

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*



PAPERS LAID
DATE 5/3/2025
TABLED BY Majority leader
COMMITTEE
CLERK AT THE TABLE Angela

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**MUNICIPALITY OF MURANG'A**

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

Revised 30<sup>th</sup> June 2024



---

**MUNICIPALITY OF MURANG'A**  
*County Government of Murang'a*

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

---

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

***(Leave this page blank)***

*County Government of Murang'a*  
*Municipality of Murang'a*  
*Annual Report and Financial Statements for the year ended June 30, 2024*

---

1.	Acronyms and Definition of Key Terms .....	ii
2.	Key Entity Information and Management .....	iii
3.	Municipality Board .....	viii
4.	Key Management Team.....	xi
5.	Municipality Board Chairperson's Report.....	xiii
6.	Report of the Municipality Manager .....	xiv
7.	Statement of Performance Against Predetermined Objectives for the FY.....	xv
8.	Corporate Governance Statement .....	xvi
9.	Management Discussion and Analysis .....	xix
16.	Environmental and Sustainability Reporting .....	xx
17.	Report of the Municipality Board Members .....	xxiii
18.	Statement of Management's Responsibilities .....	xxiv
19.	Report of the Independent Auditor .....	xxvi
20.	Statement of Financial Performance for The Year Ended 30 June 2024 .....	1
21.	Statement of Financial Position As At 30 June 2024 .....	2
22.	Statement of Changes in Net Assets for the Year Ended 30 June 2024 .....	4
23.	Statement of Cash Flows for The Year Ended 30 June 2024 .....	5
24.	Statement of Comparison of Budget & Actual Amounts for the Year ended 30 June 2024	6
25.	Notes to the Financial Statements .....	8
26.	Appendices .....	42

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

**A. Acronyms**

PSASB	Public Sector Accounting Standards Board
FY	Financial Year
OSHA	Occupational Safety & Health Act
IFMIS	Integrated Financial Management Information System

**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**

Municipality of Murang'a 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 3/12/2019. The Municipality is under the County Government of Murang'a and is domiciled in Kenya

### **b) Principal Activities**

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

#### **1.1. Objectives of the Municipality**

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

#### **2. Functions of the Municipality**

The functions of the Municipality based on the Charter and gazetted delegated functions include;

- (a) Promotion, regulation and provision of refuse collection and solid waste management services;
- (b) Promotion and provision of water and sanitation services and infrastructure (in areas within the Municipality not served by the Water and Sanitation Provider);
- (c) Construction and maintenance of municipal roads and associated infrastructure;
- (d) Construction and maintenance of storm drainage and flood controls;

- (e) Construction and maintenance of walkways and other non-motorized transport infrastructure;
- (f) Construction and maintenance of recreational parks and green spaces;
- (g) Construction and maintenance of street lighting;
- (h) Construction, maintenance and regulation of traffic controls and parking facilities;
- (i) Construction and maintenance of bus stands and taxi stands;
- (j) Regulation of outdoor advertising;
- (k) Construction, maintenance and regulation of municipal markets and abattoirs;
- (l) Construction and maintenance of fire stations; provision of fire-fighting services, emergency preparedness and disaster management;
- (m) Promotion, regulation and provision of municipal sports and cultural activities;
- (n) Promotion, regulation and provision of animal control and welfare;
- (o) Development and enforcement of municipal plans and development controls;

Municipal administration services (including construction and maintenance of administrative office

**c) Principal Activities**

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

**2.1. Objectives of the Municipality**

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

11. Provide a high standard of social services in a cost-effective manner to the inhabitants of the Municipality.
12. Promote social cohesiveness and a sense of civic duty and responsibility among the inhabitants and stakeholders in the Municipality in order to facilitate collective action and commitment towards achieving the goal of a harmonious and stable community.
13. Providing for services, regulations and other matters for Municipality's benefit.
14. Fostering the economic, social and environmental well-being of its community.

### **3. Functions of the Municipality**

The functions of the Municipality based on the Charter and gazetted delegated functions include;

- (p) Promotion, regulation and provision of refuse collection and solid waste management services;
- (q) Promotion and provision of water and sanitation services and infrastructure (in areas within the Municipality not served by the Water and Sanitation Provider);
- (r) Construction and maintenance of municipal roads and associated infrastructure;
- (s) Construction and maintenance of storm drainage and flood controls;
- (t) Construction and maintenance of walkways and other non-motorized transport infrastructure;
- (u) Construction and maintenance of recreational parks and green spaces;
- (v) Construction and maintenance of street lighting;
- (w) Construction, maintenance and regulation of traffic controls and parking facilities;
- (x) Construction and maintenance of bus stands and taxi stands;
- (y) Regulation of outdoor advertising;
- (z) Construction, maintenance and regulation of municipal markets and abattoirs;
- (aa) Construction and maintenance of fire stations; provision of fire-fighting services, emergency preparedness and disaster management;
- (bb) Promotion, regulation and provision of municipal sports and cultural activities;
- (cc) Promotion, regulation and provision of animal control and welfare;
- (dd) Development and enforcement of municipal plans and development controls;

Municipal administration services (including construction and maintenance of administrative offices.

**d) Fiduciary Management**

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

Sl. No.	Position	Name
1	Municipality Manager	Benard Mugo
2	Municipal Administrator	Peter Makara Ngure
3	Directorate of Finance, Administration, IT and Economic Planning	Stephen Maina Kamiri
4	Legal, Education, Social Services and Partnerships	Edith Kingori
5	Municipal Engineer	Sebastian Bubiru

**e) Fiduciary Oversight Arrangement**

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

**f) Registered Offices**

P.O. Box 205  
Municipal Offices  
Murang'a Law Court Road  
NAIROBI, KENYA

**g) Contacts**

Telephone: (+254) 060-2030271  
Email: murangamunicipal@gmail.com  
Website: murangamunicipal.go.ke

**h) Bankers**

Kenya Commercial Banks  
Murang'a

Kenya Commercial bank	UDG A/C 129263975	
	UIG A/C1263560784	
	OPER 1259505336	

**County Government of Murang'a**  
**Municipality of Murang'a**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

---

**i) Independent Auditor**

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


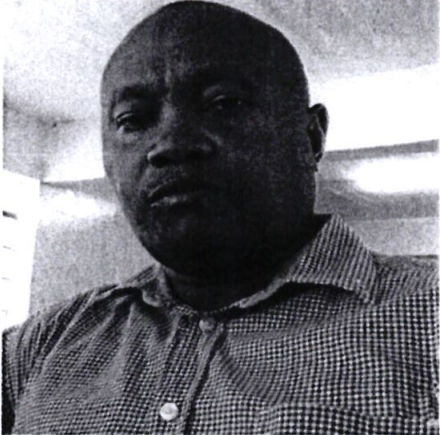

**j) Principal Legal Adviser**

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

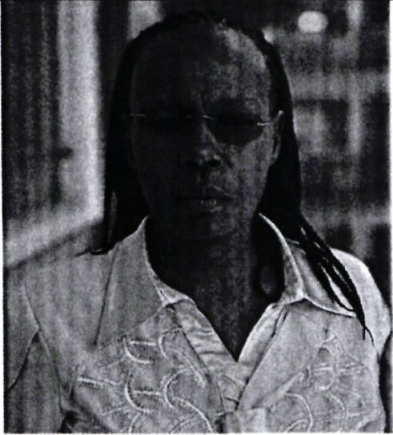


**3. Municipality Board**

Serial No.	Name	Details of qualifications and experience
<b>Board Member</b>		
1	 <p>Ruth Waithira Muiruri Board chairperson</p>	<p>Holder of Business Administration (MBA) Strategic Management Option, Post Graduate Diploma in Law and Bachelor's Degree in Law. She started working with Eco- Bank Kenya Limited from 2009-2013, Guaranty Trust Bank from November 2013 to March 2019, Kenya Mortgage Refinance Company Limited from June to October 2020. Currently working with S.K Muendo &amp; Co. Advocates. She was nominated to represent Law Society of Kenya. She was born on 27<sup>th</sup> January 1982</p>
2	 <p>Kenneth Gitau Kamau Deputy chairperson</p>	<p>Holds Bachelors of Business Administration (Finance), Diploma in Business Management and Certificate in Business Management. He worked with Car and General Limited from 1998-1999. He is currently working with Equity Bank Limited from June 1 2000 to date. He was nominated as a governor appointee.  He was born on 1977. Associate of Informal Sector. .</p>



**County Government of Murang'a  
Municipality of Murang'a  
Annual Report and Financial Statements for the year ended June 30, 2024**

<p>3</p>	 <p>Margaret Wambui Kariuki</p>	<p>Holds Diploma in Business management. She was born on 1972. She has worked with Murang'a County Council from 1982-1990, L&amp;A Creations, Director Gichohi Transport Limited and Director Gichohi Investment Kenya Limited. She was born on 10<sup>th</sup> December 1960.</p>
<p>4</p>	 <p>Mr. Lameck Muiruri Ngigi</p>	<p>Attained Diploma in Business Management, and Certificate in Social Work. He has worked as Manager Emmanuel Café from 2004-2005, Savic Motors from 2005-2007 and Emmic Investment Ltd from 2015-2022. He was nominated as a Governor appointee He was born on 15<sup>th</sup> August 1977.</p>
<p>5</p>	 <p>Mr. Peter Kimani Gikonyo</p>	<p>Holds a Diploma in Film and Video Production. He is the Proprietor Central Studios Limited. He was nominated to represent Informal Sector. He was born on 1960</p>




**County Government of Murang'a**  
**Municipality of Murang'a**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

<p>6</p>	 <p>Mrs. Caroline Kaari Nyaga</p>	<p>Holds Master in Education, and Bachelor of Education. She has worked with Maragua Little Angels nursery school as a teacher from 1989-1990, A.P Nursery School Marsabit as a teacher from 1990-1992, Sisters Primary / Nursery as a teacher from 1993-1998, Precious Angels School as a teacher and Maragua E.C.D.E college both as a teacher and College administrator from 2010-2014. She was nominated to represents social sector.  She was born on 1969.</p>
<p>7</p>	 <p>Bishop George Peter Irungu Ka riuki</p>	<p>Holds Master of Divinity, Bachelor of Arts in Bible and Theology, Honorary Doctor of Divinity and Diploma in Bible and Theology. He was nominated to represent religious community.  He was born on 22<sup>nd</sup> October 1971.</p>
<p>8</p>	 <p>Bernard Mugo</p>	<p>Municipality manager  Has bachelor Degree of Business Management- Finance and Banking from Mt. Kenya University and currently pursuing master's in Business Administration. Has certifications in the following courses</p> <ul style="list-style-type: none"> <li>• Customer Service;</li> <li>• Risk management,</li> <li>• Anti- Money Laundering,</li> <li>• Fraud Detection,</li> <li>• Environmental and Social Risk.</li> </ul> <p>He has over 13 years of work experience in financial Institutions.</p>

**4.Key Management Team**

Serial No	Name	Details of qualifications and experience
1.	 <p>Benard Mugo</p>	<p><b>Municipality manager</b></p> <p>Has bachelor Degree of Business Management- Finance and Banking from Mt. Kenya University and currently pursuing master's in Business Administration. Has certifications in the following courses</p> <ul style="list-style-type: none"> <li>• Customer Service;</li> <li>• Risk management,</li> <li>• Anti- Money Laundering,</li> <li>• Fraud Detection,</li> <li>• Environmental and Social Risk.</li> </ul> <p>He has over 13 years of work experience in financial Institutions.</p>
2	 <p>Peter Makara Ngure</p>	<p>Deputy Manager</p>

**County Government of Murang'a  
Municipality of Murang'a  
Annual Report and Financial Statements for the year ended June 30, 2024**

3	 <p>Stephen Maina Kamiri</p>	<p>Head of Directorate of Finance, Administration, IT and Economic Planning</p>
4	 <p>Sabastian bubiru</p>	<p>Head of directorate of Transport, Infrastructure, Public Works, Housing and Urban Planning</p>
5	 <p>Edith kingori</p>	<p>Head of Legal, Education, Social Services and Partnerships</p>

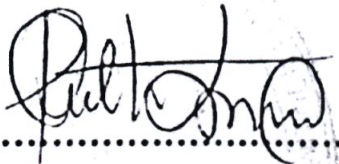
### **5. Municipality Board Chairperson's Report**

The Municipality have achieved tremendous achievement in areas of infrastructure development especially on road improvement to Bitumen Standards, laying of Cabros on the street parking in our (CBD), street lighting in town and stormy water drainage.

The Municipal board has been committed in providing vision leadership in enhancement of specific legislation and policy formulation and development key among them; strategic plan (IDEP), Environmental Impact Assessment, delineation of Kenol and Kangare municipalities among others. During the year 2022/2023 we have faced more problems because the Municipality was recovering from the challenges posed by covid-19 pandemic. However, we registered resilience from this challenge to normal development programmes.

The term of the previous board expired on February 2024 and the current Board took over on April 2024. During the current financial year, the municipality have not received development fund from development partners. However, were are expecting to receive the same towards the end of this financial year.

The municipal board looks forward for supportive relationship with KUSP, devoted partners and other key players in releasing funds on time to enable Municipality offer seamless service delivery to our residents.



.....  
**Name: Ruth Waithira Muiruri**  
**Chairperson of the Board**

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

The budget's Revenue performance report shows that in year 2023/2024 registered impressive result that earned the county government kifarua award in just conclude devolution conference. This can be attributed to revenue innovation strategy, revenue automation of cashiering system to adopt cashless transaction to seal loopholes that were stumbling block on broadening revenue base and fund embezzlement at collection point

On infrastructure development we have made milestone in regard to improvement of our road connectivity through tarmacking road within the municipality, street lighting program that has created a 24-hour economy. As a result, wealth creation through increased job to the youth because the lighting of town was major boost not only to business growth and development but also security enhancement and provided conducive environment for business growth and development

On value for money, residents are enjoying services offered by municipality in terms of garbage collection, stormy water drain through improved water channels, disaster management has improved because the municipality has bought new fire engine with modern equipment that displays best of art.

Despite all tremendous achievement made there were also impending obstacle that hindered service delivery key among the delay in disbursement of funds from treasury, among other challenges.

We look forward for treasury to release fund on time to ensure seamless service delivery.



**Benard Mugo**  
**Municipality Manager.**



**County Government of Murang'a**  
**Municipality of Murang'a**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**7. Statement of Performance Against Predetermined Objectives for the FY**

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
<b>Urban planning</b>	To control urban development	To create orderly development in urban areas	Number of developments conforming with rules and regulations governing urban development	In FY under review, we increased Housing unit by xx%.
Program 2	-	-	-	-

## **8. Corporate Governance Statement**

### **a) Process of appointment and removal of Board Members**

#### **Appointment**

As outlined by the Urban Areas and Cities Act sec.8 the board shall comprise of (9) members.

- i. Four (4) members shall be appointed through a competitive process by the County Executive Committee and approved by the County Assembly.
- ii. Three (3) members shall be nominated by the following umbrella bodies
  - An umbrella body representing professional associations in the area;
  - An association representing the private sector in the area;
  - A cluster representing registered associations of the informal sector in the area;
  - A cluster representing registered neighbourhood associations in the area;
  - An association of the Municipality;

And appointed by the County Executive committee with the approval of the County Assembly;

- The County Executive Member for the time being responsible for cities and urban areas or his/her representative;
  - The chief officer responsible for urban development;
- iii. Two (2) members; the executive responsible for finance and the municipal manager who shall be ex- officio members. The municipal manager shall be the Secretary of the Board.

In appointing the members of the Board of the Municipality; the County Executive Committee shall ensure gender equality, representation of persons with disability, youth and marginalized groups. Each member should have the following qualifications: -

- i. Be a Kenyan Citizen
- ii. Be ordinarily resident or have a permanent dwelling in the Municipality or;
- iii. Carry on business in the municipality or;
- iv. Have lived in the Municipality for at least five (5) years.

#### **Removal**

The term of the members of the Board of the Municipality shall be **five (5) years** on part time basis. However, the chairperson and vice- chairperson of the Board of the Municipality may be removed by-

- i. A majority decision of the members of Board of the Municipality at a duly convened meeting where quorum is present or;
- ii. Upon petition by the resident of the Municipality.

**b) Roles and functions of the Municipality Board Members**

- i. The board of the Municipality shall have powers and perform all functions vested in boards of municipalities under the Urban Areas and Cities Act, 2011, the County Government Act, 2012 and the Municipality By-laws.
- ii. The Board of the Municipality shall provide for the exercise of these powers and for the performance of all the duties and obligations imposed on the Board of the Municipality.
- iii. Subject to the Kenya Constitution and any other written law, the Board of the Municipality shall; within the boundaries of the Municipality of Murang'a-
  - Exercise executive authority as delegated by the County Executive Committee of the County government of Murang'a.
  - Ensure implementation and compliance with policies formulated by both the National and County Government
  - Ensure participation of the residents in decision making, it's activities and programs
  - Promote constitutional values and principles
  - Make By-laws or make recommendations for issues to be included in the By-laws.

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

The board has been trained on strategic leadership to enhance their leadership skills. More so, the board members have participated in benchmarking with other board members from various Municipalities e.g. Nakuru Municipality, so as to borrow new ideas on how to improve Murang'a Municipality. Recently July this year the board had retreat at Kasarani sports on consultative meeting on by-law and strategic planning

**d) Number of Municipality Board meetings held and the attendance to those meetings by members**

We have established 4 Committees as follows: -

- Finance, Administration, Public Service, IT & Economic Planning
- Public Health, Sanitation, Water & Environment
- Legal, Education & Social Services
- Transport, Infrastructure, Public Works & Housing

The committees hold quarterly meetings; in addition, the full board meeting is held once in a quarter (3 months)

**e) Succession Plan**

Any vacancy arising out of removal of any member of the board of the Municipality may be filled in the manner provided under Article 10 and 12 respectively of the Urban Areas and Cities Act.

**f) Existence of a Service Charter**

The Municipality of Murang'a has gazetted a Municipality charter that details the functions and objectives of Murang'a Municipality the charter was gazetted on 20<sup>th</sup> December 2020. Key among them include;

- i. To provide for efficient and accountable management of the affairs of the Municipality.
- ii. Provide for services, regulations and other matters for Municipality's benefit
- iii. Fostering the economic, social and environmental well-being of its community.
- iv. Pursue the development developmental opportunities which are available in the Municipality and institute such measures as are necessary for achieving public order and the provisions of civic amenities, so as to enhance the quality of life of the inhabitants of the Municipality.

**g) Conflict of interest**

The board members are not supposed to procure or contract for supply of goods and services because they are part of the management. In any case one of them is interested he/she has to declare the interest and withdrawal from the deliberations from the matter in question.

**h) Board Remunerations**

The board members are not entitled to any salaries. However, they are paid allowances as determined by the County Executive Committee with approval of the County Assembly and as advised by the Salaries and Remuneration Commission.

- All payment to board members are prepared in total adherence to laid down guidance as salary and remuneration commission directives.
- Board members are paid sitting allowance, transport reimbursement when they attend committee meetings.
- The board members are not salaried and therefore do not qualify for salaries because they are not full-time director.

**i) Ethics and conduct as well as governance audit undertaken if any**

Before entering upon the duties of their offices, the members of the board must take and subscribe to the oath or affirmation as stipulated in the Urban Areas and Cities Act sec.52

We have also established an attendance register where every member signs the register. This is also used to tabulate the remuneration.

- The board members were vetted by the county assembly before taking the prescribed oath.
- Every committee meeting maintains attendance register from which board remuneration are computed from.

**9. Management Discussion and Analysis**

10. During the year 2023/2024 Murang'a Municipality achieved tremendous results in areas of revenue collection. This has been occasioned by automation of revenue collection by adoption of cashless transaction that is meant to seal all loopholes in revenue collection.
11. On project implementation we undertook key programs on Road Infrastructure development by upgrading roads to bitumen standards. We also did drainages tunnels for storm water drain. The essence was to make the Municipality a 24hour economy.
12. We are in total compliance with the statutory requirements like statutory payment to the Kenya Revenue Authority, carry out Environmental Impact Assessment (EIA) before the start of every project and ensuring strict adherence to the Public Finance Management Act that govern smoothness on the use of Public Funds.
13. On ICT we have confined in confidentiality and followed all the regulations provided in the Kenya Communication Authority. This ensured that financial data is secure and can only be accessed by the relevant officials.
14. Key risk facing the Municipality is non remittance of statutory deductions for employees like NHIF, SACCO deductions etc. Payment of staff salaries has also been in arrears.
15. The Municipality is facing risk from lack of sustainable funding from the County Government in order to carry out its mandate. There is also health hazard posed by poor solid waste disposal due to lack of financial facilitation to collect refuse on daily basis from all the garbage pits

## **16. Environmental and Sustainability Reporting**

Environmental policy, refers to measures put in place regarding the effects of human activities on the environment, particularly those measures that are designed to prevent or reduce harmful effects of human activities on ecosystems. Environmental law works to protect land, air, water, and soil. Negligence of these laws results in various punishments like fines, community service, and in some extreme cases, jail term. Without these environmental laws, the government would not be able to punish those who threaten the environment poorly. The department of Environment is guided by 7 principles namely:

### **1. Sustainability Strategy and Profile**

- a) Polluter Pays Principle (PPP)
- b) User Pays Principle (UPP)
- c) Precautionary Principle (PP)
- d) Principle of Responsibility.
- e) Principle of Effectiveness and Efficiency.
- f) Principle of Proportionality.
- g) Principle of Participation.

The department also is guided by EMCA guidelines and has a solid waste management policy

Efforts to manage biodiversity:

- a) Support local farms.
- b) Save the bees.
- c) Plant local flowers, fruits and vegetables.
- d) Take shorter showers.
- e) Respect local habitats.
- f) Know the source.

## **2. Environmental Performance**

Success and Shortcoming efforts to manage Solid waste

Success:

- Improved health due to timely collection of garbage.
- Availability of vehicles to collect garbage.
- Cleaned markets and streets.
- Improved hygiene.

Shortcoming

- Limited environmental awareness combined with low motivation has inhibited innovation and the adoption of new technologies that could transform waste management.
- Lack of timely allocation of funds for consistent collection of garbage.
- Blocked drainages when it rains.
- Insufficient casual labourers.
- Inadequate financing.
- Poor infrastructure and technology.
- Lack of public awareness on good sanitary practices.
- Inadequate legal and regulatory.

Efforts to manage solid Waste.

As citizens of Murang'a municipality, we have a responsibility to manage our waste sustainably.

We can do this following the 5R's of waste management: These 5R's include: Reduce, Reuse, Recycle, Recover and Residual management.

Reduce Environmental Impacts of the organization's product

Reducing your workplace's environmental impact is a very different story.

1. Watch your water usage.
2. Go paperless (if you can!).
3. Recycle if you can't go paperless.
4. Use recycled

### **3. Employees Welfare**

#### *Community Engagements*

The department conduct participation on quarterly basis to take proposal on the need of community for implementation some of the successful community projects

1. Mukuyu social hall.
2. Mukuyu ECDE centre.

At the end of every day the vulnerable children, the aged and widows are identified and given assistance in form Christmas gift like foodstuff. The municipality has also identified:

#### **Youths and Sports**

The Municipality partnered with other youth organization and held two successful tournaments. The participants were drawn from clubs within the Municipality. The winners were awarded sports equipment, and refreshments and sitting arrangement were catered for by municipality. The Kikwetu organization partner provided the games referees and umpires.

#### **Education**

The municipality continuously support ECD centres by ensuring the staff and teachers and support staff are adequate, learning materials are available and feeding programs are in place. The vocational centres within the jurisdiction are well equipped with trainers and other necessities. Short courses like computer packages, hair dressing, manicure, and pedicure are also offered on demand basis

**17. Report of the Municipality Board Members**

The principal activities of the Municipality are to offer services to residents in an efficient and accountable manner.

It is the principal requirement for the Municipality to assist its residents to participate in all decision making at the grass root through public forums. It is in these forums that they can verify with assurance whether their resources are utilized with fairness to meet their satisfaction.

The Municipality is supposed to create an enabling environment for business growth prospects by creating opportunities which are available in the Municipality and instigating such measures that are necessary in achieving quality life for the residents.


Ensure that there is a functional Municipality that can sustain itself through local resource by collecting all resources in its area of jurisdiction as cited in Finance Act.

The performance of the Municipality for the year ended 30<sup>th</sup> June 2024 are set on Page....

The Board Members who have served during the year as shown on page.....

Auditor General is responsible for the Statutory Audit of the Municipality in accordance with Article 229 of the constitution of Kenya, Public Audit Act 2015.

The Kenya National Audit office representatives from the regional office were allowed to carry out the audit for the year ended 30<sup>th</sup> June 2024 in accordance to section 23 of the Public Audit Act 2015, which empowers the Auditor General to appoint an Auditor on his/her behalf.

  
.....  
**Name: Benard Mugo**  
**Secretary of the Board**



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

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

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

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

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

**County Government of Murang'a  
Municipality of Murang'a  
Annual Report and Financial Statements for the year ended June 30, 2024**

---

**Approval of the financial statements**

The Municipal financial statements were approved by the Board on 20<sup>th</sup> September 2023 and signed on its behalf by:



.....

**Name: Ruth Waithira Muiruri  
Chairperson of the Board**



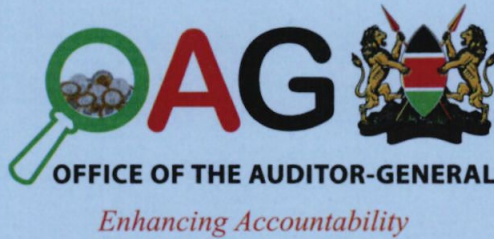
.....

**Name: Benard Mugo  
Accounting officer of the Board**



# REPUBLIC OF KENYA

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



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

## REPORT OF THE AUDITOR-GENERAL ON MUNICIPALITY OF MURANG'A FOR THE YEAR ENDED 30 JUNE, 2024

---

### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Municipality of Murang'a set out on pages 1 to 53, which comprise the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for

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

In my opinion, except for the effects 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 Municipality of Murang'a as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and Municipality of Murang'a Regulations, 2021.

## **Basis for Qualified Opinion**

### **1. Accuracy and Presentation of Financial Statements**

Examination of the financial statements for the year ended 30 June, 2024 provided for audit review revealed the following anomalies;

- i. Casting errors were noted in the statement of comparison of budget and actual amounts where the final budget and the actual on comparable basis in respect to other receipts-UIG Fund were equal at Kshs.2,339,915 but the performance difference was shown as Kshs.2,339,915 instead of a nil difference. In addition, the total actual expenditure as per the statement of comparison of budget and actual amounts was Kshs.59,998,872 against a budget of Kshs.94,770,100 but the performance difference was reflected as Kshs.35,724,428 instead of Kshs.34,771,228 resulting in a variance of Kshs.953,200.
- ii. The statement of comparison of budget and actual reflects Kshs.900,000 as total budget adjustments. However, on recalculation, the amount was kshs.2,400,100 resulting in a variance of Kshs.1,500,100.
- iii. The statement of cashflows reflects a comparative balance of Kshs.(29,967,471) in respect to proceeds from sale of PPE. However, the amount was not reflected in the previous year audited financial statements and the Management did not explain why proceeds from sale of asset was disclosed as cash outflow (negative) in the statement of cash flows.
- iv. There were unexplained variances between the current year comparative balances and the previous year's audited financial statements as shown in the **Appendix**.

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

### **2. Inaccuracies in Property, Plant and Equipment**

The statement of financial position and as disclosed in Note 23 to the financial statements reflects Kshs.139,216,117 in respect to property, plant and equipment which includes a balance of Kshs.138,721,838 in respect to other assets which represents constructed roads. However, the available assets register was not updated to include the additional assets.

In addition, the previous audited financial statements reflected Kshs.138,721,838 in respect to property, plant and equipment as at 30 June, 2023 which included Kshs.9,933,131 and Kshs.141,682,087 for buildings and work in progress respectively. However, the current financial statements reflect nil balances in respect to buildings and work in progress. No explanation was provided for the change of values.

In the circumstances, the accuracy and completeness of the balance of Kshs.139,216,117 could not be confirmed.

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

## **Emphasis of Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual reflects final budget and actual receipts on comparable basis of Kshs.94,770,100 and Kshs.65,261,949 respectively resulting to under-funding of Kshs.29,508,151 or 31%. Similarly, the Municipality spent Kshs.59,998,872 against approved expenditure budget of Kshs.94,770,100 resulting to an under-expenditure of Kshs. 34,771,228 or 37% of the budget.

In the circumstances, the underfunding and under absorption of funds may have constrained execution of planned activities and delivery of services to the public.

My opinion is not modified in respect of this matter.

## **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. I have determined that there are no key audit matters to communicate in my report.

## **Other Information**

Management is responsible for the Other Information set out on page iii to xxiv, which comprise of Key Entity Information and Management, Fund Administration Committee, Key Management team, Report of the Chairman of the Fund, Report of the Fund Administrator, Statement of Performance Against Predetermined Objectives, Statement of Corporate Governance, Management Discussion and Analysis and Environmental and Sustainability Reporting, Report of the Fund Committee and Statement of Management responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Municipality's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have

performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Failure to Maintain a Valuation Roll**

During the year under review, Murang'a Municipality did not maintain a valuation roll contrary to Section 36(1)(d)(ii) of the Urban and Cities Act, 2011 which provides that every city and municipality established under this Act shall operate within the framework of integrated development planning which shall be the basis for the preparation of valuation rolls for property taxation.

In the circumstances, the basis for county property taxation could not be confirmed

#### **2. Failure to Provide an Environmental Management Plan**

During the year under review, Management did not have in place plans for environmental management contrary to Section 36(1)(d)(i) of the Urban Areas and Cities Act, 2011 which states that every city and municipality established under this Act shall operate within the Framework of Integrated Development Planning which shall be the basis for the preparation of environmental management plans.

In the circumstances, the existence and effectiveness of a rational and practical environmental conservation measures could not be confirmed.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

### **Responsibilities of Management and those Charged with Governance**

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

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

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

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

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

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

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

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

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

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



**FCPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**16 January, 2025**

## APPENDIX

### Variations Between Prior Year Financial Statement Balances and Current Year Comparative Balances

Item	Current Year comparative balance (Kshs)	Amount as per previous year financial statements (Kshs)	Variance (Kshs)
<b>Statement of Financial Performance</b>			
Transfers from the County Government	62,347,783	6,120,388	56,227,395
Public Contributions and Donations	231,888	0	231,888
Staff costs	51,000,000	0	51,000,000
Bank Charges	12,373	10,003	2,370
Surplus for the period	104,390	102,760	1,630
<b>Statement of Financial Position</b>			
Item	Current Year comparative balance (Kshs.)	Amount as per previous year financial statements (Kshs.)	Variance (Kshs.)
Property, Plant and Equipment	138,721,838	151,615,219	(12,893,381)
Trade and Other Payables	0	3,152,105	(3,152,105)
Accumulated Surplus	104,390	102,760	1,630
<b>Statement of Changes in Net Assets</b>			
Item	Current Year comparative balance (Kshs)	Amount as per previous year financial statements (Kshs)	Variance (Kshs)
Balance as at 1 July 2022	108,771,828	100,183,574	8,588,254
Surplus/(deficit) for the year	104,390	102,760	1,630
Funds received during the year	29,967,471	6,120,388	23,847,083
Balance as at 30 June 2023	138,843,689	106,416,725	32,426,964
<b>Statement of Cash Flows</b>			
Item	Current Year comparative balance (Kshs)	Amount as per previous year financial statements (Kshs)	Variance (Kshs)
Transfers from the County Government	5,892,500	6,120,388	(227,888)
Public Contributions and Donations	231,888	0	231,888
Bank Charges	12,373	10,003	2,370
Proceeds from sale of PPE	(29,967,471)	0	(29,967,471)

**Municipality of Murang'a**  
**County Government of Murang'a**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**20. Statement of Financial Performance for The Year Ended 30 June 2024.**

<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	5	62,347,783.00	56,892,500.00
Public contributions and donations	6	172,151.00	231,888.00
Levies Fines and Penalties	7	-	-
Other revenues ( <i>Specify</i> )	8	-	-
		62,519,934.00	57,124,388.00
<b>Revenue from exchange transactions</b>			
Interest income	9	-	-
Miscellaneous Income	10	-	-
		-	-
<b>Total revenue</b>		62,519,934.00	57,124,388.00
<b>Expenditure</b>			
Use of goods and services	11	7,565,264.00	3,801,125.00
Staff costs	12	51,496,621.00	51,000,000.00
Board expenses	13	710,850.00	2,206,500.00
Bank charges	14	4,412.00	12,373.00
Depreciation and amortization	15	211,834.00	-
Repairs and maintenance	16	2,255,782.00	-
<b>Total expenses</b>		62,244,763.00	57,019,998.00
<b>Other gains/losses</b>			
Gain/loss on disposal of assets	17	-	-
<b>Surplus/(deficit) for the period</b>		275,171.00	104,390.00

The notes set out on pages 9 to 46 form an integral part of these Financial Statements. The entity financial statements were approved on 20<sup>th</sup> September 2024 and signed by:



Name: **Benard Mugo**  
Municipality Manager



Name: **Stephen Maina Kamiri**  
Head of Finance  
ICPAK M/No. 9046



*County Government of Murang'a  
Municipality of Murang'a  
Annual Report and Financial Statements for the year ended June 30, 2024*

**21. Statement of Financial Position As At 30 June 2024**

Description			
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	18	19,327.00	134,224.00
Receivables from exchange transactions	19	-	-
Receivables from non-exchange transactions	20	-	-
Prepayments	21	-	-
Inventories	22	-	-
<b>Total current assets</b>		<b>19,327.00</b>	<b>134,224.00</b>
<b>Non-current assets</b>			
Property, plant, and equipment	23	139,216,117.00	138,721,838.00
Intangible assets	24	-	-
<b>Total Non-current Assets</b>		<b>139,216,117.00</b>	<b>138,721,838.00</b>
<b>Total assets (A)</b>		<b>139,235,444.00</b>	<b>138,856,062.00</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	25	116,581.00	-
Refundable deposits from customers	26	-	-
Provisions	27	-	-
Borrowings	28	-	-
Employee benefit obligations	29	-	-
Deferred Income	30	-	-
Social Benefits	31	-	-
<b>Total current liabilities</b>		<b>116,581.00</b>	<b>-</b>
<b>Non-current liabilities</b>			
Provisions	28	-	-
Borrowings	29	-	-
Non-current employee benefit obligation	30	-	-
Deferred Income	31	-	-
Social Benefits	32	-	-
<b>Total liabilities (B)</b>		<b>116,581.00</b>	<b>-</b>
<b>Net Assets (A-B)</b>		<b>139,118,863.00</b>	<b>138,856,062.00</b>
<b>Represented by:</b>			
Capital/Development Grants/Fund		138,739,299.00	138,751,672.00

**County Government of Murang'a  
Municipality of Murang'a  
Annual Report and Financial Statements for the year ended June 30, 2024**

Reserves		-	
Accumulated surplus		379,563.00	104,390.00
<b>Net Assets/Equity</b>		<b>139,118,863.00</b>	<b>138,856,062.00</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 20<sup>th</sup> September 2024 and signed by:



.....  
**Name: Benard Mugo**  
**Municipality Manager**  
**Date:**



.....  
**Name: Stephen Maina Kamiri**  
**Head of Finance**  
**ICPAK M/No 9046**  
**Date:**



*County Government of Murang'a  
Municipality of Murang'a  
Annual Report and Financial Statements for the year ended June 30, 2024*

**22. Statement of Changes in Net Assets for the Year Ended 30 June 2024**

Description	Capital	Revaluation	Accumulated	Total
	Development Grants/Fund	Reserve	Surplus	
		Kshs.	Kshs.	Kshs.
<b>Bal as at 1 July 2022</b>	108,771,828.00	-		108,771,828.00
Surplus/(deficit) for the year		-	104,390.00	104,390.00
Funds received during the year	29,967,471.00	-	-	29,967,471.00
Revaluation gain/loss	-	-	-	-
<b>Bal as at 30 Jun 2023</b>	138,739,299.00	-	104,390.00	138,843,689.00
<b>Bal as at 1 July 2023</b>	138,739,299.00	-	104,390.00	138,843,689.00
Surplus/(deficit) for the year		-	275,173.00	275,173.00
Funds received during the year		-	-	-
Revaluation gain/loss	-	-	-	-
<b>Balance as at 30 June 2024</b>	138,739,299.00	-	379,563.00	139,118,863.00

*Municipality of Murang'a*  
*County Government of Murang'a*  
*Annual Report and Financial Statements for the year ended June 30, 2024*

**23. Statement of Cash Flows for The Year Ended 30 June 2024**

<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government	5	5,990,940.00	5,892,500.00
Public contributions and donations	6	172,151.00	231,888.00
Interest received		-	-
<b>Total Receipts</b>		<b>6,163,091.00</b>	<b>6,124,388.00</b>
<b>Payments</b>			
Use of goods and services		5,562,727.00	3,801,125.00
Staff costs		-	-
Board expenses		710,850.00	2,206,500.00
Bank charges		4,412.00	12,373.00
<b>Total Payments</b>		<b>6,277,989.00</b>	<b>6,019,998.00</b>
<b>Net cash flows from operating activities</b>	33	<b>-</b>	<b>104,390.00</b>
<b>Cash flows from investing activities</b>			
Construction of roads			29,967,471.00
Proceeds from sale of PPE			-
			29,967,471.00
<b>Net cash flows used in investing activities</b>		<b>-</b>	<b>29,967,471.00</b>
<b>Cash flows from financing activities</b>			
Receipts from Capital grants			-
Proceeds from borrowings			-
<b>Net cash flows used in financing activities</b>			<b>-</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>-</b>	<b>-</b>
		<b>114,897.00</b>	<b>29,863,081.00</b>
Cash And Cash Equivalents At 1 July	19	134,224.00	29,997,305.00
<b>Cash And Cash Equivalents At 30 June</b>	19	<b>19,327.00</b>	<b>134,224.00</b>

*Municipality of Murang'a  
County Government of Murang'a  
Annual Report and Financial Statements for the year ended June 30, 2024*

**24. Statement of Comparison of Budget & Actual Amounts for the Year ended 30 June 2024**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of budget
	<b>Kshs.</b>	Kshs.	<b>Kshs.</b>	Kshs.	Kshs.	
	<b>a</b>	b	<b>c=(a+b)</b>	d	e=(c-d)	<b>f=d/c</b>
Revenue		Kshs.	<b>Kshs.</b>	Kshs.	Kshs.	
Transfers from the County Government	<b>91,530,185.00</b>	900,000.00	<b>92,430,185.00</b>	62,749,883.00	29,680,302.00	<b>70</b>
Public contributions and donations	<b>0-</b>	-	-	172,151.00	172,151.00	
Interest income	-	-	-	-	-	
other receipts -UIG Fund	<b>2,339,915.00</b>	-	<b>2,339,915.00</b>	2,339,915.00	2,339,915.00	<b>100</b>
<b>Total Revenue</b>	<b>93,870,100.00</b>	900,000.00	<b>94,770,100.00</b>	65,261,949.00	29,508,151.00	<b>69.9</b>
Expenses						
Use of goods and services	<b>17,870,000.00</b>	100.00	<b>17,870,100.00</b>	6,025,651.00	11,844,449.00	<b>33.7</b>
Board expenses	<b>3,000,000.00</b>	- 1,000,000.00	<b>2,000,000.00</b>	2,476,600.00	476,600.00	<b>124</b>
Staff Costs	<b>51,500,000.00</b>	-	<b>51,500,000.00</b>	51,496,621.00	3,379.00	<b>100</b>
Finance costs	-	-	-	-	-	
Capital Expenditure	<b>20,000,000.00</b>	3,400,000.00	<b>23,400,000.00</b>	-	<b>23,400,000.00</b>	
<b>Total Expenditure</b>	<b>92,370,000.00</b>	900,000.00	<b>94,770,100.00</b>	59,998,872.00	35,724,428.00	<b>84</b>



**25. Notes to the Financial Statements**

**1. General Information**

Municipality of Murang'a is established by and derives its authority and accountability from Urban Area and Cities Act 2019. The Municipality is under the Murang'a County Government and is domiciled in Kenya.

The Murang'a municipality's principal activity is service delivery of Murang'a Municipality.

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

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

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

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

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

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

There are no new standards effective in the financial year ended 30<sup>th</sup> June 2024.

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

<p>IPSAS 43: Leases</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b>  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</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b>  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 performanc</p>
<p>IPSAS 45: Property Plant and Equipment</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b>  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</p>
<p>IPSAS 46: Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b>  The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul 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> </ul>

**County Government of Murang'a  
Murang'a Municipality**

**Annual Report and Financial Statements for the year ended June 30, 2024**

	<p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational</p>
IPSAS 47: Revenue	<p><b>Applicable 1<sup>st</sup> January 2026</b></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 tra</p>
IPSAS 48: Transfer Expenses	<p><b>Applicable 1<sup>st</sup> January 2026</b></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>
IPSAS 49: Retirement Benefit Plans	<p><b>Applicable 1<sup>st</sup> January 2026</b></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</p>

**iii. Early adoption of standards**

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

**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 2023/2024 was approved by the County Assembly on 4<sup>th</sup> April 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Municipality upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Municipality recorded additional appropriations of sh. 900,000 on 5<sup>th</sup> January 2024 following the governing body's approval.

The Municipality's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 24 of these financial statements.

**c) Property, plant and equipment**

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

**d) Intangible assets**

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

**e) Financial instruments**

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.

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 cash flows 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.

### **Financial liabilities**

#### **Classification**

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

#### **f) Inventories**

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

Raw materials: purchase cost using the weighted average cost method

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

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

**g) Provisions**

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

**h) Social Benefits**

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

**i) Contingent liabilities**

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

**j) Contingent assets**

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

**k) Nature and purpose of reserves**

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

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

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

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

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

**n) Foreign currency transactions**

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

**o) Borrowing costs**

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

**p) Related parties**

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

**q) Cash and cash equivalents**

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

**r) Comparative figures**

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

**s) Events after the reporting period**

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

Two types of events can be identified:

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

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

**t) Currency**

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

**4. 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.

**County Government of Murang'a**  
**Murang'a Municipality**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

- 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	Current FY 2023/2024	Comparative FY 2022/2023
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	5,990,940.00	5,892,500.00
Payments by County on behalf of the entity	4,860,222.00	-
Staff salaries	51,496,621.00	51,000,000.00
<b>Total</b>	<b>62,347,783.00</b>	<b>56,892,500.00</b>

**(a) Transfers from County Government entities (Categorized)**

Name Of The Entity Sending The Grant	Amount recognized to Statement of financial performance Kshs	Amount of deferred under deferred income Kshs	Amount recognise in capital fund	Total grant income during the year	Insert Comparative FY
			Kshs	Kshs	Kshs
KUSP (UIG)	2,339,915.00	0	0	2,339,915.00	
County Treasury	60,007,868.00	-	-	60,007,868.00	56,892,500.00
	-				
<b>Total</b>	<b>62,347,783.00</b>	<b>-</b>	<b>-</b>	<b>62,347,783.00</b>	<b>56,892,500.00</b>

**6. Public Contributions and Donations**

Description	Current FY 2023/2024	Comparative FY 2022/2023
	Kshs.	Kshs.
Donation from development partners	172,151.00	231,888.00
Contributions from the public	-	-
<b>Total</b>	<b>172,151.00</b>	<b>231,888.00</b>

**7. Levies, Fines and penalties**

**County Government of Murang'a**  
**Murang'a Municipality**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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

**8. Other Revenues from Non-Exchange Transactions**

Description	Current FY	Comparative FY
	2023/2024	2022/2023
	Kshs.	Kshs.
Transfers from other government entities		
Others		
<b>Total</b>		

**9. Interest income**

Description	Current FY	Comparative FY
	2023/2024	2022/2023
	Kshs.	Kshs.
Interest income from investments		
Interest income on bank deposits		
Others		
<b>Total interest income</b>		

**10. Miscellaneous income**

Description	Current FY	Comparative FY
	2023/2024	2022/2023
	Kshs.	Kshs.
Income from sale of tender documents		
Others		
<b>Total other income</b>		

**County Government of Murang'a**  
**Murang'a Municipality**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**11. Use of Goods and Services**

Description	Current FY 2023/2024 Kshs.	Comparative FY 2022/2023 Kshs.
Utilities, supplies and services	-	-
Communication, supplies and services	6,960.00	-
Domestic travel and subsistence	390,700.00	-
Foreign travel and subsistence	1,337,523.00	-
Printing, advertising, supplies & services	55,000.00	145,000.00
cabro installation and repair works		-
Training expenses	1,767,390.00	1,971,000.00
Hospitality supplies and services	398,600.00	83,000.00
solid waste management	-	655,000.00
Specialized materials and services	847,660.00	-
Office and general supplies and services	973,319.00	630,375.00
Fuel, oil and lubricants	-	-
Other operating expenses (Specify)	652,181.00	-
Routine maintenance – veh and other equip	-	-
Public participation	-	316,750.00
Beautification works	1,019,350.00	-
Audit fees	-	-
Hire of Transport, equipment etc	-	-
pending bills ( printing and specialised matereials)	116,581.00	-
	-	-
<b>Total</b>	<b>7,565,264.00</b>	<b>3,801,125.00</b>

**12. Staff costs**

Description	Current FY 2023/2024 Kshs.	Comparative FY 2022/2023 Kshs.
Salaries and wages	51,496,621.00	51,000,000.00
Staff gratuity		
Social security contribution		
Other staff costs		
<b>Total</b>	<b>51,496,621.00</b>	<b>51,000,000.00</b>

**County Government of Murang'a**  
**Murang'a Municipality**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**13. Board expenses**

Description	Current FY 2023/2024 KShs.	Comparative FY 2022/2023 KShs.
Chairman/Members' Honoraria	-	-
Sitting allowances	710,850.00	2,206,500.00
Medical Insurance	-	-
Induction and Training	-	-
Travel and accommodation	-	-
Conference Costs	-	-
Other allowances	-	-
<b>Total</b>	<b>710,850.00</b>	<b>2,206,500.00</b>

**14. Finance costs**

Description	Current FY 2023/2024 KShs.	Comparative FY 2022/2023 KShs.
Bank charges	4,412.00	12,373.00
Interest on loans from banks	-	-
<b>Total</b>	<b>4,412.00</b>	<b>12,373.00</b>

**15. Depreciation and amortization**

Description	Current FY 2023/2024 KShs.	Comparative FY 2022/2023 KShs.
Property, plant and equipment	211,834.00	
Intangible assets		
Investment property carried at cost		
<b>Total depreciation and amortization</b>		

**16. Repairs and Maintenance**

Description	Current FY 2023/2024	Comparative FY 2022/2023
	KShs	KShs
Property- Buildings	0	0
Office equipment	0	0
Furniture and fittings	0	0
Motor vehicle expenses	0	0
Maintenance of civil works	2,255,782.00	0
<b>Total repairs and maintenance</b>	<b>2,255,782.00</b>	<b>0</b>

**17. Gain/(loss) on disposal of assets**

Description	Current FY 2023/2024	Comparative FY 2022/2023
	KShs	KShs
Property, plant and equipment		
Intangible assets		
<b>Total</b>		

**18. Cash and cash equivalents**

Description	Current FY 2023/2024	Comparative FY 2022/2023
	KShs	KShs
Fixed deposits account	0	0
On – call deposits	0	0
Current account	19,3267.00	134,224.00
Others	0	0
<b>Total cash and cash equivalents</b>	<b>19,327.00</b>	<b>134,224.00</b>

**County Government of Murang'a**  
**Murang'a Municipality**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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

Financial Institution	Account Number	2023/2024	Comparative 2022/2023
<b>a) a) Fixed deposits account</b>			
Kenya Commercial bank			
Equity Bank, etc			
Sub- total			
<b>b) b) On - call deposits</b>			
Kenya Commercial bank			
Equity Bank - etc			
Sub- total			
<b>c) c) Current account</b>			
Kenya Commercial bank - 1.Operations a/c	1259504,36	19,215.00	109,977.00
2. UDG A/C	1259263975	1.00	10,605.00
3. U.I.G	1263560784	111.00	13,643.00
Equity Bank - etc		-	-
Sub- total		19,327.00	134,224.00
<b>d) d) Others(specify)</b>			
Cash in transit			
Cash in hand			
Mobile Money			
Sub- total			
<b>Grand total</b>		<b>19,327.00</b>	<b>134,224.00</b>

**19. Receivables from exchange transactions**

Description	Current FY 2023/2024 KShs.	Comparative 2022/2023 KShs.
<b>Current Receivables</b>		
Service, water and electricity debtors		
Other exchange debtors		
Less: impairment allowance		
<b>Total Current receivables (a)</b>		

**County Government of Murang'a**  
**Murang'a Municipality**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

<b>Non-Current receivables</b>		
Service, water and electricity debtors		
Other exchange debtors		
Less: impairment allowance		
<b>Total Non- current receivables (b)</b>		
<b>Total</b>		

**Ageing analysis for Receivables from exchange transactions**

Description	Current FY 2023/2024		Comparative FY 2022/2023	
	Kshs.		Kshs.	
	<b>Current FY</b>	<b>% of the total</b>	<b>Compar ative FY</b>	<b>% of the total</b>
Less than 1 year				
Between 1- 2 years				
Between 2-3 years				
Over 3 years				
<b>Total (a+b)</b>				

**20. Receivables from Non-Exchange transaction**

Description	Current FY 2023/2024		Comparative FY 2022/2023	
	Kshs.		Kshs.	
Transfer from County Executive				
Transfer from XXXX Fund				
<b>Total</b>				

**Ageing analysis for Receivables from non-exchange transactions**

Description	Current FY 2023/2024		Comparative FY 2022/2023	
	Kshs.		Kshs.	
	<b>Current FY</b>	<b>% of the total</b>	<b>Compar ative FY</b>	<b>% of the total</b>
Less than 1 year				
Between 1- 2 years				
Between 2-3 years				

County Government of Murang'a

Murang'a Municipality

Annual Report and Financial Statements for the year ended June 30, 2024

Over 3 years		%		%
<b>Total</b>		<b>%</b>		<b>%</b>

**21. Prepayments**

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

**22. Inventories**

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

*County Government of Murang'a  
Murang'a Municipality  
Annual Report and Financial Statements for the year ended June 30, 2024*

**23. Property, Plant and Equipment**

	Lan	Buildin	Motor	Furniture and	Computer	Other	Capital	
	d	g	vehicles	fittings	s	Assets		
Description						Costructed roads	Work in	TOTAL
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
<b>As at 1 July 2022</b>						<b>108,754,367</b>		108,754,367
Additions	-	-	-	-	-	29,967,471	-	29,967,471
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2023</b>	-	-	-	-	-	138,721,838	-	138,721,838
Additions for the year	-	-	-	-	706,112	-	-	706,112
Disposals for the year	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2024</b>	-	-	-	-	706,112	138,721,838	-	139,427,950

*County Government of Murang'a  
Murang'a Municipality  
Annual Report and Financial Statements for the year ended June 30, 2024*

Depreciation and impairment	-	-	-	-	-	-	-	-
At 1 July 2022								-
Depreciation	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-	-
As at 30 June 2023	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	211,834	-	-	211,834
Disposals for the year	-	-	-	-	-	-	-	-
Impairment for the year	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
As at 30 <sup>th</sup> June 2024	-	-	-	-	211,834	-	-	211,834
	-	-	-	-	-	-	-	-
NBV as at 30 <sup>th</sup> Jun 2023	-	-	-	-	-	138,721,838	-	138,721,838
NBV as at 30 <sup>th</sup> Jun 2024	-	-	-	-	494,278	138,721,838	-	139,216,116

*County Government of Murang'a*  
*Murang'a Municipality*  
*Annual Report and Financial Statements for the year ended June 30, 2024*

NOTE;

- 1) Provision for depreciation on computers has been provided at a rate of 30% on reducing balance. Depreciation is not provided for on the year of purchase.
- 2) No provision for depreciation was provided for roads network

*County Government of Murang'a  
Murang'a Municipality  
Annual Report and Financial Statements for the year ended June 30, 2024*

**24. Intangible assets**

<b>Cost</b>		
<b>At beginning of the year</b>		
Additions		
<b>At end of the year</b>		
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>		
Amortization		
<b>At end of the year</b>		
Impairment loss		
<b>At end of the year</b>		
<b>NBV</b>		

**25. Trade and other payables from exchange transactions**

Trade payables				
Retentions				
Accrued expenses	116,581.00			
Other payables				
<b>Total trade and other payables</b>	116,581.00			
<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	116,581.00			
1-2 years				
2-3 years				
Over 3 years				
<b>Total</b>				

**26. Refundable deposits from customers**

Description	Insert Current FY		Insert Comparative FY	
	KShs		KShs	
Rent deposits				
Others ( <i>specify</i> )				
<b>Total</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				
1-2 years				
2-3 years				
Over 3 years				
<b>Total</b>				

**27. Provisions**

Description	Insert Current FY		Insert Comparative FY	
	KShs		KShs	
Balance at the beginning of the year				
Additional Provisions				
Provision utilised				
<b>Balance at the end of the year</b>				
Current Portion of provision				
Long term portion of provision				
<b>Total Provisions</b>				

**28. Borrowings**

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

Description	Insert Current FY		Insert Comparative FY	
	KShs		KShs	
Short term borrowings (current portion)				
Long term borrowings				
<b>Total</b>				

Description	Insert Current FY	Insert Comparative FY
-------------	-------------------	-----------------------

**County Government of Murang'a**

**Murang'a Municipality**

**Annual Report and Financial Statements for the year ended June 30, 2024**

	2024 Kshs.	2023 Kshs.
<b>Balance at beginning of the period</b>		
Borrowings during the year		
Repayments of borrowings during the period		
<b>Balance at end of the period</b>		

The table below shows the Distribution of borrowings:

Description	Insert Current FY Kshs.	Insert Comparative FY Kshs.
	<b>Borrowings</b>	
Kenya Shilling loan from KCB		
Kenya Shilling loan from Barclays Bank		
Kenya Shilling loan from Consolidated Bank		
Borrowings from other government institutions		
<b>Total balance at end of the year</b>		

**29. Employee Benefit Obligations**

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

**County Government of Murang'a  
Murang'a Municipality  
Annual Report and Financial Statements for the year ended June 30, 2024**

**30. Deferred Income**

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
National/County Government		
International Funding Bodies		
Public Contributions and Donations		
<b>Total Deferred Income</b>		

**The deferred income movement is as follows:**

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

**Analysed as:**

Description	Amount
	Kshs
Current	
Non- Current	
<b>Total</b>	

**County Government of Murang'a**

**Murang'a Municipality**

**Annual Report and Financial Statements for the year ended June 30, 2024**

**31. Social Benefit Liabilities**

Description	Insert Current FY Kshs	Insert previous FY Kshs
Health social benefit scheme		
Unemployment social benefit scheme		
Orphaned and vulnerable benefit scheme		
PWD benefit scheme		
Elderly social benefit scheme		
Bursary social benefits		
<b>Total</b>		
Current social benefits		
Non- current social benefits		
<b>Total (tie to totals above)</b>		

**32. Cash generated from operations**

Description	Insert Current FY Kshs	Insert Comparative FY Kshs
<b>Surplus/ (deficit) for the year before tax</b>		
<b>Adjusted for:</b>		
Depreciation		
Amortisation		
Gains/ losses on disposal of assets		
<b>Working Capital adjustments</b>		
Increase in inventory		
Increase in receivables		
Increase in payables		
<b>Net cash flow from operating activities</b>		

**33. 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	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Transfers from related parties'		
Transfers to related parties		

**c) Key management remuneration**

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Board Members		
Key Management Compensation		
<b>Total</b>		

**d) Due from related parties**

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Due from parent Ministry		
Due from County Government		
Due from County Assembly		
<b>Total</b>		

**County Government of Murang'a**  
**Murang'a Municipality**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**e) Due to related parties**

	Insert Current FY KSh.	Insert Comparative FY KSh.
Due to parent Ministry		
Due to County Government		
Due to Key management personnel		
Due to County Assembly		
<b>Total</b>		

**34. Contingent liabilities**

Contingent liabilities	Insert Current FY KSh.	Insert Comparative FY KSh.
Court case xxx against the entity		
Bank guarantees		
<b>Total</b>		

*(Give details)*

**35. Contingent Assets**

Contingent liabilities	Insert Current FY KSh.	Insert Comparative FY KSh.
Court case against the entity		
Others Specify		
<b>Total</b>		

**36. Financial risk management**

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

**I. Credit risk**

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

Description	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
<b>At 30 June 2024</b>				
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances				
<b>Total</b>				
<b>At 30 June 2023</b>				
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances				
<b>Total</b>				

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

**County Government of Murang'a**  
**Murang'a Municipality**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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 City/Municipality manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

	Less than 12 months	12 months	More than 12 months	Total
<b>At 30 Jun 2024</b>				
Trade payables		51,680.00	64,901.00	116,581.00
Current portion of borrowings				
Provisions				
Employee benefit obligation				
<b>Total</b>		<b>51,680.00</b>	<b>64,901.00</b>	<b>116,581.00</b>
<b>At 30 Jun 2023</b>				
Trade payables				
Current portion of borrowings				
Provisions				
Employee benefit obligation				
<b>Total</b>				

**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. The carrying amount of the Municipality's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2024</b>			
Financial assets			
Investments			
Cash			
Debtors/ receivables			
<b>Liabilities</b>			
Trade and other payables			
Borrowings			
Net foreign currency asset/(liability)			

*(The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.)*

**Foreign currency sensitivity analysis**

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

<b>2024</b>			
Euro			
USD			
<b>2023</b>			
Euro			
USD			

**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.

**County Government of Murang'a  
Murang'a Municipality  
Annual Report and Financial Statements for the year ended June 30, 2024**

**VI. Capital risk management.**

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

Description	Insert Current FY Kshs.	Insert Comparative FY Kshs.
Revaluation reserve		
Capital/Development Grants/Municipality		
Accumulated surplus		
<b>Total Funds</b>		
Total borrowings		
Less: cash and bank balances		
Net debt/(excess cash and cash equivalents)		
<b>Gearing</b>		

**37. Program for Results (PforR) Disclosure**

<b>Name of the PforR:</b>	
<b>Financing Partners:</b>	
<b>Purpose of the PforR:</b>	
Expenditure Details	Amount in Kshs.
Cumulative actual expenditures for the previous years	
Actual expenditure in the current financial year.	
<b>Sub-total</b>	
<b>Cumulative Actual Expenditures to date</b>	

**County Government of Murang'a**  
**Murang'a Municipality**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**26. 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)	Timelines (Put a date when you expect the issue to be resolved)
1	<b>Unsupported Board Expenses</b>	<b>To support the Board members' expenses payment, the following have been provided and attached.</b>  <b>Annex 1: Copies of attendance registers</b> <b>Annex 2: Board meetings duly signed</b> <b>Annex3: Payment schedule to support the payment of Board expenses</b>	<b>Resolved</b>	
2	<b>Incuracies in the Financial Statements</b>	<b>Corrections and amendments have been done</b>	<b>Resolved</b>	
2.1	<b>Statement of Financial Position</b>	<b>Corrections and amendments have been done</b>	<b>Resolved</b>	

*County Government of Murang'a  
Murang'a Municipality  
Annual Report and Financial Statements for the year ended June 30, 2024*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timetrame: <i>(Put a date when you expect the issue to be resolved)</i>
3	2.2 Statement of changes in net assets	Corrections and amendments have been done	Resolved	
4	3.0 Unsupported work in progress	<p>There was an error in the placing of the cost of Roads on this category of WIP. The roads are completely done and the cost indicated there as Ksh 141,682,087.78 as the actual cost incurred. The wording (WIP) have now been removed to reflect the true position.</p> <p><b>Annex: Amended Financial Report and Statements.</b></p>	Resolved	

County Government of Murang'a  
Murang'a Municipality  
Annual Report and Financial Statements for the year ended June 30, 2024

Reference	Issue / Observations from Auditor	Management comments	Status (Resolved / Not Resolved)	Timeframes (Put a date when you expect the issue to be resolved)	
5	<b>Emphasis of matter</b>  <b>Budgetary control and performance</b>	<b>It is true that the underperformance and under expenditure of the budget affected the planned activities and impacted negatively on service delivery to the public.</b> <b>Annex 4 Draft Murang'a Municipality By-laws</b>	Not yet Resolved. This is due to delays in exchequer release		
6	<b>Unresolved Prior Year Matters</b>		<b>No.</b>	<b>Matter</b>	<b>Issues raised</b>
			1.	Basis of opinion	3
			2.	Presentation of financial statement	1
			3.	Other matters	3
			4.	<b>Total</b>	<b>7</b>

**County Government of Murang'a  
Murang'a Municipality  
Annual Report and Financial Statements for the year ended June 30, 2024**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved/ Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
7	1. Un- procedurally Convened Special Full Board Meetings	<p>Concerning the above, notification for such meetings are proposed and circulated to all members prior to the meeting. The Manager who is the Secretary to the Board communicates to the members in consultation with the Chairman and the members.</p> <p>Full boards in the months of August 2022 and September 2022 were necessitated as a requirement of quarterly full board meetings. The meeting held on August 2022 was to discuss quarterly reports for the quarter ending June 2022 and the one held on September 2022 discussed quarterly reports for the quarter ending September 2022.</p>	resolved	
8	Irregular Facilitation of Members of the County Assembly (MC	<p>Municipality was behind schedule to have operational By-laws so as to be able to enforce on revenue collection, to maximise its revenue collection.</p> <p>At the same time the Assembly members are key stakeholders in the process. There were pertinent issues that required their presence. Hence we facilitated the workshop from our</p>	On process	30/06/25

County Government of Murang'a  
Murang'a Municipality  
Annual Report and Financial Statements for the year ended June 30, 2024

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)
		budget. We have attached a copy of Report on Draft Murang'a Municipality By-laws.		
9	Failure to maintain updated Asset Register	The Municipality had engaged the County Valuer to do revaluation of all Municipality non-current assets. He has already commenced this exercise and he has given us a preliminary report on some of the assets already done. We have attached herewith the letter of engagement and preliminary valuation report we shall update our fixed assets register accordingly. However, the figure of Ksh 151,615,219 given under PPE is for the total cost of all the donor projects funded by the World Bank, the donor has given a conditionality to the Municipalities to have the total cost of capital projects reflected	Partially Resolved	30/06/25

**County Government of Murang'a  
Murang'a Municipality  
Annual Report and Financial Statements for the year ended June 30, 2024**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
		<p><b>on the financial statements so as to qualify for KUSP II programme.</b></p> <p><b>Annex 5: County Valuer Preliminary Report</b></p>		

**County Government of Murang'a  
Murang'a Municipality  
Annual Report and Financial Statements for the year ended June 30, 2024**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
10	<b>Failure to maintain a Valuation Roll for Property</b>	<b>The task of development of a valuation role for property for Murang'a County Government including Municipality is being undertaken by the County executive and is currently at an advanced stage.</b>	On process	

*County Government of Murang'a  
Murang'a Municipality  
Annual Report and Financial Statements for the year ended June 30, 2024*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
11	<b>Lack of Environmental Management Plan</b>	<p><b>Its acknowledged that the Municipality currently does not have an approved Environment Management Plan. However, the process of formulating and approving the same has started and expected to be finalised in the course of the current financial year.</b></p> <p><b>It's also worthy to note that the Municipality has been preparing environment and social management plans (EMPS) for each capital project it has implemented under Kenya Urban Support Programme (KUSP) alongside the NEMA certification (ESMP) extract forwarded.</b></p> <p><b>Annex 6: Environment and Social Management Plans (EMPS)</b></p>	On process	30/06/25

**County Government of Murang'a  
Murang'a Municipality  
Annual Report and Financial Statements for the year ended June 30, 2024**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved/ Not Resolved)</i>	Timeframe: <i>(For a date when you expect the issue to be resolved)</i>
12	<b>Ineffective Solid Waste Management</b>	<p><b>Currently the budget for solid waste management for the whole County is domiciled in the ministry of Environment. The County have also procured two skip loaders and several refuse collection bins which are placed strategically at various busy streets within the major urban centres including Municipality.</b></p> <p><b>We also have public/private partnership in garbage collection where we have engaged a few private garbage collectors at a fee from the Land Lords.</b></p> <p><b>All in all, we agree that the Municipality should be adequately funded to be able to carry out the solid waste management effectively.</b></p>		


**County Government of Murang'a  
Murang'a Municipality  
Annual Report and Financial Statements for the year ended June 30, 2024**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
13	<b>Lack of Risk Management and Fraud Policies</b>	<b>We are in the process of developing this policy. we have attached a letter from CEC Finance requesting the accounting officers to initiate this process.</b>		

**County Government of Murang'a  
Murang'a Municipality  
Annual Report and Financial Statements for the year ended June 30, 2024**

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)
14	<b>Lack of Approved Information Communication Technology Security Policy</b>	<b>Lack of Approved Information Communication Technology Security Policy</b>	Resolved	

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

.....  .....

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

*County Government of Murang'a  
Murang'a Municipality  
Annual Report and Financial Statements for the year ended June 30, 2024*

---

**Appendix 2: Inter-Entity Transfers**

MUNICIPALITY NAME: MURANG'A			
Breakdown of Transfers from the County Executive of Murang'a County			
	FY 2023/2024		
a	Recurrent Grants	Bank Statement Date	Amount (Kshs.)
			FY
b	Development Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>
		<b>Total</b>	
c	Direct Payments (operations a/c No 1259504336)	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>
			FY
		2/11/2023	492,250.00
			2023/2024

**County Government of Murang'a**  
**Murang'a Municipality**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

MURANG'A MUNICIPALITY				
		2/11/2023	347,000.00	2023/2024
		2/11/2023	714,350.00	2023/2024
		5/4/2024	1,302,385.00	2023/2024
		6/5/2024	200,000.00	2023/2024
		15/05/2024	204,340.00	2023/2024
		15/05/2024	390,700.00	2023/2024
		<b>TOTAL</b>	<b>3,651,025.00</b>	



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

*County Government of Murang'a  
Murang'a Municipality  
Annual Report and Financial Statements for the year ended June 30, 2024*

**Appendix 3: Reporting of Climate Relevant Expenditures**

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

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

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

**County Government of Murang'a**  
**Murang'a Municipality**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

**Appendix 4: Disaster Expenditure Reporting Template**

Date:

Entity

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