



MANDERA MUNICIPALITY
County Government of Mandera

QUARTERLY REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER ENDED
30TH SEPTEMBER, 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

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information and Management

a) Background information

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

b) Principal Activities

Vision

A Prosperous and people-centred Municipality in Kenya.

Mission

To deliver exceptional services and promote a high quality of life for residents, visitors and businesses.

The Municipality of Mandera principal activities are to;

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

c) Key Management

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

- County Department in charge of Municipalities

- Board of Management
- Municipality Manager

Ref	Position	Name
1	Secretary	Matker M Noor
2	Chairman - Board	Kulow Mohamed Sheikh
3	Vice-Chair	Abdia Hussein Abdi
4	Board Members	Ahmed Mohamed Abdile
5	Board Members	Famsahara Adan Maalim
6	Board Members	Alinoor Ibrahim Alio
7	Board Members	Ibrahim Hassan Malow
8	Board Members	Salah Maalim Alio
9	Board Members	Zeituna Abdishakur Abdikarim
10	Board Members	Abdi A. Siyat

d) Fiduciary Management

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

Ref	Position	Name
1	Municipality Manager	Matker M Noor
2	HoD-Finance and Revenue Services	Adan Abdi Baraka
3	Deputy Manager	Amina Abdi Wahid
4	HoD-HRM	Sumeya Noor Musa
5	HoD-Development Services.	Mohamed Edin
6	HoD-Enforcement, Fire and Disaster Management.	Abdi Hussein Kahiye

e) Fiduciary Oversight Arrangements

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

f) Registered Offices

P.O. Box 13-70300

Roads and Public Works House Jamia Mosque Road

MANDERA, KENYA.

g) Contacts

Telephone: (+254) 723628228/0727965615

E-mail: info@mandera.go.ke Website:

www.mandera.go.ke

h) Bankers

Central Bank Of Kenya

Haile Selassie Avenue

P.O. Box 60000 – 00200

Nairobi, Kenya

Equity Bank

Mandera branch

P.O. Box 123-70300

Mandera, Kenya

National Bank Kenya

Mandera Branch

P.O BOX 146 7000

Mandera, Kenya

i) Independent Auditor

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

j) Principal Legal Adviser

The Attorney General

State Law Office





Harambee Avenue






P.O. Box 40112


City Square 00200

Nairobi, Kenya

Municipality Board

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

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

<p>10. Mr.Ahmed M. Abdille</p> 	<p>Mr. Abdille is a board member of Mandera Municipal Board. Also a senior educationist with vast experience in Education and management field.</p> <p>He Currently chairs Committee on Environment, Energy and Sanitation within Mandera municipality. Also a member of Committee on enforcement, Fire, and disaster management</p>
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Municipality Board Chairperson's Report



Introduction

I am happy to present to you Mandera Municipality's quarterly financial statement for the quarter ended 30th September, 2024 FY 2025–2026. It outlines the vision, objectives, and strategies of the Municipal Board. It spells out how we will fulfil our obligations to the people of Mandera Municipality and those of Mandera County. It is the result of extensive engagements with the people of Mandera and the county Government of Mandera. It's anchored on the pillars we consider important for effective management of the municipality; and it's in line with our strategic priorities. We thank all the people involved in the preparation of this document for their dedication, suggestions and advice. In particular, we thank Governor and the County Government of Mandera for their unwavering support. We also appreciate contributions from organized groups and individual residents of Mandera; and we promise to continue this engagement during our yearly fulfilment of municipality mandate.

Success of the year

The board chair like to acknowledge strides and success of Mandera Municipality during the financial year under review. Our major success includes but no limited to, improved of drainage systems in Mandera town, Maintenance of Solar Streetlights. Starting Phase 3 of afforestation programmes, successful management of solid waste in Mandera town and Responding to fire and emergency issues on timely and effective manners. We will work with county departments to deliver quality services to the people of Mandera. Since Mandera is the county headquarters, we understand that our performance will impact the whole county. For this, our promise to the people of Mandera is that we will strive to succeed.

Review of the Municipal Performance

The current Mandera municipal Board is the 2nd board of the Municipality. It's composed of 9 members. The board were able to lobby and advocate for transfer of functions to Mandera municipality. the board during the year were able to pass several resolutions and adopted policies and plans for the smooth

operations. It is during this year Mandera municipality qualified for KUSP 2 and also Nominated for AIPH World Green City Awards to be held at 25th September, 2024 at Utrecht Netherlands.

Challenges

With many successful stories Mandera Municipality has experienced its fair share of challenges. These includes limited resource allocations, pending bills, transferred functions without resources, logistics and poor infrastructure

Future Outlook

We will work closely with stakeholders and partners to fill the resource gaps and, we hope our efforts will make Mandera indeed the most desirable place to live, work, and invest.

.....

Name: Kulow Mohamed Sheikh

Chairperson of the Board

3. Report Of the City/Municipality Manager

Introduction

It is a great pleasure to present the Mandera Municipality's quarter report for the Financial Year 2025/2026. It is a quite a successful year with us recording number of success at both national and international arena. This year we are proud to announce that we have been nominated as finalist in upcoming AIPH World Green City Awards 2024 to be held at Utrecht, Netherlands this September 25th September 2024. This year we have also qualified for KUSP 2 programme and we stand to benefit from the programme for the next 5 years. This year we have experience quite number of challenges that includes heavy flooding resulting from Elnino and cholera outbreak. The current economic situation in the current coupled with other emerging issues. Mandera Municipality is the formal headquarters of Mandera County. The municipality is centrally located and thus easily accessible from all parts of Mandera County. Mandera's population has grown and most of the population is below the age of 35. The rate of population growth is expected to rise owing to the status as county headquarters and the growing integration of northern Kenya to the rest of the country, in which Mandera acts as gateway.

Budget Performance

Mandera Municipality during the year under review has experienced a lot of difficulties in getting adequate funding which has hampered with its service. The entity is underfunded.

Physical Progress

Despite the challenges, we managed to deliver our mandates as enshrined in the Charter and the Urban Areas and Cities Act, 2011. We were able to implement all the planned projects and Programmes were executed without much disruptions although there were times we were functioning on a skeleton staff. Some of the projects which were planned and executed include:

- i. Constructions of storm water infrastructure which includes
- ii. Construction of Trapezoidal Open Drainage Channels at Bulla Barwaqo Road Cutting and Installation of twin Lines
- iii. Unclogging and cleaning of \culverts and Drainage systems
- iv. Bush clearing along Major Roads and Storm water protections Works
- v. Construction of Shallow Earth Drains at Bulla Arabia
- vi. Rehabilitation works at Bus Parks
- vii. Repair and Maintenance of Solar Street Lights in Mandera Town targeted 414 solar poles and 6 Floodlights

Comment on each programmes

Mandera Municipality during the year under review has managed to achieve tremendous success despite our limited resource and delay in disbursements from national and county treasury. These achievements include but not limited to. All development projects were successfully carried out to our satisfactions. Also Mandera municipality did managed to the carry out the following just to mention a few. Establishment of Tree Nursery with Capacity of 30,000 seedlings, Started

Phase 3 of Mandera Greening Programme with Targets of 25,000 trees to be planted, nominated as Finalist in World Green City Awards 2024, Managed to collect 63,000 tones solid waste management in Mandera Town, opening up of CBD and Other access roads by demolition illegal encroachments, Development of 5 year Strategic Plans and 102 fire incident responses and rescue was done successfully.

Challenges

The following are the challenges experienced during the year, these includes, infestation of Mathenges trees in town, high cost of hiring services and procuring of goods, delayed funds disbursements, high costs of maintenance, lack of specialized collection vehicle for medical waste, logistics issues and vandalisation and theft of solar panels. High costs of electricity bills. Lack of machinery, tools and equipment's for repair and maintenance of roads.

Value for Money

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

We continue to provide core services that we are mandated to perform under the Charter and the UACA, 2011. Some of the services we undertake as an entity on daily basis includes: Municipal Administrative services, Solid waste management and street cleaning, Greening programme, Firefighting and disaster management, Animal welfare and control, Enforcement services, Development control, Parking and traffic control ,Revenue enhancement ,Public Health promotions and inspections, Maintenance of street lights ,Regulation of Outdoor advertisement, Storm water management and flood controls ,Stakeholder engagement and sensitizations.

Conclusion

Through the Strategic Plan which is important tool for the municipality staff. It clarifies our board's strategic intentions; defines the principles that guide our operations; and specifies our priorities. It also reminds us of our primary objective - to serve the residents of Mandera. The strategic plan helps our staff to engage colleagues, partners and other stakeholders on the kind of community and municipality we want, how we can work better, together; and what we need to improve. It outlines expected outcomes; lists our strategies; states our commitment to stakeholders; and clarifies our priorities. The residents of Mandera have expressed very high expectations; and it is against these expectations that our performance will be measured. We thank the board and the county government for the guidance that this plan provides. We have work closely with the county government to develop budget alignment strategies and accountability mechanisms that ensure adequate resourcing and follow through with this Plan. We will endeavour to continuously report on progress to our stakeholders as provided in law and through a vigorous and transparent process of engagement. Every year, we will review and update the strategies and initiatives identified in the plan. I wish to thank the Board and staff for the provision of unparalleled services to the residents of the Municipality and urge all of us to continue putting our best foot forward to enhance service delivery and continuously surpass our set targets

.....
Name: Matker Mohamed Noor
Municipality Manager

4. Statement of Performance Against Predetermined Objectives for the FY

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a County Government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board including a statement of the county government entity’s performance against predetermined objectives. The key development objectives of the Mandera Municipality for FY 2024/2025 plan are to:

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

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 the FY 2023-2024, we increased the roads network and parking facilities within the town
Urban governance and administration	Managing urban growth	Provide inhabitants with better job opportunities and improved healthcare, housing, safety and social development.	Jobs created and improvement on healthcare facilities	In the FY 2024-2025, we managed to provide temporary jobs for youths through Afforestation and Sanitation programs intensive project, parking facilities and road networks
Provide quality physical infrastructure	Meeting economic development goals	increases the competitiveness of the Municipality economy	Number of physical infrastructure developments	In FY 2024-2025, we managed to begin the upgrading of Mandera municipality parking facilities

5. Corporate Governance Statement

In appointing members of the Board of the Municipality, the County Executive Committee shall ensure gender equity, representation of persons with disability, youth and marginalized groups. The term of the members of the Board of the Municipality shall be five (5) years on a part-time basis. Removal of members of the board of the municipality remains specified in Mandera municipality charter.

The roles and functions of Mandera Municipal board member will stand as specified by the charter. The municipality will do induction and training for board member from time to time to enhance their performance.

The Board of the Municipality shall hold its sittings to transact the business of the Board once every three months Notwithstanding Article the Chairperson of the Board of the Municipality may, and upon request in writing by at least one-third of the members of the Board of the Municipality shall, convene a special meeting to transaction any urgent business of the Board of the municipality. All regular meetings of the Board of the Municipality called for the purpose of transacting public business, where a majority of the members elected are present, shall be open to the public. The excluded, however, no by-laws, resolution, rule or regulation shall be finally adopted at such an executive session. A majority of the members of the Board of the Municipality is a quorum to conduct business, but a smaller number may meet and compel attendance of absent members as prescribed by Board of the Municipality Rules.

The Board of the Municipality shall be a corporate body with perpetual succession and a common seal and shall in its own corporate name, be capable of:

- (a) Suing and being sued;
- (b) Taking, purchasing or otherwise acquiring, holding, charging or disposing of movable and immovable property;
- (c) Borrowing money or making investments within the limits imposed by law;
- (d) Entering into contracts; and
- (e) Doing or performing all other act or things for the proper performance of its.

The municipality function in accordance with the Urban Areas and Cities Act or any other written law which may lawfully be done or performed by a body corporate. There shall be a principal and agency relationship between the Board of the Municipality and the County Government of Mandera.

Municipal Charter for Mandera Municipality under Section 9 of the Urban Areas and Cities Act empowers the County Governor, on the resolution of the County Assembly, to confer on a qualifying town, the status of a Municipality by grant of charter in the prescribed form.

WHEREAS;

The Urban Areas and Cities Act does not have the prescribed form of a Municipal Charter

IN EXERCISE of The Powers Conferred By Section 9 Of The Urban Areas & Cities Act (No. 13 Of 2011), I HIS EXCELLENCY, HONORABLE ALI IBRAHIM ROBA the Governor of Mandera County certifies that this Charter set out in the Schedule hereto has been granted to the Municipality of in accordance with the provisions of the Act.

The Municipality board members or staff will not at one time be involved in conflict of interest. The Act defines situations when an individual board member's personal interest or the interest of their immediate family (spouse or dependent child) conflict with the broader municipality interest. It also imposes consequences on board members when they put their personal interests first. A member of the Board of the Municipality shall cease to hold office if the member: fails to declare his or her interest in any matter being considered or to be considered by the Board or Board Committee.

The Board of the Municipality shall not be entitled to a salary. However, members of the Board of the Municipality shall be paid such allowances as the County Executive Committee shall, with the approval of the County Assembly, and on the advice of the Salaries and Remuneration Commission determine.

6. Management Discussion and Analysis

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

By the end of financial year, Mandera municipality had received Kshs. **65,000,000(sixty five million)** Million as grant and transfer from Mandera County treasury.

In order to ensure improved transparency, accountability and fiscal responsibility in the public sector, the Mandera Municipality is committed to prudent management of finances guided by sound financial policies and guidelines that ensure efficient utilization of resources. The Mandera Municipality is also dedicated to deliver on the promises made in her budget. This will help bolster the key objective of devolution which is to promote sustainable and equitable social, political and economic development in the Mandera Municipality. Mandera Municipality during the year under review has managed to achieve quite number of success despite our limited resource and delay in disbursements from national and county treasury. These achievements include but not limited to. All development projects were successfully carried out to our satisfactions. Also Mandera municipality did managed to the carry out the following just to mention a few. Establishment of Tree Nursery with Capacity of 30,000 seedlings, Started Phase 3 of Mandera Greening Programme with Targets of 25,000 trees to be planted, nominated as Finalist in World Green City Awards 2024, Managed to collect 63,000 tones solid waste management in Mandera Town, opening up of CBD and Other access roads by demolition illegal encroachments, Development of 5 year Strategic Plans and 102 fire incident responses and rescue was done successfully.

The Municipality had a challenge in paying all its statutory deduction since we had resource deficits. However, we still have some pending bills to clear.

We are committed complied with the following listed requirements but not limited to:

- Public Finance Management Act 2012
- Public procurement disposal Act 2015.

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

7. Environmental And Sustainability Reporting

Mandera Municipality exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on Environmental policy and environmental performance: putting the residents/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar.

Environmental Policy Guiding Municipality

The municipality depends on the national and county environmental laws and policies in day-to-day environmental management

1. Environment Management and Coordination Act (EMCA 1999) Amended 2015.
 - The Environmental (Impact Assessment and Audit) Regulations, 2009 Legal Notice No. 101;
 - The Environmental Management and Coordination (Waste Management) Regulations, 2006 Legal Notice No. 121
 - The Environmental Management and Coordination (Water Quality) Regulations, 2006 Legal Notice No. 120;
 - The Environmental Management and Coordination (Noise and Excessive Vibration Pollution Control) Regulations, 2009 Legal Notice No. 61;
 - The Environmental Management and Coordination (Air Quality Regulations 2014)
2. National Environment Policy (NEP 2012)
 - The policy sets out important provisions relating to the management of ecosystems and the sustainable use of natural resources, and recognizes that natural systems are under intense pressure from human activities particularly for critical ecosystems including forests, grasslands and arid and semi-arid lands. The objectives of the Policy include developing an integrated approach to Environmental management, strengthening the legal and institutional framework for effective coordination, promoting environmental management tools
 - The NEP applies during construction of infrastructure project i.e. on Environmental & Social Management and Monitoring Plan (ESMMP)
3. County Environment Action Plan (CEAP 2020-2024)- Intended to provide guidelines on solutions to some environmental impacts in the county.
4. The Mandera County Climate Change bill 2021
 - Success
 - Increased tree cover in the Municipality
 - Sustainable management of solid waste
 - Short Comings
 - General reduction of natural resources ability to sustain population growth

- Scarcity of resources i.e., water and pasture for livestock
- Increased poor land use system diminishing the viability of soils hence reducing farm productivity

Effort Towards Bio Diversity

- Strict laws preventing cutting down of trees
- Incentives for reforestation and afforestation
- Concerted efforts by government, private institutions and civil society organizations and measures that enhance nature's ability to provide critical ecosystem services.

Policies on Waste Management

- National Solid Waste Management strategy (2015)
- Environmental Management and Coordination (Waste Management) Regulations of 2006
- Mandera Municipality Solid Waste Management Policy (Ongoing)

8. 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 Municipality of Mandera principal activities are to;

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

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 vi . The changes in the Board during the financial year are as shown below:

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

.....

Name:Matker Mohamed Noor

Secretary of the Board

9. Statement of Management’s Responsibilities

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

The Municipality manager is responsible for the preparation and presentation of the Municipality’s financial statements, which give a true and fair view of the state of affairs of the Municipality for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the City/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 City/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 Municipality’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’s financial statements were approved by the Board on 25Th September,2025 and signed on its behalf by:

.....

Name: Kulow Mohamed Sheikh

Chairperson of the Board

.....

Name: Matker Mohamed Noor

Secretary of the Board

10. Report of the Independent Auditor Mandera Municipality

11. Statement of Financial Performance for The Quarter Ended 30Th September, 2025.

Description	Note	Q1 2025/2026	Q1 2024/25
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from the County Government	6	65,000,000	48,321,657.95
Other revenues	7	6379	52,384.95
Total revenue		65,006,379	48,374,041.95
Expenditure			
Use of goods and services	8	4,131,336	2,594,771
Staff costs	9	60,660,000	45,426,000
Board expenses	10	50,000	350,000
Depreciation and amortization	11	0	0
Repairs and maintenance	12	0	0
Total expenses		64,841,336	48,370,771
Surplus/(deficit) for the period		165,043	3,270.95

The entity Quarterly financial statements were approved on 30Th August, 2025 and signed by:

.....

Name: Matker Mohamed Noor
Municipality Manager

.....

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

12. Statement of Financial Position as At 30th September, 2025

Description	Note	Q1 2025/2026	Q1 2024/2025
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	13	6,379	3,270.95
Total current assets		6,379	3,270.95
Non-current assets			
Property, plant, and equipment	14	77,874,495	98,009,860
Total Non-current Assets		77,874,495	
			98,009,860
Total assets (A)		77,880,874	98,036,720.95
Liabilities			
Current liabilities			
Trade and other payables	15	2,272,614	
Total current liabilities		2,272,614	(0)
Non-current liabilities			(0)
Provisions		0	
Total liabilities (B)		2,272,614	(0)
Net Assets (A-B)		75,608,260	98,036,720.95
Represented by:			
Capital Fund		115,065,449	0
Accumulated surplus		(39,457,239)	(10,688,179)
Net Assets/Equity		75,608,260	98,036,720.95

The entity financial statements. Were approved on 25th August, 2025 and signed by:

.....
Name: Matker Mohamed Noor
City/Municipality Manager
Date:

.....
Name: Adan Abdi Baraka
Head of Finance
ICPAK M/No:257994
Date:

13. Statement of Changes in Net Assets for the Quarter Ended 30TH September, 2025

Description	Capital fund	Accumulated surplus	Total
		Kshs.	Kshs.
Bal as at 1 July 2023	115,065,449	19,270,520	95,794,929
Surplus/(deficit) for the year		(10,688,179)	(10,688,179)
Bal as at 30 Jun 2024	115,065,449	(29,958,699)	85,106,750
Bal as at 1 July 2024	115,065,449	(29,958,699)	85,106,750
Surplus/(deficit) for the year	0	(9,498,972)	(9,498,972)
Balance as at 30 June 2025	115,065,449	(39,457,239)	75,608,260

14. Statement of Cash Flows for the Quarter Ended 30TH September, 2025

Description	Note	Q1 2025/2026	Q1 2024/2025
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government		65,000,000	1,015,384.95
Other revenues		6379	47,358,657
Total Receipts		65,006,379	48,374,041.95
Payments			
Use of goods and services		4,131,336	2,594,771
Staff costs		60,660,000	45,426,000
Board expenses		50,000	350,000
Repair and Maintenance		0	0
Total Payments		64,841,336	(48,370,771)
Net cash flows from operating activities	34	165,043	3,270.95
Cash flows from investing activities			
Purchase of PPE & intangible assets		0	0
Net cash flows used in investing activities		0	-
			(0)
Cash flows from financing activities			
Receipts from Capital grants		0	
Net cash flows used in financing activities		0	
Net increase/(decrease) in cash & cash equivalents			
Cash And Cash Equivalents At 1 July	19	6379	3270.95
Cash And Cash Equivalents At 30 June	19	165,043	3270.95

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15. Statement of Comparison of Budget & Actual Amounts for the Quarter ended 30TH September, 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
Budget carryovers from the previous year*	-	6379	60,320	60,320	0	100%
Receipts						
Transfers from the County Government	400,000,000	-	400,000,000	65,000,000	335,000,000	16.3%
Other income	0	-	0	0	0	100%
Total Receipts	400,000,000	6379	400,006,379	65,006,379	335,000,000	16.3%
Payments						
Use of goods and services	130,000,000		130,000,000	4,131,336	125,868,664	3.2%
Board expenses	3,000,000	6379	192,000,000	60,660,000	131,340,000	31.6%
Staff Costs	192,000,000		3,006,379	50,000	2,956,379	1.2%
Repairs and Maintenance	75,000,000		75,000,000	0	75,000,000	0%
Total expenditure Payments	400,000,000	0.00	400,006,379	64,841,336	335,165,043	16.3%
Capital Expenditure Payments	0	0		0	0	
Surplus for the period	0	0	0.00	165,043	(165,043)	

Budget notes

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	165,043
	Closing Cash and Cash Equivalent as per the statement of Cash flows	165,043

16. Notes to the Financial Statements

1. General Information

Mandera Municipality is established by and derives its authority and accountability from UACA Act. The Municipality is under the Mandera County Government and is domiciled in Kenya. The entity's principal activity is to provide for efficient and accountable management of the affairs of the Municipality

2. Statement of Compliance and Basis of Preparation

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

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

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

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<p>IPSAS 46: Measurement</p>	<p><i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol 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>
<p>IPSAS 47: Revenue</p>	<p><i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48: Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
<p>IPSAS 50:</p>	<p><i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p>

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Exploration For & Evaluation of Mineral Resources	<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.

4. Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the Municipality board on 10th June, 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.

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 under section 14 of these financial statements.

c) Property, plant and equipment

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

Rates

- Motor Vehicle....12.5%
- Computers..... 30%
- Office Furniture...12.5%
- Other Assets 12.5%
- Plant and Property 10%

d) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in

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surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

e) Biological Assets

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

f) Financial instruments

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

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

Financial assets

Classification of financial assets

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

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity

manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through a surplus or deficit model.

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

g) Inventories

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

Raw materials: purchase cost using the weighted average cost method

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

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

the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Municipality.

h) Provisions

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

i) Social Benefits

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

j) Contingent liabilities

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

k) Contingent assets

The City/Municipality does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality in the notes to the

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

l) Nature and purpose of reserves

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

m) Changes in accounting policies and estimates

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

n) Employee benefits – Retirement benefit plans

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

o) Foreign currency transactions

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

p) Borrowing costs

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

q) Related parties

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

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Events after the reporting period

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

Two types of events can be identified:

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

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

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

u) Currency

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

5. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made.

Estimates and assumptions.

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

Useful lives and residual values

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

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

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6. Transfers from the County Government

Description	2025/2026	2024/2025
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	65,000,000	47,358,657
Unconditional development grants	0	0
Other Income	0	0
Total	65,000,000	47,358,657

(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	2024/2025
			Kshs	Kshs	Kshs
Mandera Municipality	65,000,000	0	0	65,000,000	47,358,657
Total	65,000,000	0	0	65,000,000	47,358,657

7. Other Revenues

Description	2025/2026	2024/2025
	Kshs.	Kshs.
Other Income	0	0
Total	0	0

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8. Use of Goods and Services

Description	2025/2026	2024/2025
	Kshs.	Kshs.
Utilities, supplies and services	0	
Communication, supplies and services	0	150,000
Domestic travel and subsistence	760,000	0
Printing, advertising, supplies & services	0	0
Hospitality supplies and services	50,000	0
Specialized materials and services	1,508,000	0
Office and general supplies and services	0	0
Fuel, oil and lubricants	1,000,000	300,000
Other operating expenses	636,440	4295
Routine maintenance – vehicles and other equipment	0	0
Routine maintenance – other assets	0	0
Hire of Transport, equipment etc	176,896	2,140,476
Total	4,131,336	2,594,771

9. Staff costs

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Salaries and wages	60,660,000	45,000,000
Social security contribution	0	426,000
Total	60,660,000	45,426,000

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10. Board expenses

Description	2025/2026	2024/2025
	Kshs.	Kshs.
Sitting allowances	50,000	350,000
Travel and accommodation	00	00
Total	50,000	350,000

11. Depreciation and amortization

Description	2025/2026	2024/2025
	KShs	KShs
Furniture and fittings	0	0
Computers	0	0
Other Assets	0	0
Plant and Equipment	0	0
Total depreciation and amortization	00	00

12. Repairs and Maintenance

Description	2025/2026	2024/2025
	KShs	KShs
Property- Buildings	0	0
Rehabilitation of Plant, equipment and machinery	0	0
Construction of civil works	0	0
Maintenance of civil works	0	0
Total repairs and maintenance	00	00

13. Cash and cash equivalents

Description	2025/2026	2024/2025
	Kshs.	Kshs.
Current account	165,043	3,270.95
Total cash and cash equivalents	165,043	3,270.95

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

Financial institution	Account number	2025/2026	2024/2025
		Kshs.	Kshs.
a) Current account			
Equity Bank limited	1000279767361	2145	-
National Bank of Kenya	01050211663600	165,043	3,270.95
Sub- total		167,188	3,270.95
Grand total		167,188	3,270.95

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14. Property, Plant and Equipment

Description	Furniture and fittings	Computers	Biological Assets	Plant and Equipment	Total
	Shs	Shs	Shs		Shs
Depreciation Rate	12.5%	30%	12.5%	10%	
As at 1 July 2023 (previous year)	11,436,465	2,500,690	13,116,492	83,083,933	110,137,580
Additions	0	0	0	0	0
As at 30 th June 2024	11,436,465	2,500,690	13,116,492	83,083,933	110,137,580
Additions for the year	0	0	0	0	0
As at 30 th June 2025	11,436,465	2,500,690	13,116,492	83,083,933	110,137,580
Depreciation and impairment					
At 1 July 2023	1,429,558	750,207	1,639,562	8,308,393	12,127,720
Depreciation	1,250,863	525,145	1,434,617	7,477,554	10,688,179
As at 30 June 2024	1,250,863	525,145	1,434,617	7,477,554	10,688,179
Depreciation for the year	1,094,506	367,601	1,255,280	6,729,799	9,447,186
As at 30 th June 2025	2,345,369	892,746	2,689,897	14,207,353	20,135,365
NBV as at 30th Jun 2024	8,756,044	1,225,338	10,042,313	67,297,986	87,321,681
NBV as at 30th Jun 2025	7,661,539	857,737	8,787,033	60,568,187	77,874,495

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15. Trade and Other Payables

Description	2025/2026		2024/2025	
	Kshs.		Kshs.	
Trade payables	2,274,759		2,275,251	
Total trade and other payables	2,274,759		2,275,251	
Ageing analysis:	2025/2026	% of the Total	2024/2025	% of the Total
Under one year	2,274,759	100%	2,275,251	100%
Total	2,274,759	100%	2,275,251	100%

16. Related party balances

a) Nature of related party relationships

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

- a) The County Government of Mandera .
- b) County Assembly.
- c) Key management.
- d) Municipality Board

b) Related party transactions

Description	FY 2025-2026	FY 2024-2025
	Kshs.	Kshs.
Transfers from related parties'	65,000,000	47,358,657
	65,000,000	47,358,657

c) Key management remuneration

Description	FY 2025-2026	FY 2024-2025
	Kshs.	Kshs.
Board Members	00	00
Key Management Compensation	00	00
Total	00	00

17. Financial risk management

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

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

I. Credit risk

The City/Municipality has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience, and other factors. Individual risk limits are set based on internal or external assessments in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the City/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 City/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 30th September,2025				
Bank balances	165,043	165,043	0	0
Total	165,043	165,043	0	0
At 30th September, 2025				
Bank balances	165,043	165,043	0	0
Total	165,043	165,043	0	0

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 City/Municipality has recognised in the financial statements is

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considered adequate to cover any potentially irrecoverable amounts. The City/Municipality has no significant concentration of credit risk.

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	Between 1-	Over 5	Total
	month	3 months	months	
	Kshs.	Kshs.	Kshs.	Kshs.
At 30TH September,2025				
Trade payables	-	2,272,614	-	2,272,614
Total	-	2,272,614	-	2,272,614
At 30TH September,2025				
Trade payables	-	-	2,272,614	-
Total	-	-	2,272,614	2,272,614

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 City/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 were Nil.

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.

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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 2025-26	FY 2024/2025
	Kshs.	Kshs.
Accumulated surplus	(39,457,239)	(29,958,699)
Total Funds	(39,457,239)	(29,958,699)
Less: cash and bank balances	(165,043)	(60,320)
Gearing	(39,292,196)	(30,019,019)

17. Appendices

Appendix 1. Progress on Follow up of Auditors Recommendations.

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

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

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

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

Guidance Notes:

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

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Name: Adan Abdi Baraka

Head of Finance

ICPAK M/No

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Appendix 2: Inter-Entity Transfers

MUNICIPALITY NAME: Mandera Municipality				
Breakdown of Transfers from the County Executive of Mandera County				
FY 2025/2026				
a) a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
b)	Municipality Grants	15/09/2025	65,000,000	FY 2025/2026
c)				
d)				
e)				
f)				
g)				
h)				
i)				
j)				
k)				
l)				
m)				
n)				
		Total	65,000,000.00	FY 2025-2026

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Name: Adan Abdi Baraka
Head of Finance
ICPAK M/No

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