us of our primary objectives-to serve the residents of Mandera. The strategic plan helps our staff to engage colleagues, partners and other stakeholders on the kind of community and municipality we want, how we can work better, together and what we need to improve.it outlines expected outcomes, list our strategies, state our commitment to stakeholders, and clarify our priorities. The residents of Mandera have expressed very high expectations and it is against this expectations that our performance will be measured.

We thank the board and the county government for the guidance that this plans provide. We have worked closely with the county government to develop budget alignment strategies and accountability mechanisms that ensure adequate resourcing and follow through with this plans.

We will endeavour to continuously report on progress to our stakeholders as provided in law and through a vigorous and transparent process of engagement.

Every year, we will review and update our strategies and initiative identified in the plan. I wish to thank the Mandera municipality board and staffs for the provision of unparalleled services to the residents of municipality and urge all of us to continue putting our best foot forward to enhance service delivery and continuously surpass our set target/objectives.

  
Name: **Matker Mohamed Noor**  
City/Municipality Manager

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

The key development objectives of the Mandera Municipality plan are to:

- (i) Provide for the efficient and accountable management of the affairs of the Municipality.
- (ii) Provide for a governance mechanism that will enable the inhabitants of the municipality to:
  - (a) Participate in determining the social services and regulatory framework which will best satisfy their needs and expectations
  - (b) Vigorously pursue the development opportunities which are available in the Municipality and to institute such measures so as to enhance the quality of life of the inhabitants.
  - (c) Provide a high standard of social services in a cost effective manner to the inhabitants of the Municipality,
  - (d) Fostering economic, social and environmental wellbeing of the inhabitants.
  - (e) Provide for services and bylaws for the benefit of the Municipality.

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Urban planning	To Control urban development	To create orderly development in urban areas under urban areas and cities act,2011	Number of developments conforming with rules and regulations governing urban developments	In the FY 2024-2025 we increased the road network and parking facilities within the town
Provide quality physical infrastructure	Meeting Socio-Economic development goals	Provide inhabitants with better job opportunities and improved healthcare, housing, safety and social developments	Job created and improvement in healthcare facilities	In the FY 2024-2025 we managed to provide temporary jobs for youth through afforestation and sanitation programs, intensive projects, parking facilities and road network
Afforestation programme	Greening of the municipality	To create a beautiful and climate friendly environment	Number of trees planted and maintained	Approximately 75000 trees have been planted and the trees are watered on daily basis
Street lighting programme	To increase access to solar power lighting	To prevent crimes and improve illumination	solar panels maintained	Mandera town was powered and the lighting maintained from vandalism

## 8. Corporate Governance Statement

Mandera Municipality is keen on ensuring the adoption of good corporate governance.

### Corporate Governance

The Municipal board is responsible for the governance of the Mandera Municipality and is accountable to the stakeholders for ensuring that the Entity complies with the law, the highest standards of corporate governance and ethics. The committee attach great importance to the need to conduct the operations of the entity with integrity and in accordance with generally accepted corporate practice and endorse the internationally developed principles of good corporate governance.

### Code of Conduct and Ethics

Mandera Municipality is committed to corporate ethics, integrity and professionalism in all its activities. As part of this commitment, members of the Municipal board have pledged to uphold the tenets of good corporate governance by being accountable, efficient, effective, responsible, transparent, persons of integrity and exercise fairness in all their dealings.

### Board Composition, Process of appointment and removal of Board members.

The Board of the Municipality consist of nine members appointed by the Governor with the approval of the County Assembly.

The members of the board appointed constituted as follows:

- a) The county executive member for the time being responsible for cities and urban areas or his representative;
- b) Three members appointed by the county governor, with the approval of the county assembly;
- c) Four members nominated by an association and appointed by the county governor, with the approval of the county assembly;
- d) The chief officer responsible for urban development; and
- e) The municipal manager appointed under section 28 who shall be the secretary of the board and an ex officio member of the board.

In appointing members of the Board of the Municipality, the County Executive Committee ensured gender equity, representation of persons with disability, youth and marginalized groups.

A person shall be qualified for appointment as a chairperson of the board if that person: -

- a) Holds at least a degree from an institution recognized in Kenya;
- b) Has a distinguished career in a medium level management position in either the private or public sector;
- c) Holds at least ten years' post qualification professional experience;
- d) Satisfies the requirements of Chapter Six of the Constitution;
- e) Is ordinarily resident or has a permanent dwelling in the municipality; and
- f) Carries on business in the municipality or has lived in the municipality for at least five years.

A person is qualified for appointment as a member of the board if that person:-

- a) Holds at least a diploma from an institution recognized in Kenya;
- b) Has a distinguished career in a medium level management position in either the private or public sector;
- c) Holds at least five years' post qualification professional experience; and
- d) Satisfies the requirements of Chapter Six of the Constitution;
- e) Is ordinarily resident or has a permanent dwelling in the municipality; and
- f) Carries on business in the municipality or has lived in the municipality for at least five years.
- g) A person shall not be appointed as a member of the Board if that person:-
  - o Is an undischarged bankrupt;
  - o Has been removed from office for contravening the Constitution or any other law;
  - o Is not a citizen of Kenya; or
  - o Has in the conduct of his or her affairs not met any statutory obligations

#### **Removal of the Members of the Board of Municipality**

A member of the Board of the Municipality shall cease to hold office if the member:

- a) is unable to perform the functions of the office by reason of mental or physical infirmity;
- b) is declared or becomes bankrupt or insolvent;
- c) is convicted of a criminal offence and sentenced to a term of imprisonment of six months or more;
- d) resigns in writing to the County Governor;
- e) without reasonable cause, the member is absent from three consecutive meetings of the Board or Committee of the Board of the Municipality within one financial year;

- f) is found guilty of professional misconduct by the relevant professional body;
- g) is disqualified from holding a public office under the Constitution;
- h) fails to declare his or her interest in any matter being considered or to be considered by the Board or Board Committees;
- i) engages in any gross misconduct; or
- j) dies.

#### **Orientation of Municipal board**

All the Municipal board members are required to update their skills relevant to the Mandera Municipality's mandate. During the reporting period, induction and training were undertaken to equip the Board with the necessary skills for effective discharge of their mandate.

#### **Responsibilities of the Board**

The committee always act in the best interest of the Entity in a manner based on the principles of transparency, integrity, efficiency, effectiveness and accountability so as to achieve prosperity for the Entity and its stakeholders. The Board takes its responsibilities seriously and clearly understands its role, powers, duties and functions. The Board develops and annually approves its Work Plan. The Work plan also enables the Board to plan its activities to advance and to ensure that its Board meetings are planned and executed in an effective manner. The Board's Work Plan is approved before the commencement of the financial year to which it relates. The agenda for Board meetings is derived from the Board Work plan.

#### **Information to the Board**

All the committee members receive regular reports and information, which enables them to review the Mandera Municipality's performance. These reports and information are circulated in a timely manner to facilitate preparation for meetings. The committee are entitled to suggest additional topics for discussion at board meetings.

#### **Board's Remuneration**

The committee members were not remunerated for the services they offered during the financial year. They were paid sitting allowances for board meetings in accordance with Salaries and Remuneration Commission's regulations.

#### **Meeting Attendance**

The Board meets at least once in every quarter depending on the exigencies of the business. The Board holds a special meeting to deliberate on items that could not be discharged during

a normal Board meeting. During the period under review, the Municipal board members committed to regularly attend and to be effectively participating in Board meetings through robust debate. This was made possible by early planning.

#### **Statement of Social Responsibility**

Mandera Municipality recognizes the importance of being socially responsible by upholding values, principles and aspirations that meet the expectations of the stakeholders that we interact with during the course its dealings.

#### **Guiding Principles**

Mandera Municipality respects the community in which it operates and maintain open dialogue to ensure that it provides necessary support based on its abilities.

#### **Environment**

Mandera Municipality takes conscious measures to minimize any adverse effects on the environment by advocating for proper disposals of used disposable facemasks, sanitizer bottles, boxes and other wastes. The board is putting in place a sound succession plan, service charter and other matters of management.

#### **Conflict of Interest**

The Trustees are under a fiduciary duty to act honestly and in the best interest of the Mandera Municipality. Accordingly, Trustees ought to refrain from discussing or voting on a matter of real, perceived or potential conflict of interest.

## 9. Management Discussion and Analysis

The municipality of Mandera has continued to grow over the years' and the management has put measures in place to safeguard risks. The management has ensured that we comply with statutory requirements relating to the functions of the municipality.

By the end of this financial year, Mandera municipality had received **kshs.286, 000,205** (two hundred eighty six million, two hundred and five shillings) as a grant and transfer from Mandera county executive/treasury.

In order to ensure improved, transparency, accountability and fiscal responsibility in the public sector, the Mandera municipality is committed to prudent management of finances guided by sound financial policies and guidelines that ensure efficient utilization of resources.

The Mandera municipality is also dedicated to deliver on the promises made in her budget. This will help bolster the key objectives of devolution which is to promote sustainable and equitable, socio-political and economic development in the Mandera municipality.

### Success

Mandera municipality during the year under review has managed to achieve quite number of success despite our limited resource and delay in disbursement from both the national and county treasury/executive. This achievement includes but not limited to. All development projects were successfully carried out to our satisfactions. Also Mandera municipality did managed to carry out the following, just to mention a few.

Establishment of tree nursery with capacity of more than 30,000 seedlings, started phase 3 of Mandera greening program with a target of 25,000 trees to be planted, Mandera municipality have also been nominated as a finalist in the world green city awards 2024, we've also managed to collect more than 63,000 tones of solid waste in management of Mandera town, opening up of CBD and other access roads by demolition of illegal encroachment, development of 5 years strategic plan and 160 fire incident responses and rescue was done successfully.

### Compliance with statutory requirements

The municipality had a challenge in paying all its statutory deductions since we had resource deficit. However we still have some pending bills to clear, we are committed to comply with the following listed requirements but not limited to;

- Public finance management act 2012
- Public procurement and disposal act of 2015.

### Conclusions

We appreciate the unrelenting support from the board of trustees, management, staffs, the county executive, development partners and all the key stakeholders. We look forward to continued partnership and cooperation in areas of mutual interest in the FY 2024/2025.

**10. Environmental and Sustainability Reporting**

Mandera Municipality exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy: putting the residents/Citizen first, delivering relevant goods and services, and improving operational excellence.

**1. Sustainability strategy and profile**

Sustainable development has been fully incorporated by the Mandera Municipality. Our corporate sustainability contains three pillars: economic, ecological and social. For a comprehensive corporate sustainability strategy, the county understands it is necessary to consider all dimensions, their impacts and their interrelations. External influences also affect the corporate orientation on sustainability. Moreover, corporate sustainability also has positive effects on society in the long term. Mandera Municipality follows an introverted – risk mitigation strategy focusing on legal and other external standards concerning environmental and social aspects in order to avoid risks for the entity.

**2. Environmental performance**

As part of Mandera Municipality's contribution to Mandera County's development agenda and our intent towards improving the wellbeing of our communities, in the financial year, Mandera Municipality rolled out tree planting and greening programs in Mandera town and has been maintaining them ever since, also Mandera Municipality has been undertaking solid waste disposal and management.

Keeping the environment clean and green is the main focus of Mandera municipality in line with the climate change management agenda.

**3. Employee welfare**

Mandera Municipality's success is largely dependent on our human capital (people). Therefore, at Mandera Municipality, we seek to recruit, retain, reward and develop the best talent in the Country. We also recognise the need to inculcate among our employees the culture of being sensitive to matters of safety, security, society and the environment. This ensures that employees act with integrity and responsibility with the people they deal with and the environment they interact with. We train employees to value each other, provide necessary support systems for people with different needs and have a system in place that encourages acceptance of cultural diversity.

Further, we continually seek to improve the welfare and skills of our employees through structured programs for personal and professional development especially for vulnerable mothers who water trees and engage in town cleaning programmes.

#### **4. Market place practices**

The organisation should outline its efforts to:

**a) Responsible Supply chain and supplier relations-** Mandera Municipality recognizes that responsible Supply Chain Management has profound effect on any organization's reputation. Reputation influences the stakeholders' perceptions, their choices and investment intentions and financial performance. Thus, we practice responsible corporate behavior that we envisage builds trust and enhances our overall reputation, which in turn attracts investors, employees, suppliers and distributors, not to mention earning the public's goodwill.

**b) Responsible ethical practices-**

Mandera Municipality is a corruption free organization with a reputable corruption free environment.

#### **5. Community Engagements**

Mandera municipality recognizes the importance of community engagement in its undertakings. The Municipality engages different stakeholders through quarterly citizen forums and public participation during the budget formulation. The municipality also do private sector engagement forums.

The municipality engages youth and women in celebration of world environmental days and also takes part in the celebration of women day and youth week.

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

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

### **Principal activities**

The principal activities of the Mandera Municipality are:

- a) Promotion, regulation and provision of refuse collection and solid waste management services;
- b) Construction and maintenance of storm drainage and flood controls;
- c) Construction and maintenance of recreational parks and green spaces;
- d) Construction and maintenance of street lighting;
- e) Construction, maintenance and regulation of traffic controls and parking facilities;
- f) Construction and maintenance of bus stands and taxi stands;
- g) Construction, maintenance and regulation of municipal markets and abattoirs;
- h) Construction and maintenance of fire stations; provision of fire-fighting services, emergency preparedness and disaster management;
- i) Promotion, regulation and provision of animal control and welfare;
- j) Municipal administration services (including construction and maintenance of administrative offices);
- k) Climate Change management and greening of Municipality

### **Performance**

The performance of the Mandera Municipality for the year ended June 30, 2024 are set out on page xx

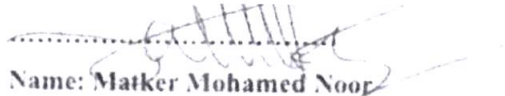
### **Board Members**

The members of the Board who served during the year are shown on page iv. There are no changes in the Board during the financial year.

**Auditors**

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

By Order of the Board

  
Name: Matker Mohamed Noor  
City/Municipality Manager

**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 Mandera 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 Mandera Municipality manager is responsible for the preparation and presentation of the Mandera Municipality's financial statements, which give a true and fair view of the state of affairs of the Mandera Municipality for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Mandera 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 Mandera Municipality, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

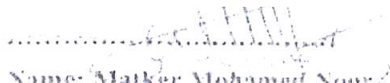
The Mandera Municipality Manager accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Urban Areas and Cities Act No. 13 of 2011. The Mandera Municipality Manager is of the opinion that the financial statements give a true and fair view of the state of Mandera Municipality's transactions during the financial year ended June 30, 2025, and the financial position as at that date.

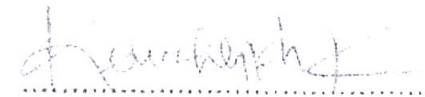
The Mandera Municipality Manager further confirms the completeness of the accounting records which have been relied upon in the preparation of financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern. Nothing has come to the attention of the Mandera Municipality Manager to indicate that Mandera 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 Mandera Municipal's financial statements were approved by the Board on \_\_15 July\_ 2025 and signed on its behalf by:

  
Name: Matker Mohamed Nour  
City/Municipality Manager

  
Name: Kulow Mohamed Sheikh  
Chairperson of the Board

# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON MANDERA MUNICIPALITY FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF MANDERA

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### 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of the Mandera Municipality set out on pages 1 to 36, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and

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

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

### **Basis for Qualified Opinion**

#### **1. Variance Between Revenue Collected and Revenue Reported to the Municipality**

The statement of financial performance reflects own source revenue of Kshs.38,660,445 as disclosed in Note 6 to the financial statements. However, review of revenue records revealed that the, Municipality collected a total of Kshs.39,773,790 during the year as own source revenue resulting in an unexplained and unreconciled variance of Kshs.1,113,345.

In the circumstances, the accuracy and completeness of own source revenue of Kshs.38,660,445 could not be confirmed.

#### **2. Unsupported Trade and Other Receivables**

The statement of financial position reflects trade and other receivables balance of Kshs.95,000,000 as disclosed in Note 13 to the financial statements. However, Management did not provide supporting documents in form of debtor's ledgers or schedule of additional transactions during the year and payments received during the year to confirm the closing balance.

In the circumstances, the accuracy and completeness of the trade and other receivables balance of Kshs.95,000,000 could not be confirmed.

#### **3. Unsupported Payables Balance**

The statement of financial position reflects trade and other payables balance of Kshs.97,275,252 as disclosed in Note 16 to the financial statements. However, supporting schedules, invoices, supplier statements and reconciliation details for the reported balances were not provided for audit review.

In the circumstances, the accuracy and completeness of the payables balance of Kshs.97,275,252 could not be confirmed.

#### **4. Unsupported Property Plant and Equipment Balance**

The statement of financial position reflects property plant and equipment balance of Kshs.77,874,495 as disclosed in Note 15 to the financial statements. Included in the balance are biological assets valued at Kshs.10,042,313 with an annual depreciation of Kshs.1,255,280. However, supporting documentation on the value of biological assets and the basis for annual depreciation on the biological assets was not provided for audit review.

In the circumstances, the accuracy of the property, plant and equipment balance of Kshs.77,874,495 could not be confirmed.

#### **5. Unsupported Opening Balance on Capital/Development Grants**

The statement of financial position comparative balance for the year 2023/2024 disclosed nil balance in respect of capital /development grants. However, the statement of changes in net assets disclosed capital grants opening balance of Kshs.115,065,449, resulting in an unexplained and unreconciled variance of Kshs.115,065,449 between statement of financial position and corresponding disclosure in the statement of changes in net assets.

Further, recomputed of the net assets/equity balance for the year 2023/2024 was a negative Kshs.(10,688,179) against a disclosed balance of Kshs.74,410,635, resulting in unreconciled variance of Kshs.85,098,814.

In the circumstances, the accuracy, fair presentation and disclosure of net assets/equity balance of Kshs.75,607,767 in the statement of financial position could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Mandera 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 audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.438,720,877 and Kshs.324,721,082 respectively, resulting in an under-funding of Kshs.113,999,795 or 26% of the budget. Similarly, the Municipality spent Kshs.324,712,559 against actual receipts of Kshs.324,721,082 resulting in an under-utilization of Kshs.8,523 or 100% absorption.

The under-funding affected the planned activities and may have impacted negatively on the operations of the Municipality.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

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

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Municipality in 2024/2025 revealed that the following eight (8) issues remained unresolved:

<b>No.</b>	<b>Financial Year</b>	<b>Audit Issue</b>
1	2023/2024	Unsupported, Property, Plant and Equipment
2	2023/2024	Failure to maintain Accounts payable Register
3	2023/2024	Lack of Ownership Documents for Land and Motor Vehicles.
4	2023/2024	Budgetary Control and Performance
5	2023/2024	Delayed Transfer of Functions to the Municipality
6	2023/2024	Failure to Implement E-Procurement
7	2023/2024	Failure to Publish and Publicize Municipality Budget Estimates
8	2023/2024	Failure to Establish Audit Committee

### **Other Information**

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

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

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

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

### Conclusion

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

### Basis for Conclusion

#### Delayed Transfer of Functions to the Municipality

A review of the Municipality's operations revealed that many of the functions stipulated in Sections 3 and 5 of the Municipal Charter continue to be carried out by the County Executive of Mandera. These functions include:

- i. Construction and maintenance of urban roads and related infrastructure;
- ii. Development, maintenance and regulation of municipal markets and abattoirs;
- iii. Promotion and provision of municipal sports and cultural activities;
- iv. Enforcement of development control and implementation of municipal plans;
- v. Construction and maintenance of rehabilitation centers, and control of drugs and substance abuse;
- vi. Management of public transport systems;
- vii. Infrastructural development and provision of municipal services;
- viii. Development of spatial and master plans for the Municipality;
- ix. Construction and management of community centers, cemeteries, funeral parlors, libraries and religious institutions;
- x. Revenue collection in relation to the assigned functions.

These functions are clearly provided under Section 3 and 5 of the Municipal charter to be functions of the Municipality. The County Government of Mandera has not relinquished these functions to the Municipality.

In the circumstances, the justification for the funds invested in the establishments and cost incurred in the operations of the Municipality could not be confirmed.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Ineffective Internal Audit Unit**

Review of the operations of the Internal Audit Unit revealed that the unit comprised of one staff and only conducted an audit of the financial operations of Mandera Municipality, focusing primarily on withholdings taxes, board expenses, domestic travel and subsistence allowances. Other risk areas such as procurement processes, human resource management, project implementations, revenue collection controls were not audited.

In the circumstances the effectiveness of the internal audit unit could not be confirmed.

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

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

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

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

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

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

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

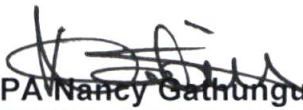
### **Auditor-General's Responsibilities for the Audit**

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

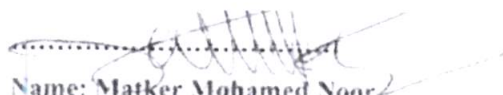
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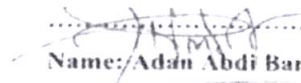
26 November, 2025

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

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs.	Kshs.
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	5	286,000,205	291,000,00
Other Revenue(own Source Collection)	6	38,660,557	0
<b>Total revenue</b>		<b>324,660,762</b>	<b>291,000,000</b>
<b>Expenditure</b>			
Use of goods and services	7	71,021,595	77,731,833
Staff costs	8	236,814,200	174,202,559
Board expenses	9	464,000	904,000
Depreciation and amortization	10	9,447,186	10,688,179
Repairs and maintenance	11	16,412,764	38,161,608
<b>Total expenses</b>		<b>334,159,745</b>	<b>301,668,179</b>
<b>Surplus/(deficit) for the period</b>		<b>(9,498,983)</b>	<b>(10,688,179)</b>

The notes set out on pages xxx to xxx form an integral part of these Financial Statements. The entity financial statements were approved on \_\_\_\_\_ 2025 and signed by:

  
 Name: Matker Mohamed Noor  
 City/Municipality Manager

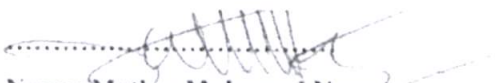
  
 Name: Adan Abdi Bar  
 Head of Finance  
 ICPAK M/No:257994

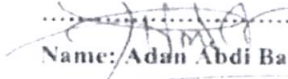
County Government of Mandera  
Mandera Municipality  
Annual Report and Financial Statements for the year ended June 30, 2025

15. Statement of Financial Position as At 30 June 2025

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs.	Kshs.
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	8524	52,384
Receivables from non-exchange transactions	13	95,000,000	0
Inventories	14		
<b>Total current assets</b>		<b>95,008,524</b>	<b>52,384</b>
<b>Non-current assets</b>			
Property, plant, and equipment	15	77,874,495	87,321,681
<b>Total Non-current Assets</b>		<b>77,874,495</b>	<b>87,321,681</b>
<b>Total assets (A)</b>		<b>172,883,019</b>	<b>87,374,065</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	16	97,275,252	2,275,251
<b>Total current liabilities</b>		<b>97,275,252</b>	<b>2,275,251</b>
<b>Non-current liabilities</b>			
<b>Total liabilities (B)</b>		<b>97,275,252</b>	<b>2,275,251</b>
<b>Net Assets (A-B)</b>		<b>75,607,767</b>	<b>85,098,81</b>
<b>Represented by:</b>			
Capital/Development Grants/Fund		115,065,449	0
Accumulated surplus		(39,457,682)	(10,688,179)
<b>Net Assets/Equity</b>		<b>75,607,767</b>	<b>74,410,635</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 15<sup>Th</sup> July 2025 and signed by:

  
Name: Matker Mohamed Noor  
City/Municipality Manager

  
Name: Adan Abdi Bar  
Head of Finance  
ICPAK M/No:257994

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

Description	Capital/ Development Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
<b>Bal as at 1 July 2023</b>	<b>115,065,449</b>	<b>0</b>	<b>(19,270,520)</b>	<b>95,794,929</b>
Surplus/(deficit) for the year	0	-	(10,688,179)	(10,688,179)
Funds received during the year	-	-	-	-
Revaluation gain/loss	-	0	-	0
<b>Bal as at 30 Jun 2024</b>	<b>115,065,449</b>	<b>0</b>	<b>(29,958,699)</b>	<b>85,106,750</b>
<b>Bal as at 1 July 2024</b>	<b>115,065,449</b>	<b>0</b>	<b>(29,958,699)</b>	<b>85,106,750</b>
Surplus/(deficit) for the year		-	(9,498,983)	(10,461,983)
Funds received during the year	-	-	-	-
Revaluation gain/loss	-	0	-	0
<b>Balance as at 30 June 2025</b>	<b>115,065,449</b>	<b>0</b>	<b>(39,457,682)</b>	<b>75,607,767</b>

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

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs.	Kshs.
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government	5	286,000,205	291,000,000
Other revenue(own-source revenue)	6	38,660,557	0
<b>Total Receipts</b>		<b>324,660,762</b>	<b>291,000,000</b>
<b>Payments</b>			
Use of goods and services	7	71,021,595	77,731,833
Staff costs	8	236,814,200	174,202,559
Board expenses	9	464,000	904,000
Repair and maintenance	11	16,412,764	38,161,608
<b>Total Payments</b>		<b>324,712,559</b>	<b>291,000,000</b>
<b>Net cash flows from operating activities</b>		<b>(51,797)</b>	<b>0</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE & intangible assets		(0)	(11,896,550)
Proceeds from sale of PPE		0	0
<b>Net cash flows used in investing activities</b>		<b>(0)</b>	<b>(11,896,550)</b>
<b>Cash flows from financing activities</b>			
Receipts from Capital grants		0	0
Proceeds from borrowings		0	0
Repayment of borrowings		(0)	(0)
<b>Net cash flows used in financing activities</b>		<b>(0)</b>	<b>(0)</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>(51,797)</b>	<b>3,107</b>
Cash And Cash Equivalents At 1 July	12	60,320	2,230
<b>Cash And Cash Equivalents At 30 June</b>	12	<b>8,524</b>	<b>5,337</b>

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
<b>Budget carryovers from the previous year*</b>	<b>0</b>	<b>60,320</b>	60,320	60,320	0	100%
<b>Receipts</b>						
Transfers from the County Government	400,000,000	(0)	400,000,000	286,000,205	113,999,795	72%
Other income	38,660,557	-	38,660,557	38,660,557	0	73.4%
<b>Total Receipts</b>	<b>438,660,557</b>	<b>60,320</b>	<b>438,720,877</b>	<b>324,721,082</b>	<b>113,999,795</b>	<b>72%</b>
<b>Payments</b>						
Use of goods and services	130,000,000	(0)	130,000,000	71,021,595	58,978,405	55%
Board expenses	3,000,000	(0)	3,000,000	464,000	2,536,000	15%
Staff Costs	240,000,000	(0)	240,000,000	236,814,200	3,185,800	99%
Repair and maintenance	65,660,557	(0)	65,660,557	16,412,764	49,247,793	25%
<b>Total expenditure Payments</b>	<b>438,660,557</b>	<b>(0)</b>	<b>438,660,557</b>	<b>324,712,559</b>	<b>113,947,998</b>	<b>74%</b>
<b>Capital Expenditure Payments</b>	<b>0</b>	<b>(0)</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Surplus for the period</b>		<b>0</b>	<b>60,320</b>	<b>8,523</b>	<b>51,797</b>	

## **19. Notes to the Financial Statements**

### **1. General Information**

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

The Municipality's principal activity is.

- a) Promotion, regulation and provision of refuse collection and solid waste management services;
- b) Construction and maintenance of storm drainage and flood controls;
- c) Construction and maintenance of recreational parks and green spaces;
- d) Construction and maintenance of street lighting;
- e) Construction, maintenance and regulation of traffic controls and parking facilities;
- f) Construction and maintenance of bus stands and taxi stands;
- g) Construction, maintenance and regulation of municipal markets and abattoirs;
- h) Construction and maintenance of fire stations; provision of fire-fighting services, emergency preparedness and disaster management;
- i) Promotion, regulation and provision of animal control and welfare;
- j) Municipal administration services (including construction and maintenance of administrative offices);
- k) Climate Change management and greening of Municipality

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

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

*County Government of Mandera*  
*Mandera Municipality*  
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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 Urban and Cities act 2012 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

### 3. Application of New and revised standards (IPSAS)

(When an IPSAS becomes effective on 1<sup>st</sup> January 20xx, it is applicable in Kenya from 1<sup>st</sup> July 20xx)

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

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

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

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

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

Mineral Resources	<ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity’s financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ul> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
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*iii. Early adoption of standards*

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity’s financial statements.)*

#### **4. Significant Accounting Policies**

##### **a) Revenue recognition**

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

###### *Transfers from other government entities*

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

##### **ii) Revenue from exchange transactions**

###### *Interest income*

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

##### **b) Budget information**

The original budget for FY 2024/25 was approved by the County Assembly. Subsequent revisions or additional appropriations were not made to the approved budget.

The Mandera 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 the section 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 City/Municipality recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**d) Intangible assets**

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

**e) Biological Assets**

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

**f) Financial instruments**

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

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

**Financial assets**

**Classification of financial assets**

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

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

#### **Subsequent measurement**

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

#### **Amortized cost**

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

#### **Fair value through net assets/ equity**

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

#### **Fair value through surplus or deficit**

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

### **Trade and other receivables**

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

### **Impairment**

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

### **Financial liabilities**

#### **Classification**

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

#### **g) Inventories**

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

Raw materials: purchase cost using the weighted average cost method

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

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

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

**h) Provisions**

Provisions are recognized when the City/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 City/Municipality expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**i) Social Benefits**

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

**j) Contingent liabilities**

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

**k) Contingent assets**

The City/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 City/Municipality in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments

are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs

**l) Nature and purpose of reserves**

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

**m) 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.

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

**o) Foreign currency transactions**

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

**p) 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.

**q) 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.

**r) Cash and cash equivalents**

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

**s) Comparative figures**

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

**t) Events after the reporting period**

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

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

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

**u) Currency**

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

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

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

State all judgements, estimates and assumptions made.

### **Estimates and assumptions.**

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

### **Useful lives and residual values**

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

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

Notes to the Financial Statements

5. Transfers from the County Government

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	286,000,205	291,000,000
<b>Total</b>	<b>286,000,205</b>	<b>291,000,000</b>

(a) Transfers from County Government entities (Categorized)

Name Of The Entity Sending The Grant	Amount recognized to Statement of financial performance* Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	FY 2023/2024
			Kshs	Kshs	Kshs
Mandera County Treasury	286,000,205	0	0	286,000,205	291,000,000
<b>Total</b>	<b>286,000,205</b>	<b>0</b>	<b>0</b>	<b>286,000,205</b>	<b>291,000,000</b>

6. Other revenue (own-Source Collection)

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Mandera Municipality-Own-source Revenue	38,660,557	0
<b>Total</b>	<b>38,660,557</b>	<b>0</b>

6(a). Own-Source Collection (Categorized)

Descriptions	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Name of the Streams	Amount Collected	Amount Collected
Barriers/Parking fee	12,798,020	0
Market Stalls/Shades/Gates and Cess	8,186,238	0
Single Business Permit	14,550,200	0
Public Health	2,063,299	0
Fire Service Fees	756,800	0
Development Control	306,000	0
<b>Total</b>	<b>38,660,557</b>	<b>0</b>

7. Use of Goods and Services

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Utilities, supplies and services	700,000.00	662,057
Communication, supplies and services	2,940,320	2,401,600
Domestic travel and subsistence	6,444,000.00	8,321,050
Printing, advertising, supplies & services	1,050,000	2,756,789
Hospitality supplies and services	2,080,171.00	2,565,706
Specialized materials and services	10,180,330	4,792,829
Office and general supplies and services	5,075,665	7,274,102
Fuel, oil and lubricants	5,991,206	5,901,000
Other operating expenses	2,048,882	608,000
Routine maintenance-vehicle and other Equipment	2,792,072	2,410,000
Routine Maintenance-Other assets	747,551	49,000
Hire of transport, Equipment etc.	30,973,275	38,898,700
<b>Total</b>	<b>71,023,472</b>	<b>76,640,833</b>

8. Staff costs

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Salaries and wages	235,000,000	162,581,723
National Social security contribution	535,000	5,410,418
National Health insurance fund	1,279,200	6,210,418
<b>Total</b>	<b>236,814,200</b>	<b>174,202,559</b>

9. Board expenses

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Sitting allowances	464,000	604,000
Induction and Training	0	0
Travel and accommodation	0	300,000
Conference Costs	0	0
<b>Total</b>	<b>464,000</b>	<b>904,000</b>

10. Depreciation and amortization

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Property, plant and equipment	9,447,186	10,668,179
<b>Total depreciation and amortization</b>	<b>9,447,186</b>	<b>10,668,179</b>

### 11. Repairs and Maintenance

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Property- Buildings	735,000	396,000
Rehabilitation of plant, equipment and machinery	0	2,948,275
Maintenance of civil works	14746,213	8,911,374
Construction of civil works	931,551	25,905,959
<b>Total repairs and maintenance</b>	<b>16,412,764</b>	<b>38,161,608</b>

### 12. Cash and cash equivalents

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Current account	8524	60,320
<b>Total cash and cash equivalents</b>	<b>8524</b>	<b>60,320</b>

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

Financial institution	Account number	FY 2024/2025	FY 2023/2024
		Kshs.	Kshs.
a) <b>Current account</b>			
National Bank Kenya	01050211663600	6378.95	7936.17
Equity Bank	1000279767361	2145.07	52,384
<b>Total</b>		<b>8524.02</b>	<b>60,320</b>

### 13. Receivables from Non-Exchange transaction

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Transfer from County Executive	95,000,000	2,274,759
<b>Total</b>	<b>95,000,000</b>	<b>2,274,759</b>

Ageing analysis for Receivables from non-exchange transactions

Description	FY 2024/2025		FY 2023/2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	95,000,000	98%	0	0%
Between 1- 2 years	2,274,759	2%	2,274,759	100%

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Between 2-3 years	0	%	0	100%
Over 3 years	0	%	0	%
<b>Total</b>	<b>97,275,252</b>	<b>100%</b>	<b>2,275,252</b>	<b>100%</b>

**14. Inventories**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Stationery	0	0
Consumables	0	0
<b>Total inventories at the lower of cost and net realizable value</b>	<b>0</b>	<b>0</b>

15. Property, Plant and Equipment

Description	Land	Building	Motor vehicles	Furniture and fittings	Computers	Biological Assets	Other Assets Plant and Equipment	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
<b>Depreciation Rate</b>		%	%	12.5%	30%	12.5%	10%	
<b>As at 1 July 2023</b>	0	0	0	11,436,465	2,500,690	13,116,492	83,083,933	110,137,580
Additions	0	0	0	0	0	0	0	(0)
Disposals	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Transfers/adjustments	(0)	-	0	0	(0)	(0)	(0)	(0)
Revaluation Adjustment	0	0	0	0	0	0	0	0
<b>As at 30<sup>th</sup> June 2024</b>	0	0	0	11,436,465	2,500,690	13,116,492	83,083,933	110,137,580
Additions for the year	0	0	0	0	0	0	0	0
Disposals for the year	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Transfer/adjustments	(0)	-	(0)	(0)	(0)	(0)	(0)	(0)
Revaluation Adjustment	0	0	0	0	0	0	0	(0)
<b>As at 30<sup>th</sup> June 2025</b>	0	0	0	11,436,465	2,500,690	13,116,492	83,083,933	110,137,580
<b>Depreciation and impairment</b>								
<b>At 1 July 2023</b>	0	0	0	1,429,558	750,207	1,639,562	8,308,393	12,127,720
Depreciation	0	0	0	1,250,863	525,145	1,434,617	7,477,554	10,688,179

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Description	Land	Building	Motor vehicles	Furniture and fittings	Computers	Biological Assets	Other Assets Plant and Equipment	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
<b>Depreciation Rate</b>		%	%	12.5%	30%	12.5%	10%	
Impairment	0	-	(0)	0	-	(0)	(0)	(0)
Transfers/ Adjustments	0	-	(0)	(0)	0	(0)	(0)	0
<b>As at 30 June 2024</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,250,863</b>	<b>525,145</b>	<b>1,434,617</b>	<b>7,477,554</b>	<b>10,688,179</b>
Depreciation for the year	0	0	0	1,094,506	367,601	1,255,280	6,729,799	9,447,186
Disposals for the year	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Impairment for the year	0	-	(0)	(0)	(0)	(0)	(0)	(0)
Transfer/adjustment	0	-	(0)	(0)	(0)	(0)	(0)	0
<b>As at 30<sup>th</sup> June 2025</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,345,369</b>	<b>892,746</b>	<b>2,689,897</b>	<b>14,207,353</b>	<b>20,135,365</b>
	0							
<b>NBV as at 30<sup>th</sup> June 2024</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,756,044</b>	<b>1,255,338</b>	<b>10,042,313</b>	<b>67,297,986</b>	<b>87,321,681</b>
<b>NBV as at 30<sup>th</sup> June 2025</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,661,539</b>	<b>857,737</b>	<b>8,787,033</b>	<b>60,568,187</b>	<b>77,874,495</b>

**16. Trade and Other Payables**

Description	FY 2024/2025		FY 2023/2024	
	Kshs.		Kshs.	
Trade payables	97,275,252		2,275,252	
Other payables ( <i>Specify</i> )	0		0	
<b>Total trade and other payables</b>	<b>97,275,252</b>		<b>2,275,252</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	95,000,000	98%	0	0%
1-2 years	2,275,252	2%	2,275,252	100%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
<b>Total</b>	<b>97,275,252</b>	<b>100%</b>	<b>2,275,252</b>	<b>100%</b>

**17. Related party balances**

**a) Nature of related party relationships**

Entities and other parties related to the City/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 City/Municipality/scheme is related to the following entities:

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

**b) Related party transactions**

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Transfers from related parties'	286,000,205	291,000,000
Transfers to related parties	<b>286,000,205</b>	<b>291,000,000</b>

**c) Key management remuneration**

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Board Members – Training and Allowances	464,000	1,689,600
Key Management Compensation	0	0
<b>Total</b>	<b>464,000</b>	<b>1,689,600</b>

**d) Due from related parties**

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Due from County Government	95,000,000	2,275,252
<b>Total</b>	<b>95,000,000</b>	<b>2,275,252</b>

## **18. Financial risk management**

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

The City/Municipality's financial risk management objectives and policies are detailed below:

### **I. Credit risk**

The Municipality has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience, and other factors. Individual risk limits are set based on internal or external assessments in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Municipality's management based on prior experience and their assessment of the current economic environment.

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

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

### **II. Liquidity risk management**

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

### **III. Market risk**

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

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

### **IV. Foreign currency risk**

The Municipality has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

**V. Interest rate risk**

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

**Management of interest rate risk**

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

**VI. Capital risk management.**

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

20. Appendices

Appendix 1. Progress on Follow up of Auditors Recommendations.

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Over reliance on transfers from the county government	The issue was discussed by the board and is awaiting further deliberations by the county assembly or senate	Under consideration	During awaited senate or county assembly hearing
2.	Unsupported payment on hire of Motor vehicles	Unsupported payment on hire of Motor vehicles	The issue was discussed by the board and is awaiting further deliberations by the county assembly or senate	Under consideration
3.	Property plant and equipment additions for the previous year	The issue was discussed by the board and is awaiting further deliberations by the county assembly or senate	Under consideration	During awaited senate or county assembly hearing

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.	Unsupported Accounts payable	The issue was discussed by the board and is awaiting further deliberations by the county assembly or senate	Under consideration	During awaited senate or county assembly hearing
5.	Under absorption of budget	The issue was discussed by the board and is awaiting further deliberations by the county assembly or senate	Under consideration	During awaited senate or county assembly hearing
6.	Lack of risk management policy and strategy	The issue was discussed by the board and is awaiting further deliberations by the county assembly or senate	Under consideration	During awaited senate or county assembly hearing

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
7.	Delay in remittance of statutory deductions	The issue was discussed by the board and is awaiting further deliberations by the county assembly or senate	Under consideration	During awaited senate or county assembly hearing

**Guidance Notes:**

- a) Use the same reference numbers as contained in the external audit report.
- b) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- c) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue.
- d) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to County Treasury.

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*To be Signed by the Accounting officer of the Entity*



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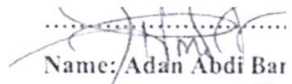
**Appendix 2: Inter-Entity Transfers**

MUNICIPALITY NAME: MANDERA MUNICIPALITY						
Breakdown of Transfers from the County Executive of Mandera County						
	FY 20xx/20xx					
S/N	Recurrent Grants	Bank Statement Date	Grant	Revenue	Total	Indicate the FY to which the amounts relate
1	Grant To Mandera Municipality	4/7/2024	-	6,358,657	6,358,657	FY 2024-2025
2	Grant To Mandera Municipality	5/7/2024	-	1,000,000	1,000,000	FY 2024-2025
3	Grant To Mandera Municipality	6/7/2024	-	963,000	963,000	FY 2024-2025
4	Grant To Mandera Municipality	26/08/2024	40,000,000	-	40,000,000	FY 2024-2025
5	Grant To Mandera Municipality	30/08/2024	-	9,000,000	9,000,000	FY 2024-2025
6	Grant To Mandera Municipality	21/09/2024	-	119,900	119,900	FY 2024-2025
7	Grant To Mandera Municipality	01/10/2024	35,000,000	5,000,000	40,000,000	FY 2024-2025
8	Grant to Mandera Municipality	11/11/2024	41,000,000	-	41,000,000	FY 2024-2025
9	Grant to Mandera Municipality	15/11/2024	-	15,000,000	15,000,000	FY 2024-2025
10	Grant to Mandera Municipality	28/11/2024	8,039,000	-	8,039,000	FY 2024-2025
11	Grant to Mandera Municipality	28/11/2024	18,000,000	-	18,000,000	FY 2024-2025
12	Grant to Mandera Municipality	25/11/2024	-	1,000,000	1,000,000	FY 2024-2025
13	Grant To Mandera Municipality	4/12/2024	12,000,000	-	12,000,000	FY 2024-2025
14	Grant To Mandera Municipality	2/1/2025	-	219,000	219,000	FY 2024-2025
15	Grant To Mandera Municipality	9/1/2025	29,388,205	-	29,388,205	FY 2024-2025
16	Grant to Mandera Municipality	14/02/2025	14,329,000	-	14,329,000	FY 2024-2025
17	Grant To Mandera Municipality	7/3/2025	30,000,000	-	30,000,000	FY 2024-2025
18	Grant To Mandera Municipality	28/04/2025	6,244,000	-	6,244,000	FY 2024-2025
19	Grant To Mandera Municipality	13/05/2025	7,000,000	-	7,000,000	FY 2024-2025
20	Grant To Mandera Municipality	13/05/2025	15,000,000	-	15,000,000	FY 2024-2025
21	Grant To Mandera Municipality	30/06/2025	30,000,000	-	30,000,000	FY 2024-2025
	<b>Total</b>		<b>286,000,205</b>	<b>38,660,557</b>	<b>324,660,762</b>	

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MUNICIPALITY NAME: MANDERA MUNICIPALITY				

  
Name: Adan Abdi Bar  
Head of Finance  
ICPAK M/No:257994

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*Signed by the Head of Accounts of the Entity and the transferring Entities*