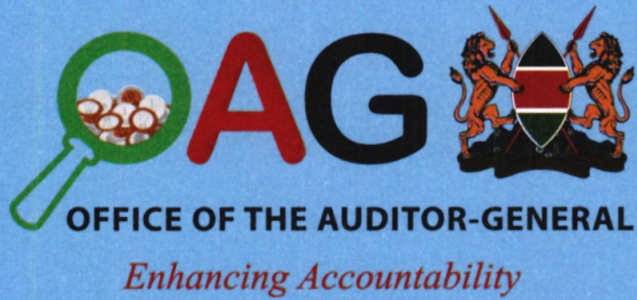
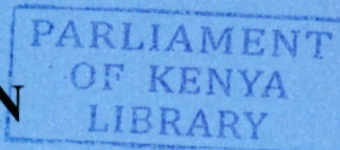


REPUBLIC OF KENYA



REPORT
OF
THE AUDITOR-GENERAL

ON 

RUMURUTI MUNICIPALITY

FOR THE YEAR ENDED
30 JUNE, 2023

PAPERS LAID	
DATE	21/3/2024
TABLED BY	Del. Maj. Lohit
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RUMURUTI MUNICIPALITY

County Government of Laikipia

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2023

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

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

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1. Acronyms & 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.

2. Key Entity Information and Management

a) Background information

Rumuruti Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011(amended 2019) and Cities and Municipal Charter on 27th August 2018. Rumuruti Municipality is under the County Government of *Laikipia* and is domiciled in Kenya.

b) Principal Activities

Our vision

To be the most preferred municipality to work, live and invest.

Our mission

To improve the livelihood of our community by providing quality and substantial services, creating and enabling environment for business investment and promoting equity and cohesion

The Municipality of Rumuruti 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.

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c) Key Management

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

- County department of land, housing and urban development
- Board of Management comprises the following members

Ref	Position	Name
1	Secretary of the board	Jackson Maina Kibocha
2	Chairperson of the board	Peter Rukwaro
3	Vice-chairperson of the board	Faith Ntarara
4	Board member	Saul Cheruiyot
5	Board member	Mathea Gikunju
6	Board member	Agnes Lokoro
7	Board member	Issack Sheikh
8	Board member	Peris Kinyua
9	Board member	Richard Kamunya
10	Board member	Patricia Lelegwe
11	County executive committee member	Martin Ekwam

- The Accounting Officer of the Municipality is The Municipal Manager/secretary of the Municipal board, **Jackson Maina Kibocha**
- Management is by the following team

Ref	Name	Position
1	Jackson Maina Kibocha	Municipal Manager
2	Peter Manyara Maina	Municipal Land Surveyor
3	Samuel Kibe	Public Health Officer
4	CPA Ng'ang'a Methu Samuel	Head of Accounting Municipality
6	Kennedy Maina Wanyeki	Head of Procurement
7	Zachary Maina Gategi	Finance Officer
8	Joseph Irungu Kariuki	Enforcement Officer
9	Mary W Ng'ang'a	Office Administrative Assistant II
10	Julia Wairimu Mbaria	Fire Marshal Officer
11	Catherine W Wainaina	Environment Officer
12	Mary Mumbi Gathura	Public Relation Officer
13	Fiona W Wachira	Environmental Specialist
14	Andrew Kipkenda	Urban Planner
15	Winfred W Nyamu	Architect
16	Anne Njambi Macharia	Civil Engineer
17	Lithira George Mwiti	Quantity Surveyor
18	Peter Wanyoike	Municipal accountant

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d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

Ref	Position	Name
1	Municipality Manager	Jackson Maina Kibocha
2	Head of Treasury	Mary Wachiuri
3	Internal Audit	Nelson Ochungo
4	County Executive Committee Member (Finance)	Samuel Wachira
5	County Executive Committee Member (land, housing and urban development)	Martin Ekwam

e) Fiduciary Oversight Arrangements

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

f) Registered Offices

P.O. Box 46 – 20321
Fire Station Building
Rumuruti-Mararal Highway
RUMURUTI, KENYA

g) Contacts

Telephone: (+254) 721463491
E-mail: rumuruti@laikipia.go.ke
Website: www.laikipia.go.ke

h) Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000 - 00200
Nairobi, Kenya

Equity Bank Ltd
P.O. Box 52 - 20300
Nyahururu, 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>Peter Rukwaro CHAIRPERSON</p>	<p>He is 53 years old, has a Bachelor's of Education (Arts) from University of Nairobi, a Diploma in Education Management from the Kenya Educational Management Institute, Certificate in Teacher's Proficiency Course offered by the Ministry of Education and a Primary Teacher Certificate from Kamwenja Teachers College.</p> <p>He runs a business within Rumuruti Town and is a member of the Rumuruti Business Forum. He is currently the head teacher at Manyatta Primary School where through his leadership and management, the school has consistently had an outstanding performance. For instance, in last year K.C.P.E results, the school emerged No. 13 out of 82 primary schools in Laikipia West District and No.6 among the public schools in the same District.</p> <p>Previously he has taught in other schools. He has taken up short courses to advance his career including the teacher's proficiency course and school-based teacher development course both</p>
 <p>Faith Ntarara VICE CHAIRPERSON</p>	<p>FAITH NTARARA CHARLES</p> <p>She is 46 years old, has a masters and a Bachelor's Degree in Business Administration, both from the Kenya Methodist University, she is computer literate and has a certificate in secretariat studies from St. Mary Secretarial College</p> <p>She undertook occupational and safety awareness course between 2nd and 6th April 2013.</p> <p>She has held various positions which include sales and marketing executive at the Nanyuki Water and Sewerage company, depot manager of Trojan International Limited (Nanyuki), and transport and logistics manager at Millennium Dealers</p>
 <p>Richard Kamunya MEMBER</p>	<p>RICHARD KAMUNYA MURAGE</p> <p>He is 42 years old, has a Bachelor's Degree In Education Science (Maths and Chemistry) from Maseno University, he has certifications in debt collection; effective debt collection and credit control; banti money laundering; fraud and IT security awareness and Ethics and Ethical decision making from different reputable organizations.</p> <p>Though holding a Bachelor's in Education, he has had a very successful career in the banking sector. He has made many tangible achievements over the various positions he has held among them being that:</p> <p>He grew the loan book from Kshs. 30M to Kshs. 70M and maintained a quality of 2% against a target of 3% by the bank when he was the Relationship Officer (Agriculture) at Equity Bank; he spearheaded the development of land realization templates; championed the setting up of an external debt management unit; and, was recognized as the best</p>

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Rumuruti Municipality



Annual Report and Financial Statements for the year ended June 30, 2023

	<p>staff when he was the senior officer, Debt Recovery Unit at Chase Bank. He later became the manager Corporate Recovery at the bank. He is currently the manager – Corporate Recovery at SBM Bank (K) Ltd.</p>
 <p>Mathea Gikunju MEMBER</p>	<p>DAVID MATHEA GIKUNJU He is 37 years old, has a Bachelor's of Laws from Kampala International University and a Diploma in Law from the Kenya School of Law. He is also computer literate. He is a legal practitioner and currently practices Law in the Name and style of Mathea Gikunju & Co. Advocates. He has been previously working in other legal firms. He is a member of the Law Society of Kenya Nyahururu Chapter whose jurisdiction extends even to Rumuruti the said Municipality and serves in the said chapter as the vice-chairperson.</p>
 <p>Saul Cheruiyot MEMBER</p>	<p>SAUL KIPKORIR CHERUIYOT He is 52 years old, has a certificate in Approach Radar Control from Qatar aeronautical college and a Certificate in Basic Aerodrome Control and certificate in approach procedural control and rating from the East African School of Aviation. He is currently in Agri-business. Previously, he has held various positions which include working as 'approach radar' and an aerodrome controller, both at Jomo Kenyatta International Airport and Mombasa International Airport. He has demonstrated that he satisfactorily executed his roles and responsibilities in his various positions.</p>
 <p>Peris Kinyua MEMBER</p>	<p>PERIS MUTHONI KINYUA She has a Bachelor's of Arts- Urban and Regional Planning from Maseno University. She has worked as a Physical Planner in the Ministry of Lands and Physical Planning under which her duties and responsibilities included the following, Development control and conflict management. Managing and Updating Physical Planning records and information. Advising and training communities on physical planning, and land management. Carrying out research and studies related to physical planning.</p>
 <p>Issack Sheikh MEMBER</p>	<p>ISAACK OSMAN SHEIKH 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: Managing Director of the Times Service Station; Project Manager of the Green County Construction Co. Ltd; Project Coordinator of the Nomadic Agenda (Urban Refugee Program, Nairobi); and Board Member of the Nomadic Development Group - Laikipia County Representative.</p>


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Annual Report and Financial Statements for the year ended June 30, 2023

	<p>He has also held different positions of leadership including member of the Laikipia Education Board, Patron of the Laikipia Camel Group, Member Board of Governors- Laikipia Airbase Secondary School and School Head Captain - Mandera Secondary School</p>
 <p>Patricia Lelegwe MEMBER</p>	<p>PATRICIA RUMI LELEGWE Academic credentials - She has a diploma in Agricultural Education and Extension from Egerton University. She is computer literate and has undertaken other short courses in course of her career as indicated in her resume. She has worked in Samburu as an extension officer from 2009-2013 as well as a crop officer from 2013-2019. Before that, she taught at Gatundia Secondary school as a BOG employed teacher for 2 years. In addition, she is trained in HIV /AIDS mainstreaming Agro-processing, computerized project cycle management and Participatory Rural Appraisals.</p>
 <p>Agnes Lokoro MEMBER</p>	<p>AGNES M LOKORO She is 28 years old, has a Bachelor's of Science in Agribusiness Management and Trade from Machakos University. She undertook her internship and later worked at Waridi Flower Farm Limited where she had been bestowed upon several responsibilities which she handled professionally and to the best of her ability. She was a school captain both at Ndururi Secondary School and Kitengela Academy and therefore her leadership skills are distinguishable. Currently she is on private business.</p>

4. Key Management Team

Serial No	Name	Details of qualifications and experience
1.	 <p>Jackson M. Kibocha MANAGER/SECRETARY</p>	<p>RUMURUTI MUNICIPALITY MANAGER JACKSON MAINA KIBOCHA He was born on 20th may 1973 He has a Post Graduate Diploma in Project Management, Senior Management Course, and Holds a Bachelor's of Art Degree He has worked as a Ward Administrator of Segera Ward, Sub-County Administrator of Laikipia North, and Currently the Municipal Manager of Rumuruti Municipality He is responsible for the overview of the municipality and its performance, the municipal board secretary and the head of the municipal staff</p>

5. Municipality Board Chairperson’s Report

I am happy to present to you Rumuruti Municipality's financial statement for FY 2022–2023. It outlines the vision, objectives, and strategies of the Municipal Board. It spells out how we have fulfilled our obligations to the people of Rumuruti Municipality and those of Laikipia County. It is the result of extensive engagements with the people of Rumuruti and the county government of Laikipia. 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 Laikipia for their unwavering support. We also appreciate contributions from organized groups and individual residents of Rumuruti; 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 Rumuruti. Since Rumuruti is the county headquarters, we understand that our performance will impact the whole county. For this, our promise to the people of Laikipia 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 Rumuruti and developing one will require immense investments the municipality may not have at present. The current Rumuruti municipal Board is the inaugural board of the Municipality and the first urban board in Laikipia county. It’s composed of 11 members. We will work closely with stakeholders and partners to fill the resource gaps and, we hope our efforts will make Rumuruti indeed the most desirable place to live, work, and invest



.....

Name: Peter Rukwaro
Chairperson of the Board

6. Report Of the City/Municipality Manager

Rumuruti Municipality is the formal headquarters of Laikipia County. The municipality is centrally located and thus easily accessible from all parts of Laikipia County.

Rumuruti's population has grown from 32,993 in 2009 to a projected population of 45,000 in 2023, 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, the construction of the Nyahururu – Maralal highway, and the growing integration of northern Kenya to the rest of the country, in which Rumuruti 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 Rumuruti. 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 Rumuruti 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.

During the year under review and prior, the municipality managed to successfully undertake the following projects through the Urban Development Grant:

Description	Amount	Contractor	Status
Construction of Rumuruti fire-station	12,897,646	Mt Kenya leeward builders	Complete

Areas of Improvement

- Sewer system – Establish a sewer system
- Solid waste management – Procure one additional garbage truck
- Provision of clean water - Boost water supply (Increase pipeline capacity)
- Storm water management – Improve drainage infrastructure
- Office space – Construct a new office block
- Road network – Opening and upgrading of Rumuruti access roads



.....
Name: Jackson Maina Kibocha
Municipality Manager

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

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 Rumuruti Municipality for FY 2022/2023 are to:

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

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Urban planning	To control urban development	To create orderly development in urban areas	Number of developments conforming with rules and regulations governing urban development	In the FY 2022-2023, we raised the infrastructure of the municipality by constructing a fire station
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 labour intensive project, construction of fire station

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Program	Objective	Outcome	Indicator	Performance
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 finalize the construction of a fire-station for Rumuruti municipality

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 Rumuruti municipality charter.

The roles and functions of Rumuruti Municipal board member will stand as specified by the charter.

The municipality will do induction and training for board member from time to time to enhance their performance.

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

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

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

The municipality function in accordance with the Urban Areas and Cities Act or any other written law which may lawfully be done or performed by a body corporate. There

shall be a principal and agency relationship between the Board of the Municipality and the County Government of Laikipia.

Municipal Charter for Rumuruti 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, EGH, JOSHUA IRUNGU, the Governor of Laikipia County certifies that this Charter set out in the Schedule hereto has been granted to Rumuruti 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 and as deduced under the Urban Areas and Cities act no 13 of 2011 article 16

A member of a board shall cease to hold office if the member;

- (a) is unable to perform the functions of the office by reason of mental or physical infirmity;
- (b) is declared or becomes bankrupt or insolvent;
- (c) is convicted of a criminal offence and sentenced to a term of imprisonment of six months or more;
- (d) resigns in writing to the county governor;
- (e) without reasonable cause, the member is absent from three consecutive meetings of the board or committee within one financial year;
- (f) is found guilty of professional misconduct by the relevant professional body;

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- (g) is disqualified from holding a public office under the Constitution;
- (h) is convicted of an offence and is sentenced to imprisonment for a term of six months or more;
- (i) in any particular case, the member fails to declare his or her interest in any matter being considered or to be considered by the board or committee;
- (j) engages in any gross misconduct; or
- (k) dies.

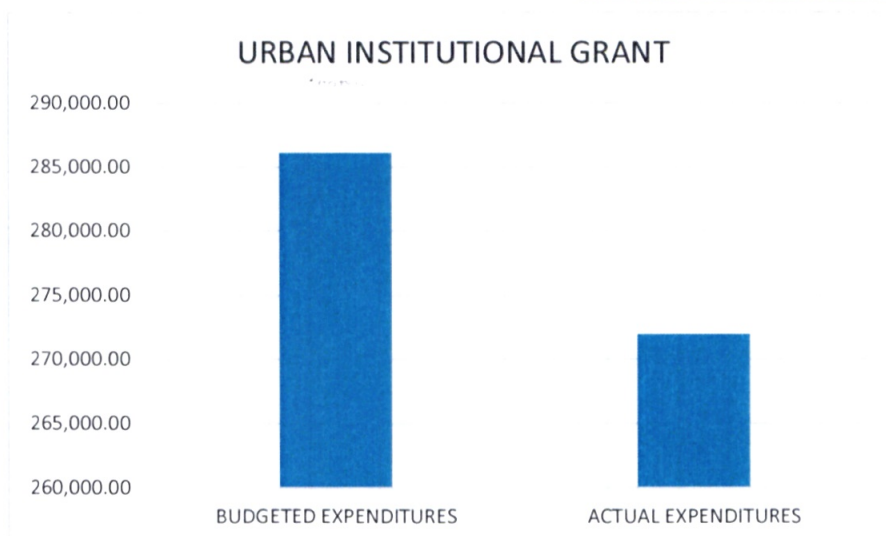
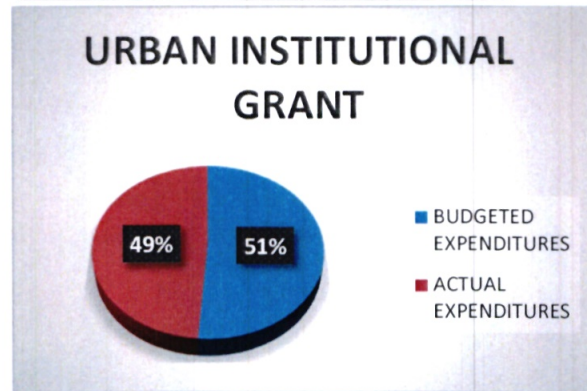
[Act No. 12 of 2012, Sch.]

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

URBAN INSTITUTIONAL GRANT		
	OPENING BALANCE	286,138.55
	RECEIVED	
	EXPENDITURE	271,960.00
	CLOSING BALANCE	14,178.55

URBAN INSTITUTIONAL GRANT ACCOUNT	
BUDGETED EXPENDITURES	286,138.55
ACTUAL EXPENDITURES	271,960.00

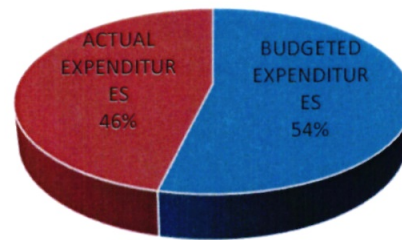


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URBAN DEVELOPMENT GRANT		
	OPENING BALANCE	14,306,869.70
	RECEIVED	
	EXPENDITURE	12,321,055.00
	CLOSING BALANCE	1,985,814.70

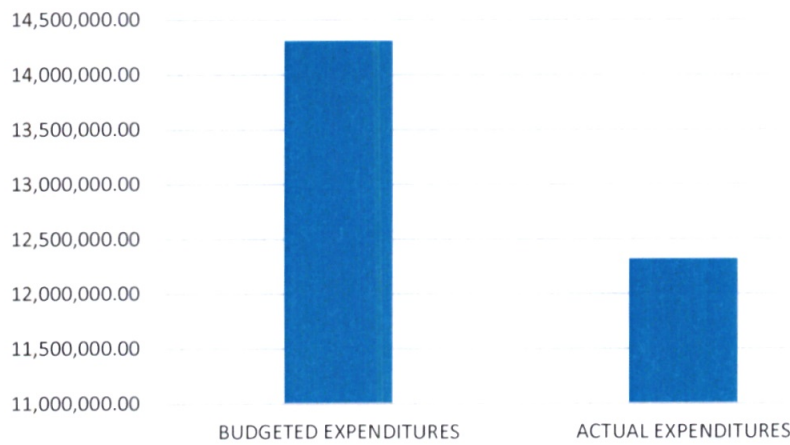
URBAN DEVELOPMENTAL GRANT ACCOUNT	
BUDGETED EXPENDITURES	14,306,869.70
ACTUAL EXPENDITURES	12,321,055.00

URBAN DEVELOPMENT GRANT



■ BUDGETED EXPENDITURES ■ ACTUAL EXPENDITURES

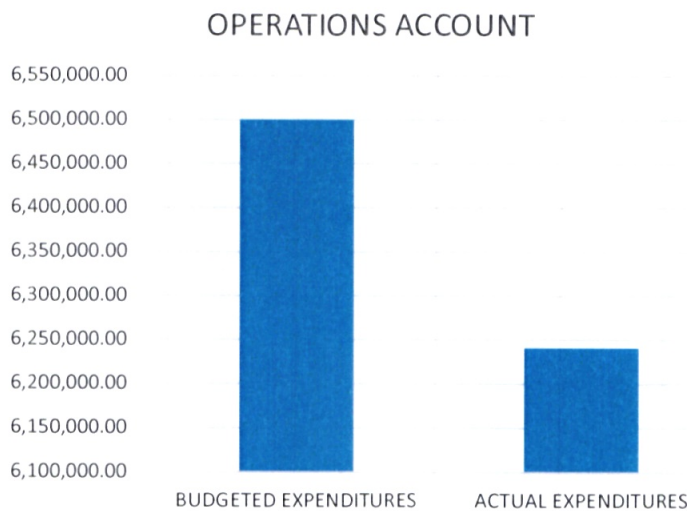
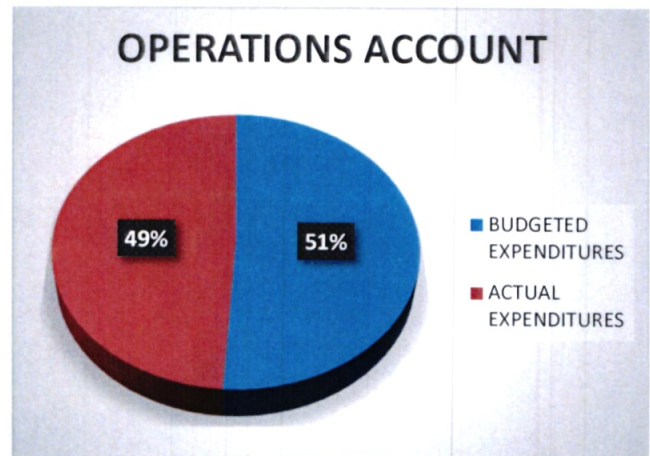
URBAN DEVELOPMENT GRANT



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OPERATIONS ACCOUNT		
	OPENING BALANCE	11,020,596.00
	RECEIVED	2,000,000.00
	EXPENDITURE	6,240,847.00
	CLOSING BALANCE	6,779,749.00

OPERATIONS ACCOUNT	
BUDGETED EXPENDITURES	6,500,000.00
ACTUAL EXPENDITURES	6,240,847.00



KEY PROJECTS

In the financial period, the municipality managed to finalize the construction of fire station (ground floor)

The municipality's expenditures were within its budget limits, it is however expecting a lot of support from the county government and KUSP in order to enhance effective performance and service delivery

10. Environmental And Sustainability Reporting

Rumuruti 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 Rumuruti 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 Laikipia County Climate Change bill 2021

Biodiversity Management

1. Success;

- Protection of Ewaso Narok Wetland (*Marura swamp*)
- Sustainable management of solid waste

2. Short comings

- General reduction of natural resources ability to sustain population growth
- Scarcity of resources i.e., water from Ewaso Narok River, 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
- Rumuruti Municipality Solid Waste Management Policy (Ongoing)

11. Report of the Municipality Board Members

The Board Members submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of Rumuruti Municipality affairs.

Principal activities

The principal activities of the Municipality are;

- 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.

Performance

The performance of the Municipality for the year ended June 30, 2023 are set out on page xx

Board Members

The members of the Board who served during the year are shown on page vi

Auditors

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

By Order of the Board



.....

Name: Jackson Maina Kibocha

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, 2023, and the financial position as at that date.

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

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

Approval of the financial statements

The Municipality's financial statements were approved by the Board on 31st July 2023 and signed on its behalf by:



.....
Name: Peter Rukwaro
Chairperson of the Board



.....
Name: Jackson Maina Kibocha
Accounting officer of the Board

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: 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 RUMURUTI MUNICIPALITY FOR THE YEAR ENDED 30 JUNE, 2023

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 Rumuruti Municipality set out on pages 1 to 45, which comprise the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets,

Report of the Auditor-General on Rumuruti Municipality for the year ended 30 June, 2023

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Rumuruti 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. Un-Supported Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.8,779,742. However, certificates of bank balances were not provided for audit review.

In the circumstances, the accuracy of the cash and cash equivalents balance of Kshs.8,779,742 could not be confirmed.

2. Unsupported Depreciation Expenses

The statement of financial performance reflects use of goods and services amounting to Kshs.45,235,123 which, as disclosed in Note 12 to the financial statements includes depreciation and amortization expenses totaling to Kshs.38,120,556. However, the depreciation charged for the year was not supported by any depreciation policy. In addition, construction of roads with a book value of Kshs.92,011,683 was depreciated at Kshs.31,642,818 and no explanation was provided for the high depreciation rate.

In the circumstances, the accuracy and completeness of depreciation and amortization expenses totaling to Kshs.38,120,556 could not be confirmed.

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

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.

Other Matter

Unresolved Prior Year Issues

In the audit report of the previous year, several paragraphs were raised. However, Management has not resolved and disclosed the status of all the prior year matters as prescribed in the reporting requirements set by the Public Sector Accounting Standards Board. Management has not provided satisfactory explanation for the delay in resolving the issues.

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, I confirm that nothing 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

The audit was conducted in accordance with 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 are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Failure to Maintain a Fixed Assets Register

The statement of financial position and as disclosed in Note 24 to the financial statements reflects property, plant and equipment balance of Kshs.76,270,394. However, the Municipality did not maintain a fixed asset register contrary to Regulation 143 (1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

In the circumstances, the existence of effective internal controls on management of fixed assets could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the Municipality's financial reporting process, reviewing the effectiveness of how the entity 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 controls 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 controls 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 controls 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 controls 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 controls.
- 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 to 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

17 January, 2024

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

Description	Notes	2022/2023	2021/22
		Kshs.	Kshs.
Revenue from non-exchange transactions		-	
Transfers from the County Government	6	2,000,000	48,955,676
Public contributions and donations	7	-	-
Levies Fines and Penalties	8	-	-
Other revenues (<i>Specify</i>)	9	-	-
		2,000,000	48,955,676
Revenue from exchange transactions		-	
Interest income	10	-	
Miscellaneous Income	11	-	
		-	
Total revenue		2,000,000	48,955,676
		-	
Expenditure		-	
Use of goods and services	12	- 45,235,123	(15,784,536)
Staff costs	13	-	-
Board expenses	14	- 102,000	-
Finance costs	15	-	-
Depreciation and amortization	16		
Repairs and maintenance	17		
		-	-
Total expenses		(45,337,123)	(15,784,536)
Other gains/losses		-	
Gain/loss on disposal of assets	18	-	-
Surplus/(deficit) for the period		(43,337,123)	33,171,140

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Annual Report and Financial Statements for the year ended June 30, 2023*

The notes set out on pages 8 to 44 form an integral part of these Financial Statements. The entity financial statements were approved on 31st July 2023 and signed by:



.....

Name: Jackson Maina Kibocha
Municipality Manager



.....

Name: Samuel Methu Ng'ang'a
Head of Finance
ICPAK M/No: 15681

County Government of Laikipia

Rumuruti Municipality

Annual Report and Financial Statements for the year ended June 30, 2023

15. Statement of Financial Position as at 30 June 2023

Description	Note	Total Period ended	2021/22
		30th June 2023	
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	19	8,779,742	25,568,791
Receivables from exchange transactions	20	-	-
Receivables from Non- exchange transactions	21	100,000	-
Prepayments	22	-	-
Inventories	23	-	-
Total current assets		8,879,742	25,568,791
Non-current assets		-	
Property, plant, and equipment	24	76,270,394	102,831,478
Intangible assets	25	-	-
Total Non-current Assets		76,270,394	102,831,478
Total assets		85,150,136	128,400,269
Liabilities		-	
Current liabilities		-	
Trade and other payables	26	-	-
Refundable deposits from customers	27		
Provisions	28	-	-
Borrowings	29	-	-
Employee benefit obligations	30	-	-
Deferred Income	31		
Social Benefits	32		
		-	-
Non-current liabilities		-	
Provisions	28	-	-
Borrowings	29	-	-
Non-current employee benefit obligation	30	-	
Deferred Income	31		
Social Benefits	32		
Total liabilities		-	
		-	
		-	
Net assets		85,150,136	128,400,269
Capital/Development Grants/Fund		76,101,604	-
Reserves		-	-
Accumulated surplus		9,006,355	128,400,269
Total net assets and liabilities		85,107,959	128,400,269

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

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 31st July 2023 and signed by:



.....

Name: Jackson Maina Kibocha

Municipality Manager

Date: 31st July 2023



.....

Name: Samuel Methu Ng'ang'a

Head of Finance

ICPAK M/No: 15681

Date: 31st July 2023

16. Statement of Changes in Net Assets for the Year Ended 30 June 2023

	Capital/ Development Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
Balance as at 1 July 2018	-	-	-	-
Surplus/(deficit) for the period	-	-	-	-
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2019	-	-	-	-
Balance as at 1 July 2019	-	-	-	-
Surplus/(deficit) for the period	76,101,604	-	-	76,101,604
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2020	76,101,604	-	-	76,101,604
Balance as at 1 July 2020	76,101,604	-	-	76,101,604
Surplus/(deficit) for the period	-	-	19,111,210	19,111,210
Funds received during the year	-	-	-	-
Prior Year Adjustment (reversed prior year pay	-	-	16,315	16,315
Revaluation gain	-	-	-	-
Balance as at 30 June 2021	76,101,604	-	19,127,525	95,229,129
Balance as at 1 July 2021	76,101,604	-	19,127,525	95,229,129
Surplus/(deficit) for the period	-	-	33,171,140	33,171,140
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2022	76,101,604	-	52,298,665	128,400,269
Balance as at 1 July 2022	76,101,604	-	52,298,665	128,400,269
Surplus/(deficit) for the period	-	-	(43,337,123)	(43,337,123)
Funds received during the year	-	-	-	-
Prior Year Adjustment (reversed prior year payments ksh. 44,813)	-	-	44,813	44,813
Revaluation gain	-	-	-	-
Balance as at 30th June 2023	76,101,604	-	9,006,355	85,107,959

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17. Statement of Cash Flows for The Year Ended 30 June 2023

	Note	2022/2023	2021/22
			Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government		2,000,000	48,955,676
Public contributions and donations		-	-
Interest received		-	-
<i>Other receipts (Specify)</i>		-	-
Total Receipts		2,000,000	48,955,676
Payments			
Use of goods and services		(7,114,567)	(13,918,226)
Staff costs			-
Board expenses		(102,000)	-
Finance costs		-	-
Receivables from Non-Exchange Transaction (Outstanding Imprest)		(100,000)	
Total Payments		(7,316,567)	(13,918,226)
Net cash flows from operating activities	33	(5,316,567)	35,037,450
		-	
Cash flows from investing activities			
Purchase of PPE & intangible assets		(11,517,295)	(30,250,026)
Proceeds from sale of PPE		-	
Net cash flows used in investing activities		(11,517,295)	(30,250,026)
		-	
Cash flows from financing activities			
Receipts from Capital grants		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
		-	
Net increase/(decrease) in cash & cash equivalents		(16,833,862)	4,787,424
Prior Year Adjustment		44,813	
Cash And Cash Equivalents At 1 July 2022	19	25,568,791	20,781,367
Cash And Cash Equivalents At 30th June 2023	19	8,779,742	25,568,791

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	c=(a+b)	d	e=(c-d)	f=d/c
Revenue		Kshs.	Kshs.	Kshs.	Kshs.	
Transfers from the County Government	2,500,000		2,500,000	2,000,000	500,000	80
Public contributions and donations	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Account Opening Balances	26,000,000	-	26,000,000	25,568,791	431,209	-
Total Revenue	28,500,000	-	28,500,000	27,568,791	931,209	97
Expenses			-			
Use of goods and services	13,700,540	-	13,700,540	12,455,037	1,245,503	91
Acquisition of assets	12,800,000	-	12,800,000	11,607,881	1,192,119	91
Total Expenditure	26,500,540	-	26,500,540	24,062,918	2,437,622	91
Surplus for the period	1,999,460	-	1,999,460	3,505,873	(1,506,413)	
Capital Expenditure	-	-	-	-	-	-

19. Notes to the Financial Statements

1. General Information

Rumuruti Municipality is established by and derives its authority and accountability from Public Finance Management Act No 18 of 2012. The Municipality is under the Laikipia County Government and is domiciled in Kenya.

The *Municipality's* principal activity is;

- 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.

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

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

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

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

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

3. Application of New and revised standards (IPSAS)

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>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.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • 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; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • 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.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>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.</p>

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Standard	Effective date and impact:
	<p>(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>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>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.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) 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>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • <i>IPSAS 29: Financial instruments: Recognition and Measurement Standard</i> no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

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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><i>Applicable 1st January 2025</i></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><i>Applicable 1st January 2025</i></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 Municipality adopted the new/ amended standards in the financial year 2022/2023

(Notes to financial statements continued)

4. Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2022/23 was approved by the County Assembly on xxx (Date). Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Municipality upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Municipality recorded additional appropriations of xxxxx (Amount) on xxxx (Date) following the governing body's approval.

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

c) Property, plant and equipment

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

d) Intangible assets

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

(Significant accounting policies continued)

e) Financial instruments

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

(Significant accounting policies continued)

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.

(Significant accounting policies continued)

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.

(Significant accounting policies continued)

j) Contingent assets

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

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits – Retirement benefit plans

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

(Significant accounting policies continued)

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.

(Significant accounting policies continued)

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.

State all judgements, estimates and assumptions made.

Estimates and assumptions.

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

Useful lives and residual values

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

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

Notes to the Financial Statements

6. Transfers from the County Government

Description	2022/2023	2021/22
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	2,000,000	48,955,676
Payments by County on behalf of the entity	-	-
Total	2,000,000	48,955,676

(a) Transfers from County Government entities (Categorized)

Name Of The Entity Sending The Grant	Amount recognized to Statement of financial performance* Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	2021/2022
			Kshs	Kshs	Kshs
xx State Department	-	-	-	-	-
XX Ministry	-	-	-	-	-
Total	-	-	-	-	-

(Ensure that the amount recorded above as having been received from the County fully reconciles to the amount recorded by the sending County office. An acknowledgement note/receipt should be raised in favour of the sending County office.) *Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached. Total of column 1 should tie to note 6 The details of the reconciliation have been included under appendix xxx

7. Public Contributions and Donations

Description	2022/2023	2021/22
	Kshs.	Kshs.
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

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Notes to the Financial Statements

8. Levies, Fines and penalties

Description	2022/2023	2021/22
	Kshs.	Kshs.
Levies	-	-
Fines	-	-
Penalties	-	-
Others (<i>indicate and specify</i>)	-	-
Total	-	-

9. Other Revenues from Non-Exchange Transactions

Description	2022/2023	2021/22
	Kshs.	Kshs.
Transfers from other government entities	-	-
Others (<i>indicate and specify</i>)	-	-
Total	-	-

10. Interest income

Description	2022/2023	2021/22
	Kshs.	Kshs.
Interest income from investments	-	-
Interest income on bank deposits	-	-
Others (<i>Specify</i>)	-	-
Total interest income	-	-

11. Miscellaneous income

Description	2022/2023	2021/22
	Kshs.	Kshs.
Income from sale of tender documents	-	-
Others (<i>specify</i>)	-	-
Total other income	-	-

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Notes to the Financial Statements

12. Use of Goods and Services

Description	2022/2023	2021/22
	Kshs.	Kshs.
Utilities, supplies and services	-	-
Communication, supplies and services	-	-
Domestic travel and subsistence	(6,040,672)	(9,593,519)
Foreign travel and subsistence	-	-
Printing, advertising, supplies & services	-	-
Rent and rates	-	-
Training expenses	-	(915,600)
Hospitality supplies and services	(590,475)	(2,457,300)
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	(130,000)	(462,744)
Fuel, oil and lubricants	-	-
Other operating expenses (<i>Specify</i>)	(150,000)	(1,451,443)
Routine maintenance – vehicles and other equ	-	-
Routine maintenance – other assets	(200,000)	(35,000)
Contracted Professional Services	-	-
Audit fees	-	-
Hire of Transport, equipment etc	-	-
Bank Charges	(3,420)	(22,620)
Sub total	(7,114,567)	
Depreciation and amortisation	(38,120,556)	(846,310)
Total	(45,235,123)	(15,784,536)

13. Staff costs

Description	2022/2023	2021/22
	Kshs.	Kshs.
Salaries and wages	-	-
Staff gratuity	-	-
Social security contribution	-	-
Other staff costs (<i>Specify</i>)	-	-
Total	-	-

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14. Board expenses

Description	2022/2023	2021/22
	Kshs.	Kshs.
Chairman/Members' Honoraria	-	-
Sitting allowances	- 102,000	-
Medical Insurance	-	-
Induction and Training	-	-
Travel and accommodation	-	-
Conference Costs	-	-
Other allowances (<i>Specify</i>)	-	-
Total	- 102,000	-

15. Finance costs

Description	2022/2023	2021/22
	Kshs.	Kshs.
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
Total	-	-

16. Depreciation and amortization

Description	2022/2023	2021/2022
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	-	-

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Notes to the Financial Statements

17. Repairs and Maintenance

Description	2022/2023	2021/2022
	KShs	KShs
Property- Buildings	-	-
Office equipment	-	-
Furniture and fittings	-	-
Motor vehicle expenses	-	-
Maintenance of civil works	-	-
Total repairs and maintenance	-	-

18. Gain/(loss) on disposal of assets

Description	2022/2023	2021/22
	Kshs.	Kshs.
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

19. Cash and cash equivalents

Description	2022/2023	2021/22
	Kshs.	Kshs.
Fixed deposits account	-	-
On – call deposits	-	-
Current account	8,779,742	25,568,791
Others(<i>specify</i>)	-	-
Total cash and cash equivalents	8,779,742	25,568,791

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Notes to the Financial Statements

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

		Total Period ended 30th June 2023	2021/22
Financial institution	Account number	Kshs.	Kshs.
a) Current account			
1. Rumuruti Municipality UDG Account	0270278999622	1,985,815	14,306,870
2. Rumuruti Municipality UIG Account	0270278999614	14,179	286,138
3. Rumuruti Municipality Operation Account	280804572	6,779,749	10,975,783
Sub- total		8,779,742	25,568,791
b) Others(specify)			
Cash in transit		-	-
Cash in hand		-	-
Mobile Money		-	-
Sub- total		-	-
Grand total		8,779,742	25,568,791

20. Receivables from exchange transactions

Description	2022/2023	2021/22
	Kshs.	Kshs.
Current Receivables		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total Current receivables (a)	-	-
Non-Current receivables		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total Non- current receivables (b)	-	-
Total receivables from exchange transactio	-	-

Ageing analysis for Receivables from exchange transactions

Description	2022/2023		2021/2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

21. Receivables from Non-Exchange transaction

Description	2022/2023	2021/22
	Kshs.	Kshs.
Transfer from County Executive	-	-
Outstanding Imprest	100,000	-
Total receivables from non-exchange transactions	100,000	-

Ageing analysis for Receivables from non-exchange transactions

Description	2022/2023		2021/2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

22. Prepayments

Description	2022/2023	2021/22
	Kshs.	Kshs.
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(<i>specify</i>)	-	-
Total	-	-

23. Inventories

Description	2022/2023	2021/22
	Kshs.	Kshs.
Stationery		-
Consumables		-
Other inventories(<i>specify</i>)		-
Total inventories at the lower of cost and net realizable value	-	-

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(Notes to the Financial Statements Continued)

24. Property, Plant and Equipment

	Furniture and fittings	Computers	Construction and Civil works	Building	Construction of Roads	Total
Description	Shs	Shs	Shs	Shs	Shs	Shs
As at 1 July 2021	4,765,233	835,520	6,065,352		61,761,657	73,427,762
Additions	-	-	-		30,250,026	30,250,026
(less) Disposals	-	-	-		-	-
Transfers/adjustments	-	-	-		-	-
totals of additions , disposals & transfers	4,765,233	835,520	6,065,352		92,011,683	103,677,788
Depreciation and impairment:						
Depreciation	595,654	250,656	-		-	846,310
Impairment	-	-	-		-	-
total depreciation and impairment	595,654	250,656	-		-	846,310
NBV as at 30th June 2022	4,169,578	584,864	6,065,352		92,011,683	102,831,478
As at 1 July 2022	4,169,578	584,864	6,065,352		92,011,683	102,831,478
Additions	-	-	-	11,517,295		11,517,295
(less) Disposals	-	-	-		-	-
Transfers/adjustments	-	-	-		-	-
totals of additions , disposals & transfers	4,169,578	584,864	6,065,352	11,517,295	92,011,683	114,348,773
Depreciation and impairment:						
Depreciation	1,725,449	444,439	3,580,984	684,688	31,642,818	38,078,378
Impairment	-	-	-		-	-
total depreciation and impairment	1,725,449	444,439	3,580,984	684,688	31,642,818	38,078,378
NBV as at 30th June 2023	2,444,129	140,425	2,484,368	10,832,607	60,368,865	76,270,394

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(Notes to The Financial Statements Continued)

25. Intangible assets

Description	2022/2023	2021/22
	Kshs.	Kshs.
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

26. Trade and other payables from exchange transactions

Description	2022/2023		2021/2022	
	Kshs.		Kshs.	
Trade payables	-		-	
Retentions	-		-	
Accrued expenses	-		-	
Other payables (<i>Specify</i>)	-		-	
Total trade and other payables	-		-	
Ageing analysis:	2022/2023	% of the Total	2021/2022	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

Notes to the Financial Statements

27. Refundable deposits from customers

Description	2022/2023		2021/2022	
	KShs		KShs	
Rent deposits	-		-	
Others (<i>specify</i>)	-		-	
Total	-		-	
Ageing analysis:	2022/2023	% of the Total	2021/2022	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

28. Provisions

Description	2022/2023	2021/22
	Kshs.	Kshs.
Balance at the beginning of the year		-
Additional Provisions (<i>Specify</i>)		-
Provision utilised		-
Balance at the end of the year		-
Current Portion of provision		-
Long term portion of provision		-
Total Provisions		-

29. Borrowings

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

Description	2022/2023		2021/2022	
	Kshs.		Kshs.	
Short term borrowings (current portion)	-		-	
Long term borrowings	-		-	
Total	-		-	

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Description	2022/2023	2021/2022
	Kshs.	Kshs.
Balance at beginning of the period	-	-
Borrowings during the year	-	-
Repayments of borrowings during the period	-	-
Balance at end of the period	-	-

The table below shows the Distribution of borrowings:

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
Total balance at end of the year	-	-

30. Employee Benefit Obligations

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

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31. Deferred Income

Description	2022/2023	2021/2022
	Kshs	Kshs
National/County Government	-	-
International Funding Bodies	-	-
Public Contributions and Donations	-	-
Total Deferred Income	-	-

The deferred income movement is as follows:

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

Analysed as:

Description	Amount
	Kshs
Current	-
Non- Current	-
Total	-

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Notes to the Financial Statements

32. Social Benefit Liabilities

Description	2022/2023	2021/2022
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
People Living with disabilities benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

33. Cash generated from operations

	2022/2023	2021/22
	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax	10,557,037	
Adjusted for:	-	
Depreciation	5,340,470	
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
Working Capital adjustments	-	
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
Net cash flow from operating activities	15,897,507	-

Notes to the Financial Statements

34. 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/scheme is related to the following entities:

- a) The County Government of Laikipia
- b) The Parent County Government Ministry of Lands, Housing and Urban development
- c) County Assembly of Laikipia
- d) Key management.

Ref	DESIGNATION	NAME
1.	Municipality Manager	Jackson Maina Kibocha
2.	Municipality Head of Finance	Samuel Methu
3.	Municipality Accountant	Peter Wanyoike

- e) Municipality Board;

Ref	Position	Name
1	Secretary of the board	Jackson Maina Kibocha
2	Chairperson of the board	Peter Rukwaro
3	Vice-chairperson of the board	Faith Ntarara
4	Board member	Saul Cheruiyot
5	Board member	Mathea Gikunju
6	Board member	Agnes Lokoro
7	Board member	Issack Sheikh
8	Board member	Peris Kinyua
9	Board member	Richard Kamunya
10	Board member	Patricia Lelegwe
11	County executive committee member	Martin Ekwam

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b) Related party transactions

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Board Members	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Due from parent Ministry	-	-
Due from County Government	-	-
Due from County Assembly	-	-
Total	-	-

e) Due to related parties

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Due to County Assembly	-	-
Total	-	-

Notes to the Financial Statements

35. Contingent liabilities

Contingent liabilities	2022/2023	2021/2022
	Kshs.	Kshs.
Court case xxx against the entity	-	-
Bank guarantees	-	-
Total	-	-

36. Contingent Assets

Contingent liabilities	2022/2023	2021/2022
	Kshs.	Kshs.
Court case xxx against the entity	-	-
Others Specify	-	-
Total	-	-

Notes to the Financial Statements

37. Financial risk management

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

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

I. Credit risk

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

	Total amount Kshs.	Total amount Kshs.	Past due Kshs.	Impaired Kshs.
At 30 June 2023				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2022				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

Notes to the Financial Statements

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

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considered adequate to cover any potentially irrecoverable amounts. The Municipality has significant concentration of credit risk on amounts due from xxx.

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

II. Liquidity risk management

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

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

	Less than 1 month	Between than 1-5 month	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 June 2023				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2022				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

Notes to the Financial Statements

III. Market risk

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

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

IV. Foreign currency risk

The Municipality has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the Municipality's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

		Other Currencies	Total
	Kshs.	Kshs.	Kshs.
At 30 June 2023			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

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Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs.	Kshs.	Kshs.
2023			
Euro	10%	-	-
USD	10%	-	-
2022			
Euro	10%	-	-
USD	10%	-	-

V. Interest rate risk

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

Management of interest rate risk

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

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Notes to the Financial Statements

VI. Capital risk management.

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

	2022/23	2021/22
	Kshs.	Kshs.
Revaluation reserve	-	-
Capital/Development Grants/City/Municipality	-	-
Accumulated surplus	-	-
Total Funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	0%	0%

20. Appendices

Appendix 1. Progress on Follow up of Auditors Recommendations.

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/EURO/RUMURUTI MM/2021/2022/ (23)	Unbalanced budget	Update the supplementary budget schedule	resolved	

Guidance Notes:

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



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Accounting officer of the Municipality

Name; Jackson Maina Kibocha

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Appendix 2: Inter Entity Transfers

CITY/MUNICIPALITY NAME:				
Breakdown of Transfers from the County Executive of 2022/2023 County				
FY 2022/2023				
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
		30/06/2023	2,500,000	FY2022/2023
			-	
		Total	2,500,000	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
			-	
		Total	-	
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
		Total	-	

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**Name: Jackson maina Kibocha
Municipality Manager**



**Name: Samuel Methu Ng'ang'a
Head of Finance**

Appendix 3: Reporting of Climate Relevant Expenditures

Name of the Organization; **Rumuruti Municipality**
 Telephone Number; **0721463491**
 Email Address; rumuruti@laikipia.go.ke
 Name of CEO/MD/Head; **Jackson Maina Kibocha**

Name and contact details of contact person (in case of any clarifications)
[Jackson Maina Kabocha](#)
[0721463491](tel:0721463491)

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

Appendix 4: Disaster Expenditure Reporting Template

Date: 31st July 2023

Entity: Rumuruti Municipality

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