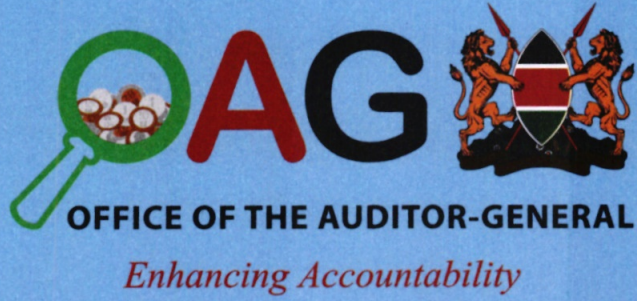


REPUBLIC OF KENYA



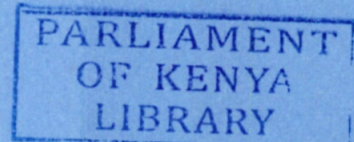
# REPORT

OF

# THE AUDITOR-GENERAL

PAPERS LAID	
DATE	20/3/2024
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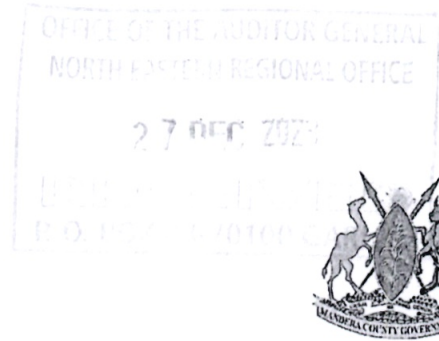
ON



# MANDERA MUNICIPALITY

**FOR THE YEAR ENDED  
30 JUNE, 2023**





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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>th</sup> JUNE 2023**

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



*County Government of Mandera*  
*Mandera Municipality*  
*Annual Report and Financial Statements for the year ended June 30, 2023*

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**1. Acronyms and glossary of terms**

PSASB	Public Sector Accounting Standards Board
FY	Financial Year
OSHA	Occupational Safety & Health Act
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
EMCA	Environment Management and Coordination Act
NEP	National Environment Policy
ESMMP	Environmental & Social Management and Monitoring Plan
CEAP	County Environment Action Plan
IPSAS	International Public Sector Accounting Standards
SNA	System of National Accounts





**2. Key Entity Information and Management**

**a) Background information**

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

**b) Principal Activities**

**OUR VISION**

A Prosperous and people-centred Municipality in Kenya.

**OUR 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) Mandera Municipality Board**

Ref	Position	Name
1	Secretary	Matker M Noor
2	Chairman - Board	Kulow Mohamed Sheikh
3	Vice-Chair	Abdia Hussein Abdi
4	Board Members	Hussein Maalim Mohamed
5	Board Members	Famsahara Adan Maalim
6	Board Members	Mohamed Abdullahi Omar
7	Board Members	Ibrahim Hassan Malow
8	Board Members	Salah Maalim Alio
9	Board Members	Zhulekha Osman

**d) Key Management**

Ref	Name	Position
1	Matker M Noor	Municipal Manager
2	Adan Abdi Baraka	HoD-Finance and Administration
3	Amina Abdi Wahid	Deputy Manager
4	Farah Mohamed	HoD-Public Health, Environment & Sanitation

**County Government of Mandera**  
**Mandera Municipality**  
**Annual Report and Financial Statements for the year ended June 30, 2023**



6	Mohamed Edin	HoD-Development Services.
7	Abdi Hussein	HoD-Enforcement, Fire and Disaster Management.

- e) **Fiduciary Oversight Arrangements**  
✓ The Mandera Municipality Board  
✓ The office of the Auditor General  
✓ The office of the Controller of Budget  
✓ Internal Auditors

- 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 Ltd  
Mandera Branch, 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







3. Municipality Board

Name	Details of qualifications and experience
	<p><b>Salah Maalim Alio –Member- CECM</b> He was born on 05-10.1969. He has an MSc. In Governance, Peace and Security. He has Over 15 Years' Experience in the Management Field. The Chair does not oversee any Committee in the Board.</p>
	<p><b>Abdia Hussein Abdi-V/Chair</b> She was born on 28-12-1989. She has a Diploma in Clinical and Community Health Nutrition and Has over 8 Years' Experience in that sector. She chairs the Enforcement, Fire and Disaster Management Committee.</p>
	<p><b>Zhuleikha Maalim Osman-CCO</b> She born in 1989. She has a Bachelor's Degree in Business Administration and has worked as procurement officer at the county treasury and 8 Years working experience in a management level. She is also a Member of Audit, Risk, Governance &amp; Compliance and also Energy and Environment Committee.</p>
	<p><b>Matker M Noor – Municipal Manager</b> He was born in 1971. He has a Bachelor's Degree in Education and has worked as a teacher and had 28 Years working experience at a management level. He is Secretary to all Committees of the board except Audit, Risk, and Governance &amp; Compliance.</p>
	<p><b>Kullow Mohamed Sheikh-Chairman</b> He was born in 1967. He has an MA in International Relations and Diplomacy. Has over 25 years working experience in the governing sector. He is a Chair in Finance, Planning &amp; Development Committee.</p>
	<p><b>Mohamed Abdullahi Omar- member</b> He was born in 16/03/1975. He has an MSc Governance, Peace and Security and has over 19 years' experience in working sector. He is a Chair of Energy, Environment &amp; Sanitation Committee.</p>





	<p><b>Famsahara Adan Maalim</b> She was born in 1993. She has a Diploma in Business Management and has had 5 years of working experience. She chairs the Enforcement, Fire and Disaster Management Committee.</p>
	<p><b>Ibrahim Hassan Malow</b> He was born in 03-02-1976. He has a Diploma in Adult Education and Community Development and has over 18 years working experience. He is a member of Audit, Risk, and Governance &amp; Compliance and Environment, Energy and Sanitation Committee.</p>



#### 4. Management Team

Name	Details of qualifications and experience
	<p><b>Matker M Noor – Municipal Manager</b> He was born in 1971. He is responsible for the overview of the municipality and its performance, the municipal board secretary and the head of the municipal staff. He has a Bachelor's Degree in Education and has worked as a teacher and had 28 Years working experience at a management level.</p>
	<p><b>Adan Abdi Baraka</b> He was born in 1991 and has a Bachelor's degree in Commerce and Another Bachelors of Arts in International Relations and Diplomacy. He is the HoD Finance and Administration responsible for Finance, Strategy, Corporate services and Administration. Also developing summary feedback of financial statements and budget variances.</p>
	<p><b>Amina Abdiwahid – Deputy Manager</b> She was born in 1988. She has bachelor's degree in Business Administration and a diploma in Business Management. She has worked as a teller at KCB Bank Eastleigh Branch. She is responsible in implementing the decisions and functions of the board of the municipality and assist in enforcement of the provisions of municipal charter and by-laws.</p>
	<p><b>Farah Mohamed</b> He was born in 1972. He has a master's in Arts (Development Studies) and Bachelor of Education and Community Development. He worked for NG-CDF Mandera East and a lecturer at ECDE Mandera District. He is responsible preparing training projections and preparing agenda and minutes for human resource advisory committee and ensure proper movement of files, documents and records in accordance with government regulations.</p>





**Mohamed Edin**

He was born in 1993. He has a bachelor in Geospatial and Space Technology Engineering. He worked at Spatial Research and Recourse Survey Limited.

HoD-Development Services who is responsible for Lands & Planning; Infrastructure Development (public works including Roads, markets, bus parks, water, Drainage system, schools, health facilities etc.) and Business Development Departments



**Abdi Hussein**

**HoD-Enforcement, Fire and Disaster Management.**

He was born in 1968. He is currently pursuing a Bachelor of Business Administration from the East African University and has a Diploma in Business Management from the Kenya Institute of Management. He has had an array of experience through his career life which includes the following:

Project Manager of the Arid Lands; Project Coordinator of the Nomadic Agenda and Delivery and Monitoring Unit.

He is responsible for Developing disaster management policy and strategies and various Mitigation factors in Fire and Disaster Management Department.





## 5. Municipality Board Chairperson's Report



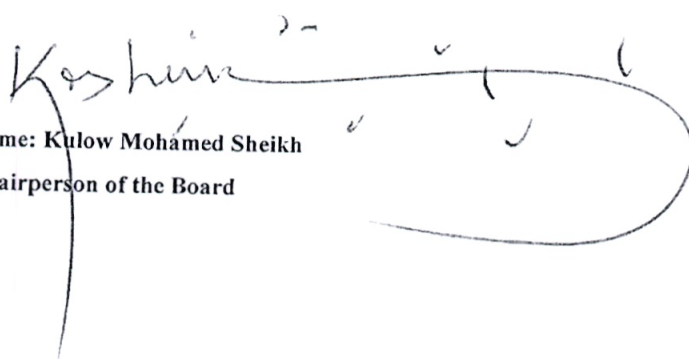
I am happy to present to you Mandera Municipality's financial statement for FY 2022–2023. It outlines the vision, objectives, and strategies of the Municipal Board. It spells out how we will fulfil our obligations to the people of Mandera Municipality and those of Mandera County. It is the result of 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.

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.

The needs are many and resources, as usual, are limited, small size of economy, Small skills pool, Inadequate Housing, Inadequate hospitality services and Lack of Sewer system are the main challenges we have in Mandera and developing one will require immense investments the municipality may not have at present. The current Mandera municipal Board is the inaugural board of the Municipality and the first urban board in Mandera county. It's composed of 9 members.

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



**6. Report of the Municipality Manager**

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.

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.

**MATKER MOHAMED NOOR**

**Municipality Manager**



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

*Guidance*

**Introduction**

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a County Government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board including a statement of the county government entity's performance against predetermined objectives. The key development objectives of the Mandera Municipality for FY 2022/2023 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 2022-2023, 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 2022-2023, 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 2022-2023, we managed to begin the upgrading of Mandera municipality parking facilities





#### **8. 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 transact 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.



## **9. Management Discussion and Analysis**

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

By the end of this financial year, Mandera municipality had received Kshs. 449,000,000 million as 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.

### **Compliance with statutory requirements**

The Municipality complied with the following listed requirements but not limited to:

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

### **Conclusion**

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 2022/2023.





### **10. Environmental and Sustainability Reporting**

Mandera Municipality exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, 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 Mandera 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

#### **Biodiversity Management**

1. **Success;**
  - Increased tree cover in the Municipality
  - Sustainable management of solid waste
2. **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
3. **Efforts towards biodiversity management**
  - 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)





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

The Municipal Vision captures the desires of the residents of the Mandera, expectations of the county government of Mandera, and the hopes of various other municipal stakeholders as observed during the consultations and in the review of various national and county development strategy documents.

**END OF YEAR FINANCIAL REPORT**

The accountant took Members through the entire financial report of (FY 2022-2023)

The report was shared on agreement that accounts to avail supporting documents and relevant schedule to the external auditors for review.

A handwritten signature in black ink, appearing to read 'Matker Mohamed Noor', written over a horizontal dotted line.

**Matker Mohamed Noor**  
**Secretary of the Board**



## 12. Statement of Management's Responsibilities

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

The Municipality manager is responsible for the preparation and presentation of the Municipality's financial statements, which give a true and fair view of the state of affairs of the Municipality for and as at the end of the financial year ended on June 30, 2023. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period,
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Municipality,
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud,
- (iv) Safeguarding the assets of the Municipality,
- (v) Selecting and applying appropriate accounting policies, and
- (vi) Making accounting estimates that are reasonable in the circumstances.

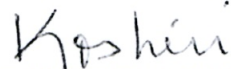
The Municipality Manager accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *Urban Areas and Cities Act No. 13 of 2011*. The Municipality Manager is of the opinion that the financial statements give a true and fair view of the state of Municipality's transactions during the financial year ended June 30, 2022, and the financial position as at that date.

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

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

### Approval of the financial statements

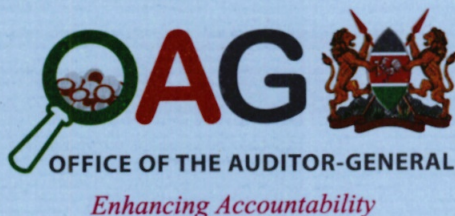
The Municipal's financial statements were approved by the Board on 30<sup>th</sup> July 2023 and signed on its behalf by:

  
.....  
Name: **Kulow Mohamed Sheikh**  
Chairperson of the Board

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



# REPUBLIC OF KENYA



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Email: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke

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

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

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Mandera Municipality set out on pages 1 to 17, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the



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

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Mandera Municipality as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Urban Areas and Cities Act, 2011 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unsupported Payments on Hire of Motor Vehicles**

The statement of financial performance reflects use of goods and services of Kshs.126,278,999 which includes an expenditure on hire of transport vehicles totalling to Kshs.70,693,611. The vehicles were hired for purposes of afforestation and sanitation service. However, Management did not provide the relevant documents to support payments amounting to Kshs.7,352,068. Supporting documents not provided included distribution schedules, program of work, summary of hours worked, schedules of trips and operations done by the hired vehicles.

In the circumstances, the accuracy and validity of expenditure on hire of transport vehicles totalling to Kshs.7,352,068 could not be confirmed.

#### **2. Unsupported Routine Maintenance of Vehicles and Other Transport Equipment**

The statement of financial performance reflects use of goods and services balance of Kshs.126,278,999 which includes expenditure of Kshs.3,188,647 on routine maintenance of vehicles and other transport equipment. However, Note 13 on property plant and equipment did not disclose existence of any motor vehicles owned by the Municipality. It was therefore not clear which motor vehicles were repaired.

In the circumstances the propriety and validity of routine expenditure amounting to Kshs.3,188,647 could not be confirmed.

#### **3. Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment balance of Kshs.98,009,860. The balance includes assets with a net book value of Kshs.11,476,930 as disclosed in Note 13 to the financial statements under other assets. Management did not provide the specific classification of the assets and details of the other assets.

In addition, Management did not provide letters of appointment of the procurement ad hoc committee members and notification letters to the winning and losing bidders for procurement of various items relating to property, plant and equipment worth Kshs.5,836,769.

In the circumstances, the accuracy of property plant and equipment balance of Kshs.98,009,860 could not be confirmed.



#### **4. Unsupported Accounts Payables**

The statement of financial position reflects accounts payables balance of Kshs.16,387,243 and as disclosed in Note 14 to the financial statements. However, the balance was not supported with schedules or ledgers indicating description of goods supplied, dates and amounts payable to respective suppliers.

In the circumstances, the accuracy of accounts payable balance of Kshs.16,387,243 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Mandera 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 qualified opinion.

#### **Emphasis of Matter**

##### **Under-Absorption on Development Budget**

The statement of comparison of budget and actual amounts for the year ended 30 June, 2023 reflects total expenditure budget of Kshs.149,415,597 against actual expenditure of Kshs.51,141,231 resulting to under absorption of the budgeted amount by Kshs.98,274,366 or 66%. No explanation was given for the under absorption.

Budget under absorption may have resulted to non-implementation of planned programmes, negatively impacting on service delivery by the Municipality.

My opinion is however, not modified in respect of this matter.

#### **Key Audit Matters**

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

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

##### **Conclusion**

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for 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. Engagement of Casual Workers for a Prolonged Duration**

Review of the documents provided revealed that the Municipality engaged one thousand four hundred and thirty (1,430) casuals for more than three (3) continuous months. This was contrary to Section 37(1)(a) & (b) of the Employment Act, 2007 which provides that where a casual employee works for a period or a number of continuous working days which amount in the aggregate to the equivalent of not less than one month or performs work which cannot reasonably be expected to be completed within a period or a number of working days amounting in the aggregate to the equivalent of three months or more, the contract of service of the casual employee shall be deemed to be one where wages are paid monthly. The contracts of the casuals were renewed after every three (3) months.

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

### **2. Delayed Remittance of Statutory Deductions**

Analysis of statutory deductions from the manual payrolls revealed that the National Social Security Fund and National Hospital Insurance Fund deductions amounting to Kshs.3,655,720 and Kshs.3,842,000 respectively were not remitted within the statutory timelines. This was contrary Section 19(4) of the Employment Act, 2007 which provides that an employer who deducts an amount from an employee's remuneration in accordance with subsection (1)(a), (f), (g) and (h) shall pay the amount so deducted in accordance with the time period and other requirements specified in the law, agreement court order or arbitration as the case may be.

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

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

Review of the operations of the Municipality revealed that some of the functions stipulated under Section 5 of the Municipal Charter, were carried out by the County Executive of Mandera. These included construction and maintenance of urban roads and associated infrastructure, construction, maintenance and regulation of municipal markets and abattoirs, promotion, regulation and provision of municipal sports and cultural activities development and enforcement of municipal plans and development control, construction and maintenance of rehabilitation centers and control of drugs and substance abuse, management of public transport, promoting and undertaking infrastructural development and services within the municipality, developing a framework for spatial and master plans for the municipality, construction and management of community centers, funeral parlors, cemeteries, libraries, and religious institutions and revenue collection.

Failure to transfer key functions to the Municipality may result to ineffectiveness in the performance of its functions and may not justify the establishment of the Municipality.

### **4. Over Reliance on Transfers from County Government**

Review of the statement of financial performance revealed that Mandera Municipality was financed solely through receipts allocated by the County Government of Mandera contrary. The Municipality did not generate its own revenue from sources provided under



Section 172(a) of the Public Finance Management Act, 2012 which include rates, fees, levies, charges and other revenue raising measures.

In the circumstances the sustainability of service delivery may not be guaranteed due to over reliance on allocations from the County Government.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAI) 4000. The Standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements 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 matter described in the Basis for Conclusion, 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**

#### **Lack of Risk Management Policy and Information Technology Policy**

Review of the Municipality's internal control and risk management processes revealed that the Municipality did not have a documented risk management policy and Information Technology policy.

Lack of documented risk management policy and Information Technology policy may negatively impact on overall governance of the Municipality.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 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 the Board of the Municipality**

The 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 the 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, the Management is responsible for assessing the Municipality's ability to continue sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to dissolve the Municipality or cease operations.

The 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, the 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 the Municipality 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**

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control 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 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not



reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

08 January, 2024



**County Government of Mandera**  
**Mandera Municipality**  
**Annual Report and Financial Statements for the year ended June 30, 2023**



**14. Statement of Financial Performance for The Year Ended 30 June 2023.**

	Notes	2022/23	2021/22
		Kshs.	Kshs.
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	397,879,787	324,925,200
Other revenues		-	-
<b>Total revenue from exchange transactions</b>		<b>397,879,787</b>	<b>324,925,200</b>
<b>Expenditure</b>			
Use of goods and services	7	126,278,999	149,714,943
Staff costs	8	173,921,354	105,768,459
Board expenses	9	857,300	1,495,600
Depreciation	10	12,127,720	4,927,869
Repairs and maintenance	11	98,295,384	87,811,293
<b>Total expenses</b>		<b>(411,480,757)</b>	<b>349,718,164</b>
<b>Other gains/losses:</b>			
<b>Surplus/(deficit) for the period</b>		<b>(13,600,970)</b>	<b>(24,792,964)</b>

The notes set out on pages 6 to 17 form an integral part of these Financial Statements. The entity financial statements were approved on June 2023 and signed by:

Name: Matker Mohamed Noor  
Municipality Manager

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



15. Statement of Financial Position as at 30 June 2023

	Note	2022/23 Kshs.	2021/22 Kshs.
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	12	14,172,312	1,586,271
Other current assets			-
<b>Total current assets</b>		<b>14,172,312</b>	<b>1,586,271</b>
<b>Non-Current Assets</b>			
Property, plant, and equipment	13	98,009,860	59,017,367
<b>Total Non-current Assets</b>		<b>98,009,860</b>	<b>59,017,367</b>
<b>Total assets</b>		<b>112,182,172</b>	<b>60,603,638</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14	(16,387,243)	(2,327,952)
<b>Non-current liabilities</b>		<b>(16,387,243)</b>	<b>(2,327,952)</b>
<b>Total liabilities</b>		<b>(16,387,243)</b>	<b>(2,327,952)</b>
<b>Net assets</b>		<b>95,794,929</b>	<b>58,275,686</b>
<b>Capital Grant</b>		<b>115,065,449</b>	<b>63,945,236</b>
Retained Earnings		(19,270,520)	(5,669,550)
Revaluation Reserve		-	-
<b>Total net assets and liabilities</b>		<b>95,794,929</b>	<b>58,275,686</b>

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

Name: Matker Mohamed Noor

Municipality Manager

Date: 30th June 2023

Name: Adan Abdi Baraka

Head of Finance

ICPAK M/No: 257994





County Government of Mandera  
Mandera Municipality  
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16. Statement of Changes in Net Assets for the year ended 30 June 2023

	Capital/ Development Grants/Municipality	Revaluation Reserve	Retained Earnings	Total
		Kshs.	Kshs.	Kshs.
<b>Balance as at 1 July 2021</b>	-	-	-	-
Surplus/(deficit) for the period	11,640,859	-	-	11,640,859
Municipality's received during the year	52,304,377	-	-	52,304,377
Revaluation gain		-	-	
<b>Balance as at 30 June 2022</b>	63,945,236	-	(5,669,550)	58,275,686
<b>Balance as at 1 July 2022</b>	63,945,236	-	(5,669,550)	58,275,686
Surplus/(deficit) for the period			(13,600,970)	(13,600,970)
Municipality's received during the year	51,120,213			51,120,213
Revaluation gain		-		-
<b>Balance as at 30 June 2023</b>	115,065,449	-	(19,270,520)	95,794,929

  
Name: Matker Mohamed Noor  
Municipality Manager

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

County Government of Mandera  
Mandera Municipality  
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17. Statement of Cash Flows for The Year Ended 30 June 2023

	Note	2022/23	2021/22
		Kshs.	Kshs.
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government	6	449,000,000	324,925,200
<b>Total Receipts</b>		<b>449,000,000</b>	<b>324,925,200</b>
<b>Payments</b>			
Use of goods and services	7	126,278,999	149,714,943
Staff costs	8	173,921,354	105,768,459
Board expenses	9	857,300	1,495,600
Repair and Maintenance		84,236,093	87,811,293
<b>Total Payments</b>		<b>385,293,746</b>	<b>256,979,002</b>
<b>Net cash flows from operating activities</b>		<b>63,706,254</b>	<b>256,979,002</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE & intangible assets	13	(51,120,213)	87,811,293
Proceeds from sale of PPE			-
<b>Net cash flows used in investing activities</b>		<b>(51,120,213)</b>	<b>(87,811,293)</b>
<b>Cash flows from financing activities</b>			
Receipts from Capital grants			
<b>Net cash flows used in financing activities</b>			
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>12,586,041</b>	<b>1,586,271</b>
Cash And Cash Equivalents At 1 July 2022	12	1,586,271	19,123,414
<b>Cash And Cash Equivalents At 30 June</b>	12	<b>14,172,312</b>	<b>1,586,271</b>

Name: Matker Mohamed Noor  
Municipality Manager

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



County Government of Mandera  
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18. Statement of Comparison of Budget & Actual Amounts for the Year ended 30 June 2023

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	c=(a+b)	d	e=(c-d)	f=d/c
<b>Revenue</b>		<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	
Transfers from the County Government	397,879,787	0	397,879,787	397,879,787	0	100%
Adjustment(Fund balance `b/f)	1,586,271	0	1,586,271	1,586,271	-	100%
<b>Total Revenue</b>	<b>399,466,058</b>	<b>0</b>	<b>399,466,058</b>	<b>399,466,058</b>	<b>0</b>	<b>100%</b>
<b>Expenses</b>						
Use of goods and services	(126,278,999)	0	(126,278,999)	(126,278,999)	0	100%
Staff Costs	(173,921,354)	0	(173,921,354)	(173,921,354)	0	100%
Board Expenses	(857,000)	0	(857,000)	(857,000)	0	100%
Repairs and Maintenance	(98,295,384)	0	(98,295,384)	(98,295,384)	0	100%
<b>Total Expenditure</b>	<b>-399,352,737</b>	<b>0</b>	<b>-399,352,737</b>	<b>-399,352,737</b>	<b>0</b>	<b>100%</b>
<b>Surplus for the period</b>	<b>113,321</b>	<b>0</b>	<b>113,321</b>	<b>113,321</b>		<b>99.9%</b>
<b>Capital Expenditure</b>	<b>51,120,213</b>	<b>0</b>	<b>51,120,213</b>	<b>51,120,213</b>	<b>0</b>	<b>100%</b>

Name: Matker Mohamed Noor

Municipality Manager

Date: 30th June 2023

Name: Adan Abdi Baraka

Head of Finance

ICPAK M/No: 257994

Date: 30th June 2023



## **19. 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 *Municipality's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

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





(Notes to financial statements continued)

3. Application of New and revised standards (IPSAS)

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2023.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023:</b> The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
IPSAS 42: Social Benefits	<p><b>Applicable: 1<sup>st</sup> January 2023</b> The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p>



	<ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b> Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>
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ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

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

iii. **Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2022/2023

**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.

**ii) Revenue from exchange transactions**

**Interest income**

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

**b) Budget information**

The original budget for FY 2022/2023 was approved by the County Assembly on September 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Municipality upon receiving the respective approvals in order to conclude the final budget.





***(Significant accounting policies continued)***

The Municipality's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 17 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. Assets are depreciated as follows:

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

**e) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. Mandera Municipality 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 Municipality 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.

*(Significant accounting policies continued)*

**Subsequent measurement**

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

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

**Financial liabilities**

**Classification**

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

**f) Inventories**

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

Raw materials: purchase cost using the weighted average cost method

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

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





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

**g) Provisions**

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

**h) Social Benefits**

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

**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 Municipality and will have no legal or constructive obligation to pay further contributions if the Municipality does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to scheme obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefits are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**n) Foreign currency transactions**

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



**o) Borrowing costs**

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

**p) Related parties**

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

**q) Cash and cash equivalents**

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

**r) Comparative figures**

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

**s) Events after the reporting period**

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

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

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

**t) 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.

**Estimates and assumptions**

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

**Useful lives and residual values**

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

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



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(Notes to the Financial Statements)

6. Transfers from the County Government

Description	2022/23	2021/22
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	397,879,787	324,925,200
Unconditional development grants	51,120,213	
<b>Total</b>	<b>449,000,000</b>	<b>324,925,200</b>

7. Use of Goods and Services

Description	2022/23	2021/22
	Kshs.	Kshs.
Utilities, supplies and services	1,100,000.00	730,860
Communication, supplies and services	6,452,186.00	-
Domestic travel and subsistence	2,528,400.00	494,500
Printing, advertising, supplies & services	6,993,540.00	4,060,240
Hospitality supplies and services	2,131,793.00	228,125
Specialized materials and services	2,026,863.00	22,971,547
Office and general supplies and services	14,869,819.00	13,832,128
Fuel, oil and lubricants	3,448,277.00	6,082,759
Other operating expenses	4,520,951.00	2,059,440
Routine maintenance – vehicles and other equipment	3,188,647.00	3,862,387
Routine maintenance – other assets	8,324,912.00	3,467,900
Hire of Transport, equipment etc.	70,693,611.00	91,925,057
<b>Total</b>	<b>126,278,999.00</b>	<b>149,714,943</b>

8. Staff costs

Description	2022/23	2021/22
	Kshs.	Kshs.
Salaries and wages	165,010,234	97,715,259
Social security contribution	8,911,120	8,053,200
<b>Total</b>	<b>173,921,354</b>	<b>105,768,459</b>

9. Board expenses

Description	2022/23	2021/22
	Kshs.	Kshs.
Sitting allowances	857,000.00	594,000
Travel and accommodation	00	901,600
<b>Total</b>	<b>857,000</b>	<b>1,495,600</b>

10. Depreciation

Description	2022/23	2021/22
	Kshs.	Kshs.
Furniture and fittings	1,429,558	1,395,840



Computers	750,207	1,071,724
Other Assets	1,639,562	37,217
Plant and Equipment	8,308,393	2,423,088
<b>Total depreciation and amortization</b>	<b>12,127,720</b>	<b>4,927,869</b>

**11. Repair and Maintenance**

Description	2022/23	2021/22
	Kshs.	Kshs.
Property- Buildings	30,716,730	4,044,310
Maintenance of civil works	67,578,654	11,774,233
Construction of Civil Works	-	47,470,104
Plant, equipment and machinery		744,341
Purchase of office furniture		1,525,862
Rehabilitation of Plant, equipment and machinery		7,586,808
Certified seeds		14,665,635
<b>Total</b>	<b>98,295,384</b>	<b>87,811,293</b>

**12. Cash and cash equivalents**

Description	2022/23	2021/22
	Kshs.	Kshs.
Current account	14,171,312	1,586,271
<b>Total cash and cash equivalents</b>	<b>14,172,312</b>	<b>1,586,271</b>

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

Financial institution	Account number	2022/23	2021/22
		Kshs.	Kshs.
<b>a) Current account</b>			
1. Mandera Municipality Operation Account	1000279767361	14,148,239	1,586,271
2. Mandera Municipality Operation Account	01050211663600	24,073	-
<b>Sub- total</b>		<b>14,172,312</b>	<b>1,586,271</b>
<b>b) Others(specify)</b>			
Cash in transit		-	-
Cash in hand		-	-
Mobile Money		-	-
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>Grand total</b>		<b>14,172,312</b>	<b>1,586,271</b>



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13. Property, Plant and Equipment

Description	Furniture and fittings		Computers		Other Assets		Plant and equipment		Total	
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 1 July 2021	9,640,859		2,000,000		-		-		11,640,859	
Additions	1,525,862		1,572,414		744,341		48,461,760		52,304,377	
(less) Disposals	-		-		-		-		-	
Transfers/adjustments	-		-		-		-		-	
<b>totals of additions, disposals &amp; transfers</b>										
<b>Depreciation and impairment</b>										
Depreciation	(1,395,840)		(1,071,724)		(37,217)		(2,423,088)		(4,927,869)	
Impairment	-		-		-		-		-	
<b>total depreciation and impairment</b>										
<b>NBV as at 30th June 2022</b>	<b>9,770,881</b>		<b>2,500,690</b>		<b>707,124</b>		<b>46,038,672</b>		<b>59,017,367</b>	
As at 1 July 2022	9,770,881		2,500,690		707,124		46,038,672		59,017,367	
Additions	1,665,584		0		12,409,368		37,045,261		51,120,213	
(less) Disposals	-		-		-		-		-	
Transfers/adjustments	-		-		-		-		-	
<b>As at 30<sup>th</sup> June 2023</b>	<b>11,436,465</b>		<b>2,500,690</b>		<b>13,116,492</b>		<b>83,083,933</b>		<b>110,137,580</b>	
<b>Depreciation and impairment</b>										
Depreciation	1,429,558		750,207		1,639,562		8,308,393		12,127,720	
Impairment	-		-		-		-		-	
<b>Total depreciation and impairment</b>	<b>1,429,558</b>		<b>750,207</b>		<b>1,639,562</b>		<b>8,308,393</b>		<b>12,127,720</b>	
<b>NBV as at 30th June 2023</b>	<b>10,006,907</b>		<b>1,750,483</b>		<b>11,476,930</b>		<b>74,775,540</b>		<b>98,009,860</b>	



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

Description	2022/23	2021/22
	Kshs.	Kshs.
Trade Payables	16,387,243	2,327,952
<b>Total</b>	<b>16,387,243</b>	<b>2,327,952</b>

**Other Disclosures**

**15. Related party balances**

**a) Nature of related party relationships**

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

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

**b) Related party transactions**

	2022/23	2021/22
	Kshs.	Kshs.
Transfers from County Government	449,000,000	324,925,200
Transfers to related parties	-	-

**16. 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 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:

*(Other Disclosures Continued)*

**I. Credit risk**

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment 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.

*(Other Disclosures Continued)*

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





**II. Liquidity risk management**

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

**III. Market risk**

The Board has put in place an internal audit function to assist it in assessing the risk faced by the Municipality on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Municipality's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Municipality's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the Municipality's exposure to market risks or the manner in which it manages and measures the risk.

**IV. Foreign currency risk**

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

**Foreign currency sensitivity analysis**

The following table demonstrates the effect on the Municipality'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.

**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 Municipality to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Municipality'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.



**20. Annexes**

**Annex 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:	Timeframe:
			(Resolved / Not Resolved)	(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 deliberation by the County Assembly or Senate	Under considerations	30 June 2023
2	Lack of risk management policy and strategy	“	“	“
3	Over reliance on transfers from the County Government	“	“	“

Name: Matker Mohamed Noor

Municipality Manager





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Annex 2: Inter Entity Transfers

MUNICIPALITY NAME: MANDERA MUNICIPALITY			
Breakdown of Transfers from the County Executive of Mandera County			
FY 2022/2023			
Recurrent Grants	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate
	14.07.2022	28,000,000	2022-2023
	12.10.2022	25,000,000	2022-2023
	02.11.2022	45,000,000	2022-2023
	02.12.2022	90,000,000	2022-2023
	28.12.2022	65,000,000	2022-2023
	13.02.2023	15,000,000	2022-2023
	15.02.2023	60,000,000	2022-2023
	03.02.2023	10,000,000	2022-2023
	03.04.2023	31,000,000	2022-2023
	12.05.2023	33,000,000	2022-2023
	07.06.2023	33,000,000	2022-2023
	27.06.2023	14,000,000	2022-2023
	<b>Total</b>	<b>449,000,000</b>	

  
Name: Matker Mohamed Noor  
Municipality Manager

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

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Mandera Municipality*

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