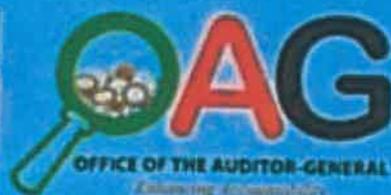


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

ENGINEER MUNICIPALITY

**FOR THE YEAR ENDED
30 JUNE, 2025**

COUNTY GOVERNMENT OF NYANDARUA





ENGINEER MUNICIPALITY
County Government of Nyandarua

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025

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



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1. Acronyms and Definition of Key Terms

A. Acronyms

PSASB	Public Sector Accounting Standards Board
FY	Financial Year
OSHA	Occupational Safety & Health Act
PFM	Public Finance Management Act
KUSP	Kenya Urban Support Program
UACA	Urban Areas and Cities Act
UIG	Urban Institutional Grant
UDG	Urban Development Grant
CRF	County Revenue Fund
CSR	Corporate Social Responsibility
IFMIS	Integrated Financial Management Information System
ICPAK	Institute of Certified Public Accountants of Kenya

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information and Management

a) Background information

Engineer municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011 amended 2019 and Engineer Municipal Charter. The Municipality is governed by a Board of Management under the County Government of Nyandarua and is domiciled in Kenya.

b) Principal Activities

The principal activities of the Municipality include;

- i. Managing essential services such as water supply, sewage and waste management, and public transportation.
- ii. Overseeing land use, zoning regulations, and construction permits to guide the growth and development of the community.
- iii. Providing and maintaining police, fire, and emergency medical services to ensure the safety and security of residents.
- iv. Developing and maintaining parks, recreational facilities, libraries, and cultural programs to enhance the quality of life.
- v. In some areas, municipalities are involved in the management and funding of local schools and educational programs.
- vi. Promoting local business growth, attracting investment, and supporting job creation to bolster the local economy.
- vii. Offering public health services, social support programs, and community assistance for vulnerable populations.
- viii. Maintaining and improving infrastructure such as roads, bridges, and public buildings.
- ix. Enacting and enforcing local laws, ordinances, and regulations to address community needs and issues.

Vision Statement

"A Functional, Competitive, and Sustainable Municipality Excelling in Service and Innovation."

Mission Statement

To serve Engineer Municipality and the wider county with excellence, fostering economic development, sustainability, and good governance, to ensure a functional, competitive, and sustainable future for all.

Core Values

Transparency, Integrity, Social inclusion, Equity and diversity, Sustainability, Resilience, Accountability and good governance, Creativity and innovation, Professionalism and customer focus.

c) Key Management

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

- The Department of Lands physical planning and urban Development
- Board of Management
- Municipality Manager
- Chief Officer Finance
- Secretariat

d) Fiduciary Management

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

Ref	Position	Name
1	Municipal Manager	Tabitha Njoki Gatuhi
2	Chief Officer-Land, Physical Planning & Urban Development	Josephine Muiru
3	Chief Officer-Finance	CPA Fredrick Irungu
4	Municipal Accountant	CPA Roseline Mbogoh

e) Fiduciary Oversight Arrangements

The following committees provide fiduciary oversight to Engineer Municipality;

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

f) Registered Offices

P.O. Box 701, 20303

Olkalou.

Located in Engineer Town, Nyandarua County, Kenya.

g) Contacts

Telephone: (+254) 0202660859

E-mail: info@nyandarua.go.ke

Website: www.nyandarua.go.ke

h) Independent Auditor

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

i) Principal Legal Adviser

Office of the County Attorney

P.O. Box 71-20303,

Olkalou, Kenya

3. Municipality Board

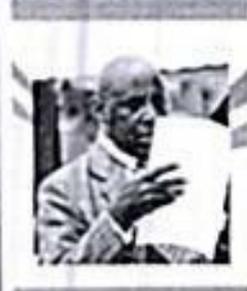
	<p>Mrs. Tabitha Wambui Magiri is the Municipality Chair Person</p> <p>She holds a bachelor of Business Information Technology, Diploma in Project Management and a Diploma in Information Technology.</p> <p>She has over 16 years working experience where she served as ICT Lead at the Kenya Climate Innovation Centre, Lead Creator at Tecnotypes Printers, Technical Operations and Systems support officer at Munshiram International.</p> <p>She was born in the year 1987</p>
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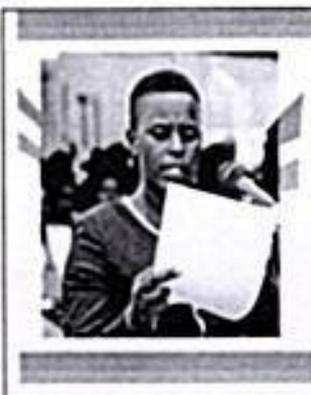
	<p>Mr. Samuel Mwangi is the Municipality board Vice Chair Person.</p> <p>He holds a Bachelor's of Education (Economics and Geography) and a Diploma in Accounting Technicians.</p> <p>He has over 28years of working experience in serving as Chairman of Board of the ENNUS Ltd, Director at the Aberdare Sacco, Education Officer at the Ministry of Education, Officer in charge Elementaita Division – Ministry of Education, Senior Quality Assurance and Standards Officer- Ministry of Education.</p> <p>He was born in the year 1971</p>
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	<p>Mrs. Tabitha Njoki Gatuhi is the Municipality Manager and the Board Secretary.</p> <p>She holds a Bachelor's degree in Commerce (Finance Option) and a CPA Finalist. She is currently pursuing a Master's of Science, Entrepreneurship & Innovation Management from the University of Nairobi.</p> <p>She was born in the year 1993.</p>
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	<p>Mr. David Kinyanjui is a board member and Chairperson of the Finance Committee</p> <p>He holds a Diploma in County Governance, Diploma in Theology, O level Certificate and CPE certificate.</p> <p>He has over 26years working experience as a board member – Magumu High and Heni Secondary Schools, Development Chairman at AIPCA, Vice chair Nyandarua County Council and Secretary General Satima Sacco ltd. He was born in the year 1964.</p>
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	<p>Ms Julie Gachiku is a board member and Chair of the Tourism Committee</p> <p>She holds a Master’s of Science, Entrepreneurship & Innovation Management and a Bachelor’s of Science in Actuarial Science.</p> <p>She is the Founder and Chief Executive Officer of Yummy Pot Ltd. She has 19years working experience as the Organization manager & MSME Consulting at Afridev Resources Ltd, Director and Regional Liason Coordinator at African Development Studies Centre, Customer Service assistant at CFC Life Assurance Ltd, Medical Claims Analyst and Minet Insurance Brokers and Field Research Assistant at TNS RMS East Africa Ltd. She was born in the year 1987.</p>
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	<p>Mr. Daniel Kibebo Gathege Ruara is a board member.</p> <p>He holds a Diploma in Community Development from Laikipia University.</p> <p>He has worked as board member at Tulaga Farmers’ Cooperative Society Ltd. He has also worked in elective positions both in the Nyandarua Local Government and the Nyandarua County Assembly.</p> <p>He was born in the year 1954.</p>
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Mary Wanjiru Gitau is a board member and chair of the audit Committee.

She holds a bachelor's degree in Commerce (Finance & Banking) and CPA I from KASNEB.

She has worked at Muki Cooperative Society as a management trainee for 3 years. She has also worked as a bursar for 1 year.

She was born in the year 1988.



Mr. Martin Mwangi is a board member and Chair of the Infrastructure Committee

He holds a Diploma in Airport Operations, Certificate in AvSec C-IED Awareness and a Diploma in Clearing, Forwarding and Shipping Management.

He has over 6 years working experience where he has served as Operations Manager at Aerospace Aviation Services, Airport Security Supervisor at Jomo Kenyatta International Airport and Airport Security Screener at Jomo Kenyatta International Airport.

He was born in the year 1990.

4. Key Management Team



Ms Josphine Muiru

She is the Chief Officer – Department of Lands, Housing, Physical Planning and Urban Development.

She holds a Master's degree in Public Health with a specialization in Monitoring and Evaluation, as well as a Bachelor of Science in Environmental Health. She is currently pursuing a PHD in Public Health. She has a vast experience of over 20 years having served in various capacities in the field of Public Health among them Chief Officer Public Health and Head of Preventive and Promotive health services division in Nyandarua County.

She was born in the year 1979.



CPA Fredrick Gichuhi is the Chief Officer – Department of Finance & Economic Planning.

He holds a Master's degree in Finance and a bachelor's degree in Agribusiness Management. He is also a CPA (K).

He was previously the Head of Financial Reporting Unit, County Government of Nyandarua. He also has 5 years' experience as a banker.

He was born in the year 1984.



Mrs. Tabitha Njoki Gatuhi is the Municipality Manager

She holds a Bachelor's degree in Commerce (Finance Option) and a CPA Finalist. She is currently pursuing a Master's of Science, Entrepreneurship & Innovation Management from the University of Nairobi.

She was born in the year 1993.



CPA Roseline Mbogoh is the Municipality Accountant

She holds a Bachelor's degree in Commerce (Accounting Option), is a CPA - K and a Certified Credit professional.

She has over 15 years accountancy experience working with several organizations.

She was born in the year 1986.

5. Municipality Board Chairperson's Report

Introduction

It is my honour to present the Annual Report for the Financial Year 2024/2025. Since its charter in 2023, Engineer Municipality has grown into a key urban centre in Nyandarua County. This report outlines our achievements in service delivery, institutional capacity, and socio-economic development over the past year.

Development Projects & Infrastructure

Drainage Works: To mitigate flooding and improve sanitation, the Municipality implemented drainage projects across all four wards (Ndunyu Njeru, Engineer, Murungaru, Gathara) at a total cost of Ksh. 5,615,556.

Market Development: With National Government support, construction commenced on the new Engineer Market following our facilitation of site identification and public engagement. This modern facility will stimulate local economic growth upon completion. Furthermore, the wholesale market was successfully relocated from a makeshift site to a permanent location, promoting orderliness and economic stability.

Road Infrastructure: Several access roads within Engineer Town are currently under tarmacking, supported by the National Government. This initiative will significantly improve connectivity and boost economic activity.

Institutional Strengthening & Service Delivery Staffing:

Staffing: Our technical capacity was enhanced through the recruitment of a Physical Planner and a Registered Engineer, which is vital for effective urban planning and infrastructure management.

Office Premises: The Municipality transitioned from rented offices into its own partially renovated premises, creating a more cost-effective and stable working environment.

Emergency Response: A fire engine was availed for Engineer Town through the support of H.E. the Governor, significantly improving emergency response capacity for the wider Kinangop Sub County.

Waste Management: We initiated structured interventions to address waste management, including:

- Stakeholder engagement with landlords and hotel owners.
- Formulation of regulatory by-laws and policies.
- Public participation forums and community education.
- Operationalization of four skip bins (two each in Gathara and Engineer Wards). These efforts lay the foundation for a sustainable waste management system.

Board Governance: The Board was fully constituted with the appointment of two additional members, strengthening our governance and decision-making.

Programme Assessment

The Municipality successfully underwent the Kenya Urban Support Programme (KUSP II) assessment, scoring 100%. This qualifies us for the Urban Development Grant (UDG), and we await the release of funds to commence project implementation.

Challenges

Despite our progress, a significant challenge remains:

- Inadequate budget allocation to sufficiently finance municipal operations and meet the increasing demands of urban development.

Future Outlook & Priorities

Looking ahead, the Municipality will prioritize:

1. **Completion of Municipal Offices:** Finishing renovations to provide a fully functional working environment.
2. **Greening Initiatives:** Creating sustainable, environmentally friendly urban spaces.
3. **Enhanced Waste Management:** Procuring a garbage truck, additional skip bins, and litter bins to strengthen our systems.
4. **UDG Projects:** Implementing cabro works and paving to enhance aesthetics, accessibility, and revenue collection via improved parking.
5. **Policy Formulation:** Developing key policies for asset management, risk, waste management, private partnerships, and climate risk assessment.
6. **Revenue Enhancement:** Strengthening collection through the orderly operation of the new wholesale market.

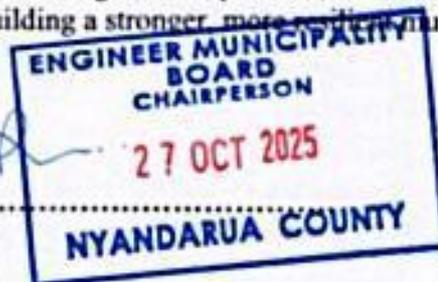
Conclusion

The 2024/2025 Financial Year was marked by significant achievements in infrastructure, governance, and institutional capacity. While financial challenges persist, the Municipality is well positioned to build on its current progress. The Board remains committed to collaborating with all stakeholders to deliver sustainable urban development for our community. On behalf of the Board, I extend our sincere appreciation to H.E. the Governor for his unwavering support. I also thank the Board Members, Municipal Manager, staff, partners, and residents for their dedication and collaboration. Together, we are building a stronger, more resilient municipality.



.....
Tabitha Wambui

Chairperson of the Board



6. Report of the Municipality Manager

The Year 2024/25 is the first full financial year of performance for Engineer Municipality, having been established in March 2023. The Municipality recorded successes and achievements in areas of management, planning, infrastructural and community development.

ACHIEVEMENTS:

During the year the Board embarked on establishing the strategic plans to form the frameworks upon which the Municipality will be managed and developed.

Integrated Strategic Urban Development Plan (ISUD) 2023-2032: This is a roadmap that will guide the development of Engineer Municipality over a period of 10 years. The objectives of the plan are to provide a basis for physical and social infrastructure provision for present and projected population during the 10 years of the plan and beyond; Identify development potentials of the planning area; provide basis for development control and investment decisions; and, allocate sufficient spaces for various land uses and ensure efficient function, user convenience and flexibility to accommodate growth.

Integrated Development Plan (IDeP); This is a 5-year Engineer Municipality Integrated Development Plan for 2023-2028. It is designed to guide the Municipality in fulfilling its service delivery mandate. The Plan outlines priority projects across various sectors and specifies the human and financial resources needed to implement these initiatives.

The Plan serves as a comprehensive framework that will direct the municipality's development programs and projects over the next five years in a coordinated and systematic way. It provides guidance for the municipality in carrying out its duties, responsibilities, and functions as outlined in the Urban Areas and Cities Act (No.13 of 2011), the Engineer Municipality Charter (March 2023) and the various functions transferred by the County Government vide Gazette notice No. 4698 OF 19th April 2024.

Strategic Plan; This is a 5- year plan that outlines the vision of the Municipality. It provides the purpose for the existence of the Municipality over a period of the five years.

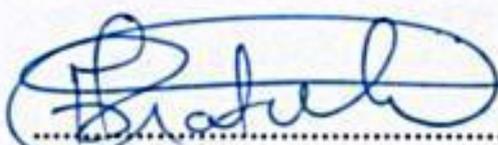
Infrastructural development; Engineer Municipality is undergoing a fast rate of growth in population and economic activities; the growth has accelerated production of solid and liquid waste. To manage liquid waste, there was construction of drainage channels in four towns i.e. Ndunyu-Njeru, Ndinda, Engineer and Gathara ward. To manage solid waste, the Municipality provided Skip Bins for use by residents and traders. In Compliance with environmental and social safeguards, the projects were subjected to environmental, social impact and risk assessments. The projects have improved control and management of waste and reduced inconveniences of the business community. In conjunction with the National Government, the Municipality initiated the development of a modern market that will accommodate traders who operate on temporary sheds within and around the town.

Town's road network is under improvement with the support of the National Government to upgrade them to bitumen status. This will improve connectivity around the engineer town and open up potential economic fields.

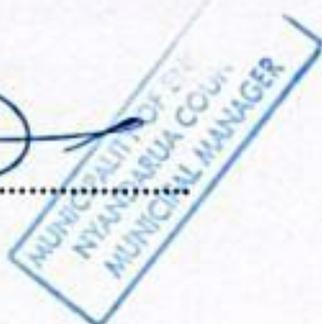
CHALLENGES

The municipality faced challenges in the following areas;

- i) Inadequate funding from the County Government
- ii) Delayed funding by the donor partners
- iii) Inadequate working space since the offices are under construction.
- iv) More human resources are required to provide the much-needed technical support



Njoki Gatuhi
Municipality Manager



7. Statement of Performance Against Predetermined Objectives for the FY

The Municipality annual budget and program for the financial year strived to achieve the following objectives and goals: -

- Provide for efficient and accountable management of the affairs of the Municipality.
- Provide for a governance mechanism for efficiency in service delivery
- Vigorously pursue the developmental opportunities to enhance the quality of life of the inhabitants of the Municipality.
- Provide a high standard of social services in a cost-effective manner to the inhabitants of the Municipality.
- Promote social cohesiveness and a sense of civic duty
- Fostering the economic, social and environmental well-being of its community

Below we provide the progress on attaining the stated objectives:

Sub Programme	Key Output	Key Performance Indicators
Municipal Planning and Development	Approved Municipal Integrated Strategic Urban Development Plan (ISUDP) and; Annual Development Plan	Orderly and integrated development Municipal Integrated Strategic Urban Development Plan in place
Local Economy Promotion Sanitation and waste Management	Maintenance of drainage systems Development of a Solid Waste Management Policy	Reduction in flooding Clean and healthy environment Improved solid waste management

**County Government of Nyandarua
Engineer Municipality**

Annual Report and Financial Statements for the year ended June 30, 2025

Program	Objective	Outcome	Indicator	Performance
Urban planning	To control urban development	To create orderly development in urban areas	Number of developments conforming with rules and regulations governing urban development	In FY under review, no Housing units were increased
Program 2	-	-	-	-

8. Corporate Governance Statement

i. Appointment of Board Members

Appointment of Board members is guided by the Urban Areas and Cities Act 2011 (as amended in 2019) and further by the Engineer Municipality Charter which provide that;

A board of a municipality shall consist of nine members appointed by the County Governor with the approval of the county assembly. The members of the board appointed shall be;

- The County Executive Member for the time being responsible for cities and urban areas or his representative;
- Three members who shall be appointed by the County Governor, with the approval of the County Assembly;
- Four members who shall be nominated by an association and appointed by the County Governor, with the approval of the County Assembly;
- The chief officer responsible for urban development; and
- The Municipal Manager appointed who shall be the secretary of the board and an ex-officio member of the board.

The four members nominated to the board shall be nominated by;

- (a) an umbrella body representing professional associations in the area;
- (b) an association representing the private sector in the area;
- (c) a cluster representing registered associations of the informal sector in the area; and
- (d) a cluster representing registered neighbourhood associations in the area.

The county governor shall, while appointing the members of the board, ensure gender equity, representation of persons with disability, youth and marginalised groups.

ii) Roles and functions of the board

- Oversee the affairs of the city or municipality;
- Develop and adopt policies, plans, strategies and programmes, and may set targets for delivery of services;
- Formulate and implement an integrated development plan;
- Control land use, land sub-division, land development and zoning by public and private sectors for any purpose, including industry, commerce, markets, shopping and other employment centres,
- residential areas, recreational areas, parks, entertainment, passenger transport, agriculture, and freight and transit stations within the framework of the spatial and master plans for the municipality as may be delegated by the county government;
- Promote and undertake infrastructural development and services within the city or municipality, as may be delegated by the county government
- Develop and manage schemes, including site development in collaboration with the relevant national and county agencies;
- Maintain a comprehensive database and information system of the administration and provide public access thereto upon payment of a nominal fee to be determined by the board;
- Administer and regulate its internal affairs;
- Implement applicable national and county legislation;

- Enter into such contracts, partnerships or joint ventures as it may consider necessary for the discharge of its functions under this Act or other written law;
- Monitor and, where appropriate, regulate city and municipal services where those services are provided by service providers other than the board of the city or municipality;
- Prepare and submit its annual budget estimates to the relevant County Treasury for consideration and submission to the County Assembly for approval as part of the annual County Appropriation Bill;
- Collect rates, taxes levies, duties, fees and surcharges on fees, as may be delegated by the county government,
- Settle and implement tariff, rates and tax and debt collection policies as delegated by the county government;
- Monitor the impact and effectiveness of any services, policies, programmes or plans;
- Establish, implement and monitor performance management systems;
- Promote a safe and healthy environment;
- Facilitate and regulate public transport; and
- Perform such other functions as may be delegated to it by the county government or as may be provided for by any written law.

Engineer Municipality is governed by a Municipality Charter

i. Induction, training, and development

Induction and training are a priority for the Municipality to ensure proper orientation and capacity building of Board Members to enable them deliver their mandate effectively. This is done upon appointment and in the course of duty through structured programmes provided by recognized training institutions.

ii. Board and members performance

Board members performance is governed by the various legal requirements as contained in the relevant statutes, the Municipality Charter and adherence to attendance and participation in the Board Committees

iii. Number of Board meetings held and the attendance to those meetings by members

Board meetings are held once every quarter in the FY, however, special board meetings may be convened upon members request to a maximum of four per year. During the FY the board held six (6) meetings.

It is a requirement that all members attend meetings. Attendance in the meetings is recorded and a member who may miss to attend three consecutive meetings without valid reason should face disciplinary action.

iv. Succession plan

The Board is a corporate body with perpetual succession. The Urban Areas and Cities Act and the Municipality Charter provides for establishment, sustenance, removal and replacement of board members to ensure continuity. The municipality manager who is secretary to the board heads a secretariat that is custodian of information over time.

v. Policy to manage conflict of interest.

Members of the Board are bound to adhere to the policy on conflict of interest as addressed under the Conflict-of-Interest Act (2025), Public Officers Ethics Act 2003, and the Leadership and Integrity Act

vi. Board remuneration

Remuneration of the Board members is guided by the Salaries and Remuneration Commission (SRC)

vii. Governance audit

All operations of the Board are subject to auditing both internally and by an external entity to ensure all its functions, systems, processes, operations and overall governance is in adherence to the prevailing laws, rules and regulations.

viii. Communication policy

Communication Policy is a formal framework that guides how information is shared, received, and managed within the municipality and between the board, county departments, stakeholders, and the public. It ensures that communication is clear, timely, accurate, transparent, and inclusive.

The communication policy is aligned with:

- Urban Areas and Cities Act, 2011 – Public participation & access to information
- Access to Information Act, 2016
- County Governments Act, 2012 – Civic education and transparency
- Constitution of Kenya, 2010 – Right to information (Art. 35)
- The Municipal Charter

ix. Terms of Reference of Committees

The operations of committees are guided by terms of reference which are approved by the Board. The committees align their TORs with the functions of the Municipality.

x. Policy on related party transactions

Related Party Transactions (RPTs) refer to dealings between the municipality (through its board, employees, or departments) and individuals or organizations that have a pre-existing relationship with the municipality. This includes transactions with:

- Board members and their relatives
- Municipal staff and their businesses
- Suppliers, contractors, or consultants with ties to board members or employees

The policy aligns with:

- Urban Areas and Cities Act (UACA), 2011
- Leadership and Integrity Act, 2012
- Public Officers Ethics Act
- Public Finance Management Act
- Municipal Charter
- County Government Public Participation and Procurement Policies

9. Management Discussion and Analysis

Engineer Municipality's operational and financial performance

In the FY 2024/2025 The County Government allocated a total of KSh 36,748,000 of which KSh6,000,000 under development, Kshs 15,000,000 under KUSP II- UIG, Ksh10,000,000 under compensation of employees and KSh5,748,000 under recurrent.

Key projects or investments decision implemented or ongoing,

Engineer Municipality has successfully implemented on drainage works that have reduced flooding and improved sanitation in the Municipality.

Major risks facing the Municipality

Engineer Municipality faces a variety of risks that can impact their operations, financial stability, and service delivery. Below are some common risks along with potential mitigation strategies:

a) Financial Risks

The Risks related to budget shortfalls,

Mitigation Strategies:

- Implementing robust budgeting and financial planning processes.

b) Operational Risks

The Risks arising from internal processes, systems, or human errors that can disrupt service delivery.

Mitigation Strategies:

- Developing and documenting standard operating procedures (SOPs) for key processes.
- Conducting regular training for staff to ensure they are aware of procedures and best practices.
- Implementing performance monitoring systems to identify and address operational inefficiencies.

c) Regulatory and Compliance Risks

The Risks associated with non-compliance with laws, regulations, and policies, which can lead to legal penalties or loss of funding.

Mitigation Strategies:

- Stay informed about relevant laws and regulations through regular training and updates.
- Establishing a compliance officer or team to oversee adherence to regulations.
- Conducting regular audits to ensure compliance and identify areas for improvement.

d) Reputational Risks

This are Risks that can damage the municipality's reputation due to poor service delivery, scandals, or negative public perception.

Mitigation Strategies:

- Fostering open communication with the community and stakeholders to build trust.
- Implementing a crisis communication plan to address issues promptly and transparently.
- Engaging in community outreach and public relations efforts to enhance the municipality's image.

e) Environmental Risks

Risks related to natural disasters, climate change, and environmental degradation that can impact infrastructure and services.

Mitigation Strategies:

- Developing and implement disaster preparedness and response plans.
- Investing in sustainable infrastructure and practices to mitigate environmental impacts.
- Conducting risk assessments to identify vulnerable areas and prioritize mitigation efforts.

f) Political Risks

The Risks arising from changes in political leadership, policies, or public sentiment that can affect funding and support for municipal initiatives.

Mitigation Strategies:

- Building strong relationships with elected officials and community leaders to ensure support for municipal initiatives.
- Engaging in advocacy efforts to promote the municipality's interests at the regional and national levels.
- Stay informed about political trends and public sentiment to adapt strategies accordingly.

g) Human Resource Risks

Risks are related to workforce management, including staff shortages, turnover, and labor disputes.

Mitigation Strategies:

- Implementing competitive compensation and benefits packages to attract and retain talent.
- Fostering a positive workplace culture that encourages employee engagement and satisfaction.
- Developing succession planning and training programs to prepare for future workforce needs.

h) Infrastructure Risks

Risks are associated with aging infrastructure, maintenance issues, and inadequate capacity to meet community needs.

Mitigation Strategies:

- Conducting regular assessments of infrastructure to identify maintenance needs and prioritize repairs.
- Investing in long-term infrastructure planning and funding to address capacity issues.

10. Environmental And Sustainability Reporting

a) Sustainability strategy and profile

Engineer Municipality's operations are aligned to provisions in the National statutes, the Charter and Board resolutions. To ensure good governance that is responsive and progressive, the Municipality has put in place governance tools in way of development plans. The plans detail strategic priorities of the Municipality which will address prevailing economic, political and social trends. These priorities boarder on;

- Urban planning and development
- Urban infrastructure improvement programmes
- Local economy promotion
- Improvement of roads and transport system
- Water, sanitation, waste and environmental management
- Recreational and social facilities programmes
- Disaster risk management
- Governance and strengthening institutional capacity

The municipality's capacity to effectively operationalize the programmes is dependent on the funding from the county government, support from doner entities like KUSP, support from private partners and other stakeholders.

b) Environmental performance

The Municipality is keen to comply to environmental and social safeguards. Efforts have been made to promote environmental performance by;

- There is in place a board committee on Environment.
- The municipality has developed waste Management Policy
- The municipality has in place by-laws which address among other issues environmental concerns.
- All projects undertaken within the municipality are subjected to environmental impact assessment
- Skip bins have been placed in strategic areas as waste receptacles.
- Waste trucks serve the municipality on a scheduled programme for effective waste collection

- The municipality is undertaking feasibility study geared towards town greening and tree planting

c) Employee welfare

Under the Governance and strengthening institutional capacity programme, employees of the Municipality undertake skills enhancement seminars, workshops and courses. The Human resource policies and procedures manual guides on all employee welfare and wellness and performance tracking system. There are career guidelines for all Municipality employees that guide on their progression and growth.

d) Market place practices

Engineer Municipality enhances market practices by ensuring:

Transparency and Honesty

- Providing clear information about products/services
- Avoiding exaggerated claims

Responsible Targeting.

- Ensuring marketing efforts respect demographic sensitivities
- Avoiding exploitation of vulnerable populations

Sustainability and Social Responsibility

- Incorporating ethical considerations in marketing strategies
- Highlighting environmentally friendly and socially responsible practices

Training and Awareness

- Educating employees about ethical marketing standards and practices
- Fostering a culture of integrity within organizations

ii) Responsible competition practice.

Engineer Municipality ensures responsible practices through; Emphasis on fairness, transparency, and respect in competitive behaviour.

Key principles include;

- a) Fair Marketing - Avoiding misleading advertisements and claims.
 - Promoting products based on genuine quality and benefits
- b) Respect for Competitors - No negative campaigning or disparagement.
 - Acknowledging competitors' strengths and contributions.
- c) Collaboration and Innovation - Encouraging industry wide cooperation for mutual benefits.
 - Fostering innovation while respecting intellectual property rights.
- d) Compliance with Regulations - Adhering to antitrust laws and trade regulations.
 - Reporting unethical practices to appropriate authorities.

iii) Responsible Supply chain and supplier relations

Engineer Municipality is guided by the Procurement Act and regulations in the area of supply and supply relations. This Ensures that supply chain practices are ethical, sustainable, and socially responsible.

Key principles include;

- a) Ethical Sourcing -Selecting suppliers based on ethical labour practices and environmental impact.
 - Conducting audits to ensure compliance with standards.
- b) Transparency - Providing clear information about sourcing practices to consumers.
 - Maintaining open communication with suppliers regarding expectations.
- c) Collaboration and Partnership - Building long-term relationships with suppliers for mutual growth.
 - Sharing best practices and supporting suppliers in improving their operations.
- d) Sustainability - Prioritizing eco-friendly materials and processes.
 - Reducing waste and carbon footprint throughout the supply chain.

iv) Responsible marketing and advertisement

Engineer Municipality ensures Emphasis on fairness, transparency, and respect in competitive behaviour.

Key principles include;

a) Fair Marketing - Avoiding misleading advertisements and claims.

- Promoting products based on genuine quality and benefits.

b) Respect for Competitors - No negative campaigning or disparagement.

v) Product stewardship.

Engineer Municipality ensures product stewardship through ensuring adherence to;

a) Consumer Protection Laws

b) Data Privacy Regulations

c) Clear Product Information - Mandating accurate labelling and advertising to avoid deception.

- Providing comprehensive product descriptions and terms of service.

d) Accessibility of Information - Ensuring consumers can easily access information about their rights.

- Creating user-friendly platforms for complaints and inquiries.

Public Awareness Campaigns - Initiatives to inform consumers about common scams and unethical practices.

- Encouraging informed decision-making through educational resources.

vi) Corporate social responsibility/ community engagements

Engineer Municipality has not undertaken any CSR activity; however, plans are underway to partner with private sector to identify activities that will be of benefit to the community

11. Report of the Municipality Board Members

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

Principal activities

The principal activities of the Municipality are;

- i. Managing essential services such as water supply, sewerage and waste management, and public transportation.
- ii. Overseeing land use, zoning regulations, and construction permits to guide the growth and development of the community.
- iii. Providing and maintaining police, fire, and emergency medical services to ensure the safety and security of residents.
- iv. Developing and maintaining parks, recreational facilities, libraries, and cultural programs to enhance the quality of life.
- v. In some areas, municipalities are involved in the management and funding of local schools and educational programs.
- vi. Promoting local business growth, attracting investment, and supporting job creation to bolster the local economy.

Performance

The performance of the Municipality for the year ended June 30, 2025 are set out on page 1

Board Members

The members of the Board who served during the year are shown on page vii to x.

Auditors

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

By Order of the Board



Njoki Gatuhi

Secretary to the Board



12. Statement of Management's Responsibilities

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

The Municipality manager is responsible for the preparation and presentation of the Municipality's financial statements, which give a true and fair view of the state of affairs of the Municipality for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Municipality, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) Safeguarding the assets of the Municipality, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

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

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

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

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

Approval of the financial statements

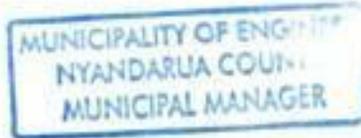
The Municipal financial statements were approved by the Board on 27/10/ 2025 and signed on its behalf by:



.....
Tabitha Wambui
Chairperson of the Board



.....
Tabitha Njoki
Accounting officer of the Board



**13. Report of the Office of the Auditor General for the Year ended 30th June, 2025 for
Engineer Municipality – County Government of Nyandarua**





REPORT OF THE AUDITOR-GENERAL ON ENGINEER MUNICIPALITY FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF NYANDARUA

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.

An Unmodified Opinion is issued when the Auditor-General concludes that 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 aim to address the Auditor-General's statutory roles and responsibilities 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

Opinion

I have audited the accompanying financial statements of Engineer Municipality set out on pages 1 to 42, which comprise of the statement of financial position as at 30 June, 2025, the statement of financial performance, statement of changes in net assets and statement of comparison of budget and actual amounts for the year ended

30 June, 2025 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, the financial statements present fairly, in all material respects, the financial position of Engineer Municipality as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Urban Areas and Cities Act No. 13 of 2011 (Amended 2019), Municipal Charter of 8 May 2019 and the Public Finance Management Act, 2012.

Basis for Opinion

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

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. There were no key audit matters to report in the year under review.

Emphasis of Matter

Budget Control and Performance

The statement of comparison of budget and actual amount for the year reflects total revenue and expenditure budget of Kshs.11,748,000 against actual receipts and expenditure of Kshs.10,428,241 resulting to under-funding of Kshs.1,319,759.

The under-funding of the budgets implies that the budgeted programmes may not have been implemented, thereby adversely affecting the delivery of services to public.

My opinion is not modified in respect of this matters.

Other Information

The Management is responsible for the Other Information set out on page iii to xiii which comprise of Key Entity Information and Management, The Engineer Municipal Board, Key Management Team, Municipality Board Chairperson's Statement, Report of the Municipality Manager, Statement of Performance against predetermined objective,

Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Environmental and Sustainability report, Report of the Municipality Board members, Statement of Managements Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on 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.Lack of Operational Autonomy at the Engineer Municipality

During the year under review, the County Government incurred an expenditure amounting to Kshs.10,095,006 in respect of the Engineer Municipality. However, although the Municipality prepared separate financial statements as required by Section 46 (1) of the County Governments Act, 2012, the County Government continues to perform functions which should have been transferred to the Municipality. This is contrary to Section 48(1)(a) of the County Governments Act, 2012 which states that subject to subsection (3), the functions and provision of services of each County Government shall be decentralized to the urban areas and cities within the county established in accordance with the Urban Areas and Cities Act, No. 13 of 2011.

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

2.Late Submission of Financial Statements to The Office of The Auditor-General

Management of the Municipality submitted the financial statements to the Office of the Auditor-General 11 days late on 10 September 2025, instead of the statutory deadline of

30 August, 2025. No explanation was provided for the non-compliance with National Treasury guideline Paragraph 1.8 Ref: No:AG.3/88 Vol. VII (41) of 4 December, 2024 which directs all public sector entities, for both national and County Governments, to prepare and submit annual financial statements by 31 August, 2025 to office of the Auditor General with a copy to Controller of Budget, National Treasury and Commission on Revenue Allocation.

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

3. Non-Compliance with Law on Fiscal responsibility on Board Expenses

The Municipality's financial statements and supporting expenditure schedules reflect total board-related expenses of Kshs.1,600,000, representing 16% of the total expenditure incurred during the year. This exceeds the recommended ceiling of 5% of total municipal expenditure generally applied as a prudential limit for administrative and governance costs.

The over-expenditure indicates that a significant proportion of the Municipality's resources are being consumed by governance-related costs rather than service delivery and development activities. Further, there was no evidence of prior approval or justification from the County Secretary or the respective oversight authority to warrant the excess spending.

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective

processes and systems of internal controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

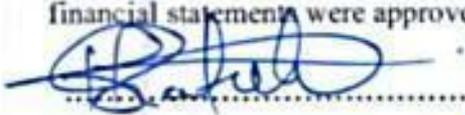
Nairobi

04 December, 2025

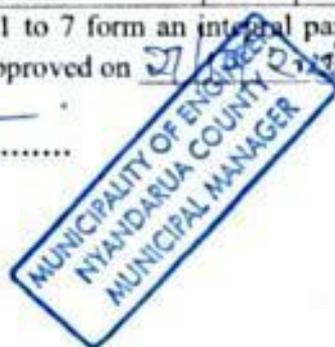
14. Statement of Financial Performance for The Year Ended 30 June 2025

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Other Income – Payments by the County Government on behalf of the Municipality	6	9,491,886	-
Public contributions and donations	7	-	-
Levies Fines and Penalties	8	-	-
Other revenues	9	-	-
		9,491,886	-
Revenue from exchange transactions			-
Interest income	10	-	-
Miscellaneous Income	11	-	-
		-	-
Total revenue		9,491,886	-
Expenditure			-
Use of goods and services	12	2,682,386	-
Staff costs	13	-	-
Board expenses	14	1,193,944	-
Finance costs	15	-	-
Depreciation and amortization	16	-	-
Repairs and maintenance	17	5,615,556	-
Total expenses		9,491,886	-
Other gains/losses			-
Gain/loss on disposal of assets	18	-	-
Surplus/(deficit) for the period		-	-

The notes set out on pages 1 to 7 form an integral part of these Financial Statements. The entity financial statements were approved on 27/06/2025 and signed by:



 Tabitha Njoki Gatuhi
 Municipality Manager





 CPA Roseline K. Mbogoh
 Head of Finance
 ICPAK M/No: 15236

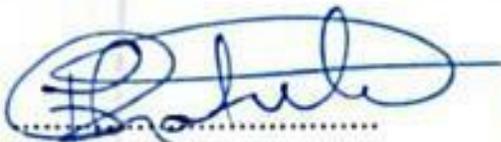
15. Statement of Financial Position as at 30 June 2025

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	19	-	-
Receivables from exchange transactions	20	-	-
Receivables from non-exchange transactions	21	-	-
Prepayments	22	-	-
Inventories	23	-	-
Total current assets		-	-
Non-current assets			
Property, plant, and equipment	24	-	-
Intangible assets	25	-	-
Biological Assets	26	-	-
Total Non-current Assets		-	-
Total assets (A)		-	-
Liabilities			
Current liabilities			
Trade and other payables	27	-	-
Refundable deposits from customers	28	-	-
Provisions	29	-	-
Borrowings	30	-	-
Employee benefit obligations	31	-	-
Deferred Income	32	-	-
Social Benefits	33	-	-
Total current liabilities		-	-
Non-current liabilities			
Provisions	29	-	-
Borrowings	30	-	-
Non-current employee benefit obligation	31	-	-
Deferred Income	32	-	-
Social Benefits	33	-	-

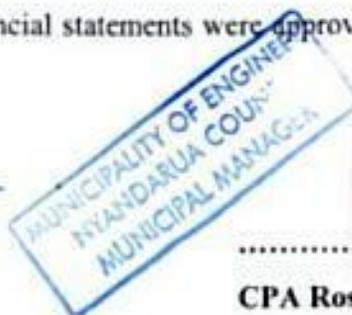
County Government of Nyandarua
 Engineer Municipality
 Annual Report and Financial Statements for the year ended June 30, 2025

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs.	Kshs.
Total liabilities (B)		-	-
Net Assets (A-B)		-	-
Represented by:			
Capital/Development Grants/Fund		-	-
Reserves		-	-
Accumulated surplus		-	-
Net Assets/Equity		-	-

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 27/10/2025 2025 and signed by:



Tabitha Njoki Gatuhi
 Municipality Manager
 Date:




CPA Roseline K. Mbogoh
 Head of Finance
 ICPAK M/No: 15236
 Date:

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

Description	Capital/ Development Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
Bal as at 1 July 2023	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Funds received during the year	-	-	-	-
Revaluation gain/loss	-	-	-	-
Bal as at 30 Jun 2024	-	-	-	-
Bal as at 1 July 2024	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Funds received during the year	-	-	-	-
Revaluation gain/loss	-	-	-	-
Balance as at 30 June 2025	-	-	-	-

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

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Other Income – Payments by the County Government on behalf of the Municipality	6	9,491,886	-
Public contributions and donations		-	-
Interest received		-	-
Miscellaneous receipts		-	-
Total Receipts		9,491,886	-
Payments			
Use of goods and services	12	2,682,386	-
Staff costs		-	-
Board expenses	14	1,193,944	-
Repair and maintenance	17	5,615,556	-
Total Payments		-	-
Net cash flows from operating activities	34	9,491,886	-
Cash flows from investing activities			
Purchase of PPE & intangible assets		-	-
Proceeds from sale of PPE		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Receipts from Capital grants		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash equivalents		-	-
Cash And Cash Equivalents At 1 July	19	-	-
Cash And Cash Equivalents At 30 June	19	-	-

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis for the period ended 30 th June 2025	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b	c=(a+b)	d	e=d/c
Revenue		Kshs.	Kshs.	Kshs.	
Other Income- Payments by the County Government on behalf of Engineer Municipality	11,748,000	-	11,748,000	9,491,886	80.80
Public contributions and donations	-	-	-	-	
Interest income	-	-	-	-	
Miscellaneous income	-	-	-	-	
Total Revenue	11,748,000	-	11,748,000	9,491,886	80.80
Expenses					
Casual Wages/Labour	750,000	-	750,000	-	0.00
Utilities, supplies and services	88,000	-	88,000	85,442	97.10
Communication, supplies and services	175,000	-	175,000	164,760	94.15
Domestic travel, subsistence and Transport	1,000,000	-	1,000,000	1,000,000	100.00
Repair and Maintenance	500,000	-	500,000	-	0.00

County Government of Nyandarua
 Engineer Municipality

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Rent and rates	220,000	-	220,000	127,600	53.00
Hospitality supplies and services	425,000	-	425,000	423,848	99.73
Training	180,000	-	180,000	180,000	100.00
Specilized Materials and Supplies	110,000	-	110,000	69,601	63.27
Field allowance	400,000	-	400,000	371,551	92.89
Civil works	6,000,000		6,000,000	5,615,556	94.47
GOS (General office services)	100,000		100,000	59,600	59.60
Fuel, oil and lubricants	200,000		200,000	199,984	99.99
Board Committee and conferences	1,600,000	-	1,600,000	1,193,944	74.62
Total Expenditure	11,748,000	-	11,748,000	9,491,886	80.80
Surplus for the period					
Capital Expenditure					

19. Notes to the Financial Statements

1. General Information

Engineer Municipality is established by and derives its authority and accountability from PFM Act 2012 and Urban Areas and Cities Act No. 13 of 2011. Engineer Municipality is under the County Government of Nyandarua and is domiciled in Kenya.

The Engineer Municipality principal activity is to improve the general welfare of the community and the county at large.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis. The preparation of financial statements is in conformity with International Public Sector Accounting Standards. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

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

3. Application of New and revised standards (IPSAS)

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

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>There is no impact of the standard to the municipality</i>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	Applicable 1st January 2025 The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	Applicable 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by:

	<ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48: Transfer Expenses	<p>Applicable 1st January 2026</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>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements

	understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.
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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 Municipality and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

ii) Revenue from exchange transactions

Interest income

The Municipality did not have interest income.

b) Budget information

The original budget for FY 2024/25 was approved by the County Assembly on June 27, 2024. 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 has not recorded additional appropriations of 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 Cashflows has been presented as part of these financial statements.

c) Property, plant and equipment

The Municipality did not report any Property, plant and Equipment in the year under review.

d) Intangible assets

The Municipality did not report any Intangible assets in the year under review.

e) Biological Assets

The Municipality did not report any biological assets in the year under review.

e) Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The Municipality did not report any impairment losses in the year under review.

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

The Municipality did not report any Inventories in the year under review.

g) Provisions

The Municipality did not report any Provisions in the year under review.

h) Social Benefits

The Municipality did not report any social benefits in the year under review.

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

The Municipality did not have any foreign currency transactions during the year under review.

o) Borrowing costs

The Municipality did not have any borrowing costs during the year under review.

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.

The Municipality did not have any cash and cash equivalents as all operations were carried out at the County treasury.

r) Comparative figures

No 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

The Municipality did not have any 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.

Estimates and assumptions.

There were no any key judgements, estimates and assumptions made during the year under review.

Useful lives and residual values

The Municipality has not reported any Property, plant and equipment in the year under review. As such, there was no any assessment of the useful lives and residual values of assets.

Notes to the Financial Statements

5. Transfers from the County Government

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	-	-
Payments by County on behalf of the entity	9,491,886	-
Unconditional development grants	-	-
Total	9,491,886	-

(a) Transfers from County Government entities (Categorized)

Name Of the Entity Sending the Grant	Amount recognized to Statement of financial performance* Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	Insert Comparative FY
			Kshs	Kshs	Kshs
State Department	-	-	-	-	-
Ministry	-	-	-	-	-
Total	-	-	-	-	-

6. Public Contributions and Donations

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

7. Levies, Fines and penalties

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

8. Other Revenues

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Transfers from other government entities	-	-
Others	-	-
Total	-	-

9. Interest income

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Interest income from investments	-	-
Interest income on bank deposits	-	-
Others	-	-
Total interest income	-	-

10. Miscellaneous income

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

11. Use of Goods and Services

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Utilities, supplies and services	85,442	-
Communication, supplies and services	164,760	-
Domestic travel and subsistence	1,000,000	-
Foreign travel and subsistence	-	-
Printing, advertising, supplies & services	-	-
Rent and rates	127,600	-
Training expenses	180,000	-
Hospitality supplies and services	423,848	-
Insurance cost	-	-
Field allowances	371,551	-
Specialized materials and services	69,601	-
Office and general supplies and services	59,600	-
Fuel, oil and lubricants	199,984	-
Other operating expenses (unclogging)	-	-
Routine maintenance – vehicles and other equipment	-	-
Routine maintenance – other assets	-	-
Contracted Professional Services	-	-
Audit fees	-	-
Hire of Transport, equipment	-	-
Bank Charges	-	-
Social Benefit expenses	-	-
Total	2,682,386	-

12. Staff costs

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Salaries and wages	-	-
Staff gratuity	-	-
Social security contribution	-	-
Other staff costs – Subscriptions to Professional bodies	-	-
Total	-	-

13. Board expenses

Description	FY 2024-2025	FY 2023-2024
	Kshs.	Kshs.
Chairman/Members' Honoraria	-	-
Sitting allowances	-	-
Medical Insurance	-	-
Induction and Training	-	-
Travel and accommodation	-	-
Board Committees and Conferences	1,193,944	-
Other allowances	-	-
Total	1,193,944	-

14. Finance costs

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

15. Depreciation and amortization

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	-	-

16. Repairs and Maintenance

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Property- Buildings	-	-
Office equipment	-	-
Furniture and fittings	-	-
Motor vehicle expenses	-	-
Maintenance of civil works	5,615,556	-
Total repairs and maintenance	5,615,556	-

17. Gain/(loss) on disposal of assets

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

18. Cash and cash equivalents

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Fixed deposits account	-	-
On – call deposits	-	-
Current account	-	-
Others	-	-
Total cash and cash equivalents	-	-

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

Financial institution	Account number	FY 2024/2025	FY 2023/2024
		Kshs.	Kshs.
a) Fixed deposits account			
Kenya Commercial bank		-	-
Equity Bank,		-	-
Sub- total		-	-
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank		-	-
Sub- total		-	-
c) Current account			
Kenya Commercial bank		-	-
Equity Bank		-	-
Sub- total		-	-
d) Others		-	-
Cash in transit		-	-
Cash in hand		-	-
Mobile Money		-	-
Sub- total		-	-
Grand total		-	-

19. Receivables from exchange transactions

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

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Other exchange debtors	-	-
Less: impairment allowance	-	-
Total non-current receivables (b)	-	-
Total	-	-

Ageing analysis for Receivables from exchange transactions

Description	FY 2024/2025		FY 2023/2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

20. Receivables from Non-Exchange transaction

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Transfer from County Executive	-	-
Transfer from Fund	-	-
Total	-	-

Ageing analysis for Receivables from non-exchange transactions

Description	FY 2024/2025		FY 2023/2024	
	Kshs		Kshs	
	2024-2025	% of the total	2023-2024	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

21. Prepayments

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Insurance	-	-
Rent	-	-
Water	-	-
Internet	-	-
Others	-	-
Total	-	-

22. Inventories

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Consumable stores	-	-
Medical supplies	-	-
Spare parts and meters	-	-
Water for distribution	-	-
Other goods held for resale	-	-
Catering	-	-
Less: allowance for impairment	(-)	(-)
Total inventories at the lower of cost and net realizable value	-	-

Detailed Disclosure on Inventories

	FY 2024/2025	FY 2023/2024
Opening balance	-	-
Additional Inventory in the year	-	-
Inventory expensed in the year	-	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	-	-

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23. Property, Plant and Equipment

Description	Land		Building		Motor vehicles		Furniture and fittings		Computers		Other Assets		Capital Work in progress		Total	
	Shs	%	Shs	%	Shs	%	Shs	%	Shs	%	Shs	%	Shs	%	Shs	%
Depreciation Rate																
As at 1 July 2023	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 30th June 2024	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 30th June 2025	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and impairment																
At 1 July 2023	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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Description	Land	Building	Motor vehicles	Furniture and fittings	Computers	Other Assets	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Depreciation Rate		%	%	%	%	%		
Transfers/ Adjustments	-	-	-	-	-	-	-	-
As at 30 June 2024	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-
Disposals for the year	-	-	-	-	-	-	-	-
Impairment for the year	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
As at 30th June 2025								
NBV as at 30 th Jun 2024	-	-	-	-	-	-	-	-
NBV as at 30 th Jun 2025	-	-	-	-	-	-	-	-

24. Intangible assets

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

25. Biological Assets

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Trees in a plantation forest	-	-
Animals: Dairy Cattle, Pigs, Sheep	-	-
Others specify	-	-
Total	-	-

26. Trade and Other Payables

Description	FY 2024/2025		FY 2023/2024	
	Kshs.		Kshs.	
Trade payables	-		-	
Retentions	-		-	
Accrued expenses	-		-	
Other payables	-		-	
Total trade and other payables	-		-	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%

Total	-	%	-	%
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27. Refundable deposits and prepayments from customers

Description	FY 2024/2025		FY 2023/2024	
	Kshs		Kshs	
Rent deposits	-		-	
Prepayments	-		-	
Others	-		-	
Total	-		-	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

28. Provisions

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

29. Borrowings

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

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

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

The table below shows the Distribution of borrowings:

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
Total balance at end of the year	-	-

30. Employee Benefit Obligations

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

31. Deferred Income

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

The deferred income movement is as follows:

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

Analysed as:

Description	Amount
	Kshs
Current	-
Non- Current	-
Total	-

32. Social Benefit Liabilities

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

33. Cash generated from operations

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax	-	-
Adjusted for:	-	-
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Working Capital adjustments	-	-
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
Net cash flow from operating activities	-	-

34. Related party balances

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

- a) The County Government.
- b) The County Department of lands.
- c) County Assembly.
- d) Key management.
- e) Municipality Board;

a) Related party transactions

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

b) Key management remuneration

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Board Members	-	-
Key Management Compensation	-	-
Total	-	-

c) Due from related parties

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

d) Due to related parties

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

35. Contingent liabilities

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

36. Contingent Assets

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

37. Financial risk management

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

I. Credit risk

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

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

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Municipality has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Municipality has no significant concentration of credit risk on amounts due.

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

II. Liquidity risk management

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

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

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

III. Market risk

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

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

IV. Foreign currency risk

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

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs.	Kshs.	Kshs.
2025			
Euro	-	-	-
USD	-	-	-
2024			
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.

VI. Capital risk management.

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

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Revaluation reserve	-	-
Capital/Development Grants/Municipality	-	-
Accumulated surplus	-	-
Total Funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	0%	0%

38. Program for Results (PforR) Disclosure

Name of the PforR:	
Financing Partners:	
Purpose of the PforR:	
Expenditure Details	Amount in Kshs
Cumulative actual expenditures for the previous years	-
Actual expenditure in the current financial year.	
1. Employee Cost	-
2. Use of goods and Services	-
3. Grants and Subsidies	-
4. Building of ECDE facilities	-
5. Others)	-
Sub-total	-
Cumulative Actual Expenditures to date	-

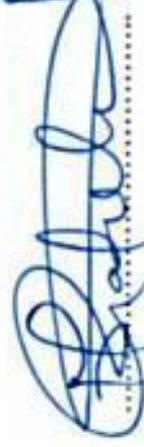
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20. Appendices

Appendix 1. Progress on Follow up of Auditors Recommendations.

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe:
N/A	N/A	N/A	N/A	N/A



Tabitha Njoki Gatuhi
 Municipal Manager

MUNICIPALITY C
 NYANDARUA C
 MUNICIPAL MANAGER

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Appendix 2: Inter-Entity Transfers

MUNICIPALITY NAME:			
Breakdown of Transfers from the County Executive of Nyandarua County			
FY 2024/2025	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate
a. Recurrent Grants		-	
		-	
Total		-	
b. Development Grants		-	
		-	
		-	
		-	
Total		-	
c. Direct Payments		-	
		-	
		-	
Total		-	

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Signed by the Head of Accounts of the Municipality and the transferring County Finance Department

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Appendix 3: Reporting of Climate Relevant Expenditures

Name of the Organization: Engineer Municipality
 Telephone Number: 0706547120
 Email Address: tabitha.gatuhi@gmail.com
 Name of CEO: Njoki Gatuhi

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

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Appendix 4: Disaster Expenditure Reporting Template

Date: 30/06/2025

Entity: Engineer Municipality

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