

REPUBLIC OF KENYA



*Enhancing Accountability*

# REPORT

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## THE AUDITOR-GENERAL

ON

## MUNICIPALITY OF RONGO

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

PAPERS LAID	
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**MUNICIPALITY OF RONGO**  
**COUNTY GOVERNMENT OF MIGORI**

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

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

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**1. ACRONYMS & GLOSSARY OF TERMS**

PSASB	Public Sector Accounting Standards Board
FY	Financial Year
OSHA	Occupational Safety & Health Act

## **KEY ENTITY INFORMATION AND MANAGEMENT**

### **a) Background information**

Rongo Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011 and Cities and Municipal Charter on 20<sup>th</sup> July 2018. The Municipality is under the County Government of Migori and is domiciled in Kenya.

### **b) Principal Activities**

The main functions of the municipality are drawn from section 20 of urban areas and cities act, 2011 and the municipal charter. The functions were officially transferred to the municipality vide Gazette Notice no 2384 of 20<sup>th</sup> March 2020. These include but not limited to:

- (a) Oversee the affairs of Municipality of Rongo;
- (b) Develop and adopt policies, plans, strategies and Programmes, and set targets for delivery of services;
- (c) Formulate and implement integrated development plan;
- (d) Maintain a comprehensive database and information system of the administration and provide public access thereto upon Payment of a nominal fee to be determined by the board;
- (e) Administer and regulate its internal affairs;
- (f) Implement applicable national and county legislation;
- (g) Enter into such contracts, partnerships or joint ventures as it may consider necessary for the discharge of its functions as required under the law;
- (h) Monitor and, where appropriate, regulate municipal services where those services are provided by service providers other than the board of the municipality;
- (i) Prepare its budget for approval by the county executive committee and administer the budget as approved;
- (j) Monitor the impact and effectiveness of any services, policies, programmes or plans;
- (k) Establish, implement and monitor performance management systems;
- (l) Facilitate and regulate public transport;
- (m) Promote a safe and healthy environment; and

(n) Perform such other functions as may be delegated by the county government or as may be provided for by any written law.

**Vision of Rongo Municipality**

An inclusive, sustainable and vibrant municipality for people to live, work and invest.

**Mission of Rongo Municipality**

To collaborate with all stakeholders and the development partners through optimization of available opportunities and resources for the benefit of the municipal community.

**c) Key Management**

S/No	Position	Name
1.	Chairperson of the Board	Mr. Brighton Owuor Angienda
2.	Vice chairperson	Ms Faith Ochieng Ooko
3.	Board Member 1	Bishop Joel Okoth Nyauche
4.	Board Member 2	Mr. Jack Otieno Owuor
5.	Board Member 3	Ms Winnie Adhiambo Ogola
6.	Board Member 4	Mr Zackary Onyango Ojwang
7.	Board Member 5	Ms. Margaret Roseline Omolo
8.	CECM in charge of Urban matters	Hon. Eng. John Kobado, FKIM
9.	Chief Officer In charge of Urban Matters	Mr. Andrew Mwera
10.	Municipality Manager	Plan. David O. ORE

**d) Fiduciary Management**

The Municipal Manager who is the AIE holder is accountable to the Municipal board. The Municipal Board is then accountable to the County Executive committee and the County Assembly.

Ref	Position	Name
1	Municipality Manager	Plan. David O. ORE
2	Accountant	Mr. Alfred Ogundo
3	Physical planner	Mr Arthur Orangi

**e) Fiduciary Oversight Arrangements**

The Municipal Manager who is the AIE holder is accountable to the Municipal board. The Municipal Board is then accountable to the County Executive committee and the County Assembly.

i) Audit and Risk Management Committee

The Board has constituted an audit and Risk committee which is headed by Ms. Ms Winnie Adhiambo Ogola.

ii) County Assembly committees

The board is answerable to the County assembly of Migori and makes annual financial reports to the county assembly. Whenever called upon, the board files reports to relevant County Assembly departmental committee. In terms of financial matters, the board always make appearance before public accounts committee, implementation committee, budget and appropriation committee whenever requested to do so.

iii) Committees of the Senate

The board can also be called to appear before the relevant Senate community like Public Investment Committee, and Public Accounts Committee as the case maybe

**f) Registered Offices**

P.O. Box 450- 40404  
Sub County headquarters Building  
Rongo- Homabay Road  
Rongo, KENYA

**g) Contacts**

Telephone: (+254) 202690780  
E-mail: [rngomunicipality@migori.go.ke](mailto:rngomunicipality@migori.go.ke)  
Website: [www.migori.go.ke](http://www.migori.go.ke)

**h) Bankers**



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Commercial Banks-

Kenya Commercial Bank –

1. Municipality of Rongo Urban Development Grant

Account No. 1250199321

2. Rongo Municipality

Account No. 1272575330

3. Municipality of Rongo Urban Development retention

Account No. 1316544486

**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

**2. MUNICIPALITY OF RONGO BOARD**


Name	Details of qualifications and experience
<p><b>1. Board Chairperson</b></p>  <p>Mr. Brighton Owuor Angienda</p>	<p><i>Kenyan Citizen</i>  <i>ID No. 10792539</i>  <i>DOB 02/07/1953</i>  <i>Holds Masters of Art in Economics from Punjab Univiversit, India; BA from Paona University and Postgraduate Diplomas in Personnel Management and Financial Management from New Delhi and Symbiosis Institutes respectively</i>  <i>Work experience: Assistant Lecture Barton University, District Revenue Officer</i></p>
<p><b>2. Board Vice Chairperson</b></p>  <p>Ms. Faith Achieng Ooko</p>	<p><i>DOB: 16/09/1977</i>  <i>Bachelor Degree in Early Childhood Education from Nazarene University and Diploma in ECDE from Angelic Teachers Training College</i>  <i>Work experience: Education sector</i></p>

<p><b>3. Board Member</b></p>  <p>Mr. Zackary Onyango Ojwang</p>	<p><i>DOB: 01/01/1981</i></p> <p><i>Bachelor degree in Commerce (Marketing) from Africa Nazarene University</i></p> <p><i>Work Experience: Self-employed and Business Man</i></p>
<p><b>4. Board Member</b></p>  <p>Bishop Joel Okoth Nyauche</p>	<p><i>DOB: 01/01/1973</i></p> <p><i>O-level Qualification</i></p> <p><i>Diploma in theology and Biblical studies from Pentecostal Bible College</i></p> <p><i>Work Experience: Experience and Background in Bible and Theology</i></p>
<p><b>5. Board Member</b></p>  <p>Ms. Winnie Adhiambo Ogola</p>	<p><i>DOB: 13/08/1993</i></p> <p><i>Diploma in Health Records and Information technologies from the Kenya Medical Training College</i></p> <p><i>Work experience in community service and public sector</i></p>

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<p><b>6. Board Member</b></p>  <p>Ms Margaret Roseline Omolo</p>	<p><i>DOB: 1949</i></p> <p><i>O-level Education and a certificate in type writing, office practice and business Education</i></p> <p><i>Work Experience: School Secretary- Homabay High School</i></p>
<p><b>7. Board Member</b></p>  <p>Mr. Jack Otieno Owuor</p>	<p><i>DOB: 12/08/1968</i></p> <p><i>Masters of Arts in sociology of education, Bachelor of Arts from Sukhadia university ( India) postgraduate diploma from Egerton University</i></p> <p><i>Work experience in public sector</i></p>
<p><b>Municipal Manager</b></p>  <p>Plan. David O. ORE</p>	<p><b>Date of birth:</b> 05/01/1989</p> <p><b>Academic and Professional Qualification-</b></p> <ul style="list-style-type: none"> <li>• <i>Master's Degree –Environmental Planning and Management (ongoing)</i></li> <li>• <i>Bachelor's Degree in Urban and Regional Planning</i></li> </ul> <p><b>Work Experience</b></p> <ul style="list-style-type: none"> <li>• <i>2012-2022 –Physical Planning Officer</i></li> <li>• <i>March 2022- May 2023 – Municipal Manager Municipality of Rongo</i></li> <li>• <i>May 2023-Date Municipal Manager Rongo Municipality</i></li> </ul> <p><b>Area of Responsibility</b></p> <p><i>Municipal Manager/Secretary to the Board</i></p> <p><i>Accounting Officer</i></p>

## 1. KEY MANAGEMENT TEAM

Name	Details of qualifications and experience
<p>1. Manager 1:</p>  <p>Plan. David ORE</p>	<p><b>Date of birth:</b> 05/01/1989</p> <p><b>Academic and Professional Qualification-</b></p> <ul style="list-style-type: none"> <li>• <i>Master's Degree –Environmental Planning and Management (ongoing)</i></li> <li>• <i>Bachelor's Degree in Urban and Regional Planning</i></li> </ul> <p><b>Work Experience</b></p> <ul style="list-style-type: none"> <li>• <i>2012-2022 –Physical Planning Officer</i></li> <li>• <i>March 2022- May 2023 – Municipal Manager Municipality of Rongo</i></li> <li>• <i>May 2023-Date Municipal Manager Rongo Municipality</i></li> </ul>
<p>2. Manager 2</p> <p>Mr. Alfred Ogundo- Accountant</p>	<p>Certified Public Accountant (CPA 4)</p>
<p>3. Manager 3</p> <p>Mr Arthur Orangi</p>	<p>BA Urban and regional planning</p>
<p>4. Manager 4</p> <p>Otieno Brian Oluoch- Quantity Surveyor</p>	<p>BSC Quantity surveying</p>
<p>5. Manager 5</p> <p>Meshack Onyango Ochieng- Civil engineer</p>	<p>BSC Civil engineering</p>
<p>6. Manager 6</p> <p>Sylvesters Owino Ouka- Urban planner</p>	<p>BA Urban and regional planning</p>
<p>7. Manager 7</p> <p>Mwikwabe John Joseph- Environmentalist</p>	<p>BSC Environmental science</p>

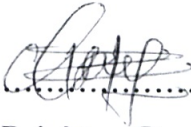
## **2. MUNICIPALITY BOARD CHAIRPERSON'S REPORT**

In the financial year 2022/23, Rongo Municipal Board made a number strides in the discharge of its mandate. In particular the board oversaw the implementation of several investment projects within the municipality. These include completion of construction of roads to bitumen standards, as well as the installation of waste bins and fire extinguishers within the Municipality.

The board also has equally conducted meetings as required by law where several policy directions were given to the Municipal manager for implementation. The board also appreciates the support from development partners like the World Bank who has been supporting us with development funds.

The Municipality also got development funds appropriated by the County Assembly of Migori totalling to Ksh 66,271,166/=. The funds were set aside to fund the development of non-motorised facilities within the Municipality.

During the year under review the board operations were hampered by limited fiscal allocation and institutional risk such as none transfer of functions to the municipality.



.....  
**Name: Mr. Brighton Owuor Angienda**

**Chairperson of the Board**

### 3. REPORT OF THE MUNICIPALITY MANAGER

#### 5.1 Budget Performance

In the Financial Year under review Rongo Municipality was allocated a budget of kshs.75,756,304/=; kshs.66,271,166/= was meant for development expenditure whereas recurrent expenditure was allocated Ksh 9,485,138/=. Within the recurrent expenditure there were other procurable items which included publishing and printing services and sanitary and cleaning materials, supplies and services.

The funds for development were both from donor funds and County Treasury. Out of the Ksh 66,271,166 development funds Kshs 10,694,630 were appropriated by the County treasury and set aside to implement the following projects:

- Proposed NMTs at Posta-Beer Belt Road- **Ksh 3,098,940**
- Proposed NMTs at Tamu Supermarket-Hospital-Police Station Road- **Ksh 3,797,845**
- Proposed Construction of NMTs along Las Jona Junction-Posta-Kcb-A1 Road-**Ksh 3,797,845**

However due to challenge of late procurement the projects had not been initiated by the end of the financial year.

The funds for recurrent expenditures assisted the municipality in undertaking administrative and support services such as citizen fora, board meetings, daily subsistence allowances, and general office services.

#### 5.2 Progress of Municipality projects

Since the inauguration of the municipality the following projects/programs have been implemented:

Project	Output	Outcome	Progress(%)
Construction of Rongo township Roads	<ul style="list-style-type: none"> <li>• Street lights</li> <li>• Storm water drainage channels</li> <li>• NMT facilities</li> <li>• Access culverts</li> <li>• Box culverts</li> <li>• Carriage way with bitumen</li> <li>• Speed calmers</li> <li>• Road Signages</li> </ul>	<ul style="list-style-type: none"> <li>• Improved accessibility</li> <li>• Reduced traffic snarl-up</li> <li>• Reduced accidents</li> <li>• Enhanced security</li> <li>• Reduced flooding in town</li> </ul>	100% complete
Construction of Rongo Modern Buspark	<ul style="list-style-type: none"> <li>• stalls</li> <li>• Bus terminal</li> </ul>	<ul style="list-style-type: none"> <li>• Improved security</li> <li>• Improved accessibility</li> </ul>	100% complete

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	<ul style="list-style-type: none"> <li>• Access road</li> <li>• shades</li> <li>• Water supply</li> <li>• Flood light</li> <li>• Waste management area</li> </ul>	<ul style="list-style-type: none"> <li>• Increased revenue collection</li> <li>• Improved income/livelihood</li> <li>• Improved sanitation at the Buspark</li> </ul>	
Urban Beautification	<ul style="list-style-type: none"> <li>• Ornamental trees</li> <li>• Waste bins</li> <li>• Waste skips</li> </ul>	<ul style="list-style-type: none"> <li>• Improved aesthetic value of the town</li> <li>• Improved waste management</li> </ul>	100 complete

The implementation of the above projects were done in collaboration with the county department of physical planning and Urban Development through the County Project Coordination team (CPCT) as provided for in the KUSP programme operation manual. The residents of the municipality have experience first-hand impacts of the projects and as such the value for money has not been lost.

**5.3 Challenges on the Strategic Objectives**

In line with our strategic plan, the municipality intends to achieve the following strategic objectives over the next five years:

1. To secure all public land for development by 2025
2. To improve infrastructural and utility services for Municipality of Rongo by 2025
3. To mobilize resources for recurrent and development expenditures in Municipality of Rongo by 2025
4. To strengthen the capacity of the Board and staff of Municipality of Rongo by 2025
5. To improve and enhance security in Municipality of Rongoby 2025
6. To Monitor the conservation and management of green spaces in Municipality of Rongo by 2025
7. To set up a fully functional disaster management programme in Municipality of Rongo by 2025
8. To promote Public Health services
9. To set up an industrial park in Municipality of Rongo by 2025
10. To promote the establishment of light industries by 2025
11. To monitor upcoming and established learning resources centres
12. To monitor and support TVET institutions in line with trade and manufacturing needs in the municipality.

We have however faced a number of challenges in the course of realization of the above objectives. This challenge includes but limited to;



- Lack of trained technical staffs- the municipality is in dire need of additional employees in the field of physical planning, engineering, accounting, human resource, land surveying, quantity surveying, procurement and supply chain management, architecture among others.
- Insufficient funding-the municipality has been receiving little funds from the county government which is not commensurate to the functions it is supposed to discharge. The funding from development partners has also been insufficient in terms of amount and timely disbursement.
- Non delegation of functions to the municipality- the county government of Migori has not fully delegated/transferred functions to Municipality of Rongo as required by the Urban Areas and Cities Act.
- Duplication of roles /functions-the spirit of section 48 (1)(a) and 48(2) of the County Government Act, 2012 has not been respected with respect to Rongo subcounty and Municipality of Rongo as decentralized units within County Government of Migori.

#### 5.4 Risk Management Strategies

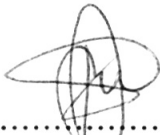
The Municipality identified and undertook an assessment of impending risks to effective and efficient operations. These risks are environmental, political, organizational, operational, financial and technological in nature and affect implementation of programmes and its outcomes. The foregoing risks call for accountability, monitoring and reporting on mitigation factors so as to ensure a prosperous Municipality. Using the Low, Medium and High risk ranking on the basis of Likelihood and impact, the significant risks are highlighted as follows:

Key Risks	Likelihood (H/M/L)	Impact (H/M/L)	Contingency Plan/ Steps to Mitigate Risk	Person(s) Responsible
Political instability and Insecurity (e.g. election unrest, terrorism etc.)	Low	High	Utilizing already existing county government structures, national government and other key actors	Office of the Governor
Limited Financial Resources	Medium	High	Development of sustainable income generating programmes	CEC and Chief Officer
Insufficient collaboration, cooperation and strategic partnerships	Medium	High	Enhancing partnerships with various stakeholders	Municipality Board/ CEC

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with relevant stakeholders (PPP)				
Few technical staff	Medium	High	<ul style="list-style-type: none"> <li>Identifying, developing and retaining the requisite human resources to support the strategy implementation</li> <li>Provide a competitive remuneration and benefits policy</li> </ul>	Public Service Board
Rapid technological advancement	Medium	High	Integrating information and communication technologies in the processes of services provision	Directors
Resistance to change	Medium	High	<ul style="list-style-type: none"> <li>Employee engagement; highly directed, engaged, mobilized county officers</li> <li>Team building for staff and the Board</li> <li>Communicating the vision and strategy to all effectively</li> </ul>	Municipal Manager



.....  
**Name: Plan David ORE**  
**Municipality Manager**  
**Municipality of Rongo**

#### 4. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR THE FY 2021/2023

##### Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a County Government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board including a statement of the county government entity's performance against predetermined objectives. The key development objectives of the Rongo Municipality Strategic plan 2020-2025 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:

In the FY 2022/2023 ADP Rongo Municipality planned several programs as guided by its mandate and 2022- 2027 CIDP. The prioritized programs captured were:

- Environmental Management and Conservation
- Municipal Planning Services
- Infrastructural development
- Administrative and support services

Below we provide the progress on attaining the stated objectives:

<b>PROGRAMME NAME</b>	<b>Environmental Management and Conservation</b>				
<b>OBJECTIVE</b>	To improve cleanliness, preserve and conserve the environment				
<b>OUTCOME</b>	Enhanced safety and healthier environment				
<b>SUB-PROGRAMME</b>	<b>KEY OUTPUTS</b>	<b>KEY PERFORMANCE INDICATORS</b>	<b>TARGETS</b>		<b>REMARKS</b>
			<b>PLANNED</b>	<b>ACHIEVED</b>	

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Environmental Preservation, Cleaning and Conservation Services	Tree seedlings planted	No. of Tree seedlings planted	10000	0	Funds were never allocated for the sub-program
	Installed waste bins	No. of waste bins installed	100	50	The funds were not sufficient to meet the target
	Clean streets and open public spaces	Length of streets cleaned per week	15km	9km	The allocated funds were not sufficient to meet the planned target.

<b>PROGRAMME NAME</b>	<b>Municipal Planning Services</b>				
<b>OBJECTIVE</b>	To enhance land use planning, economic development and integrated planning				
<b>OUTCOME</b>	Properly guided and formalized development				
<b>SUB-PROGRAMME</b>	<b>KEY OUTPUTS</b>	<b>KEY PERFORMANC E INDICATORS</b>	<b>TARGETS</b>		<b>REMARKS</b>
			<b>PLANNED</b>	<b>ACHIEVED</b>	
Policies, plans and bi-laws review and development	Draft Rongo Municipal By-laws	Existence of Rongo municipal by-law	1	1	The draft by laws have been prepared awaiting approval
	Revised Integrated Development Plan (IDeP)	Existence of updated IDeP	1	1	The IDeP was revised as per the law

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	for Rongo Municipality				
	Adopted Annual Urban Investment Plan	No. of Annual Urban Investment Plan prepared	1	1	

<b>PROGRAMME NAME</b>	<b>Infrastructural development</b>				
<b>OBJECTIVE</b>	To improve basic services within the municipality				
<b>OUTCOME</b>	Enhanced basic service within the municipality				
<b>SUB-PROGRAMME</b>	<b>KEY OUTPUTS</b>	<b>KEY PERFORMANCE INDICATORS</b>	<b>TARGETS</b>		<b>REMARKS</b>
			<b>PLANNED</b>	<b>ACHIEVED</b>	
Infrastructural Development services	Constructed Non-Motorized (NMTs) Facilities	Length of footpaths constructed	5km	3km	The funds allocated were not sufficient to meet the target.
	Installed street lights	No. of Solar Powered Street lights installed	150	150	The target was met. The project was implanted with funds from KUSP

<b>PROGRAMME NAME</b>	<b>Administrative and support services</b>				
<b>OBJECTIVE</b>	To improve the work environment, administration and governance				
<b>OUTCOME</b>	Improved service delivery				
			<b>TARGETS</b>		

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SUB-PROGRAMME	KEY OUTPUTS	KEY PERFORMANCE INDICATORS	PLANNED	ACHIEVED	REMARKS
Planning, administration and governance services	Board Meeting Minutes	No. of Quarterly Ordinary Board Meetings held	1	1	The board held 4 ordinary meetings and 4 special meetings over the last one year
	Board Committee Meeting minutes	No. of Quarterly Board Committee Meetings held	4	4	A total of 16 Board Sub-committee meetings were held over the last one year
	Citizen Fora Reports	No. of Citizen Fora meetings held quarterly	1	1	4 citizen Fora were held
	Trained Municipal Staff and Board Members	No. of Trainings conducted annually	2	1	There were no sufficient funds to hold the 2 planned trainings
	Pear learning Event Reports	No. of Benchmarking activities undertaken	2	0	There were no funds undertake the activity
	Planning, administration and governance services	No. of proposals developed and shared with development partners	2	1	A proposal on solid waste management was prepared



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			- Removal of top soil - compacti on of the surface -Cabro Paving of the walkway s.	FY 2023/2024 as pending Bill		3,797,845	
PROPOSED NMTs AT TAMU SUPERMARKET-HOSPITAL-POLICE STATION ROAD	To enhance pedestrian mobility and reduce accidents within Rongo Municipality CBD	Newly built pedestrian walkways	- Prepario n of tender documents includin g designs and Bill of Quantiti es, -Sub-surface civil works - Removal of top soil - compacti on of the surface -Cabro Paving of the walkway s.	The tender has been awarded ; Contract or has initiated the works; due to late procure ment the contract crossed into the FY 2023/2024 as pending Bill		-	County Treasury



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

<p>PROPOSED CONSTRUCTION OF NMTs ALONG LAS JONA JUNCTION-POSTA-KCB-A1 ROAD</p>	<p>To enhance pedestrian mobility and reduce accidents within Rongo Municipality CBD</p>	<p>Newly built pedestrian walkways</p>	<ul style="list-style-type: none"> <li>- Preparation of tender documents including designs and Bill of Quantities,</li> <li>-Sub-surface civil works</li> <li>- Removal of top soil</li> <li>- compaction of the surface</li> <li>-Cabro Paving of the walkways.</li> </ul>	<p>The tender has been awarded ; Contractor has initiated the works; due to late procurement the contract crossed into the FY 2023/2024 as pending Bill</p>			<p>County Treasury</p>
<p>Fabrication, Supply and Installation of 8 No. Waste bins, and Installation of Fire Extinguishers 12No</p>	<p>To enhance environmental safety and Health</p>	<p>Installed waste bins and fire extinguishers</p>	<ul style="list-style-type: none"> <li>- Fabrication of and installation of waste bins</li> <li>-supply, installation and testing of the fire extinguishers</li> </ul>	<p>Project completed as planned</p>	<p>1,194559.32</p>	<p>1,150,000</p>	<p>KUSP Additional Funding</p>

**LESSONS LEARNT AND RECOMMENDATIONS**

- The ceiling given to the municipalities should reflect estimates captured in the ADP
- The award of Contracts for provision of goods and services should be done by end of 1<sup>st</sup> quarter to facilitate full absorption of budgeted funds.
- A formular for sharing of funds between the County Government and the Municipalities should be developed in line with section 173 of Public Finance Management Act, 2012.
- The County Executive Committee should transfer the functions and attendant resources to the municipality to facility effective delivery of services to the municipal residents.

**5. CORPORATE GOVERNANCE STATEMENT**

**7.1 PROCESS OF APPOINTMENT AND REMOVAL OF BOARD MEMBERS.**

Rongo municipal board members were appointed as provided for in section 11 of Urban Areas and Rongo municipal board members were appointed as provided for in section 11 of Urban Areas and Cities (Amendment) Act, 2019). Upon nomination the names of the nominees were forwarded to the County assembly of Migori for vetting and subsequent approval.

The removal of respective Board Members is guided by Urban Areas and Cities Act, 2011 section 18 which provides as follows:

- (1) A person may be removed from the office of chairperson, vice chairperson or a member of the board on any of the grounds provided under section 16 (a), (b), (c), (e), (f), (g), (h), (i) and (j) —
- (a) A person may be removed under subsection (1);
- (b) by the county governor;
- (c) by the board, supported by the vote of at least two-thirds of the members of the board; or
- (d) upon petition by the residents of a city or municipality;

- (3) A resident of a city or municipality may file a writing petition with a board for the removal of a chairperson or vice chairperson.
- (4) The procedure for the removal or petition for removal of a chairperson or vice chairperson under subsections (1) and (2) shall be provided by regulations.

**7.2 ROLES AND FUNCTIONS OF THE MUNICIPALITY OF RONGO BOARD MEMBERS**

Pursuant to Article 184 of the Constitution of Kenya, section 48 (1) (a) of the County Governments Act, 2012, sections 9 (1) and Section 20 of the Urban Areas and Cities Act, 2011 and section 6 of the Rongo Municipal Charter, the Governor, Migori County transferred the under listed functions to the Municipal Board of Rongo—

- (a) oversee the affairs of Municipality of Rongo;
- (b) develop and adopt policies, plans, strategies and programmes, and set targets for delivery of services;
- (c) formulate and implement integrated development plan;
- (d) maintain a comprehensive database and information system of the administration and provide public access thereto upon payment of a nominal fee to be determined by the board;
- (e) administer and regulate its internal affairs;
- (f) implement applicable national and county legislation;

*(g) enter into such contracts, partnerships or joint ventures as it may consider necessary for the discharge of its functions as required under the law;*

*(h) monitor and, where appropriate, regulate municipal services where those services are provided by service providers other than the board of the municipality; (i) prepare its budget for approval by the county executive committee and administer the budget as approved;*

*(j) monitor the impact and effectiveness of any services, policies, programmes or plans;*

*(k) establish, implement and monitor performance management systems;*

*(l) facilitate and regulate public transport;*

*(m) promote a safe and healthy environment; and*

*(n) perform such other functions as may be delegated by the county government or as may be provided for by any written law. The transfer of the above functions took effect immediately.*

### **7.3 INDUCTION AND TRAINING OF MUNICIPALITY BOARD MEMBERS AND MEMBER'S PERFORMANCE**

As at the time of establishment of the board the County government of Migori through the department of Physical Planning and urban development conducted induction exercises to board members. The induction focused on the following areas:

- Roles/functions of the Municipal Board
- Relationship between the Municipal Board and County government departments/other devolve units
- Structure of Kenya Urban Support Program

In the financial year under review board members were taken through two trainings which focussed on formulation of By-laws and preparation of various municipal plans.

### **7.4 NUMBER OF MUNICIPALITY BOARD MEETINGS HELD AND THE ATTENDANCE TO THOSE MEETINGS BY MEMBERS**

The number of Municipal Board Meetings are capped by law at 4 ordinary sittings and 4 special sittings in a year. In the financial year 2022/2023 the Rongo Municipal Board conducted a total of 8 sittings. The four ordinary meetings were done once every quarter of the year. Rongo Municipal

Board also has 4 committees which include: Finance Committee, Monitoring and Evaluation Committee, Human Resource committee and Environment and Planning Committee.

The above four committees held one meeting each every quarter of the year under review bringing a total of 16 sub-committee meetings.

#### **7.5 SUCCESSION PLAN**

As per the applicable law the board of municipality shall be body corporate with perpetual succession and common seal. Each member of the board shall hold office for a term of five years, on part time basis.

#### **7.6 EXISTENCE OF A SERVICE CHARTER**

Municipality of Rongo has a service charter which was gazzeted on 20<sup>th</sup> March 2020 in the Kenya Government gazette Notice Vol. CXXII—No. 5. The charter formed the basis of conferment the status of Municipality to Rongo town. The charter outlines how the operations of the municipality are undertaken.

#### **7.7 BOARD REMUNERATION**

As per the law the Board Members are not entitled to salaries since they work on part-time basis. However, the individual members are being paid sitting and lunch allowances as per the circular from Salaries & Remuneration Commission dated 27<sup>th</sup> February, 2019 Ref: SRC/TS/CG/3/61/19 (38)

**6. MANAGEMENT DISCUSSION AND ANALYSIS**

In the Financial Year under review Rongo Municipality was allocated a budget of kshs.75,756,304/=; kshs.66,271,166/= was meant for development expenditure whereas recurrent expenditure was allocated Ksh 9,485,138/=. Within the recurrent expenditure there were other procurable items which included publishing and printing services and sanitary and cleaning materials, supplies and services.

From the total budget of kshs 75,756,304 only kshs 45 million was received forming 61% of the expected amount. The management spent Kshs 32million of the total amount received by close of the year. The underperformance was due to late exchequer disbursement and ongoing projects

Further Long procurement procedures also led to some projects not done by the end of the financial year.

The funds for recurrent expenditures assisted the municipality in undertaking administrative and support services such as citizen fora, board meetings, daily subsistence allowances, and general office services.

## **7. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

Rongo 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 municipality pillars: 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.

### **Sustainability strategy and profile**

Rongo Municipality is one of the 59 Municipalities in Kenya and it is situated along the Kisii-Sirare route at the junction to Homa Bay and Riosir and is bordered by major urban areas such as Homabay 32.4km NW, Migori Municipality 36km SW, Kisii 21km NE and Oyugis 32.8km NE. The Municipality is served externally by three major roads: Kisii-Rongo-Migori Highway, Rongo –Homabay and Rongo-Riosir Road.

The main challenge of Rongo Municipality is that, functions have not been transferred by the various departments of the county, lack of technical staff and low resource allocation by the County treasury.

### **Environmental performance**

The Municipality has sensitised the residents about solid waste management through citizen foras and through radio talks. The Municipality have also mounted waste bins in various strategic points within the town.

The main challenge is the collection of wastes from their temporary transfer stations where sometimes the Environment department takes long to collect the wastes to the dump sites. The function of keeping town healthy and safe has been transferred to the Municipality but no resource for this function. We only depend on the department of environment which also do not have the money.

### **Employee welfare**

The recruitment is centralized at the County Public Service Board. The Municipality has one Staff fully deployed to the entity; the Accountant, the Staff at the municipality is periodically appraised by the Manager who is the Supervisor to enhance his performance to achieve overall goal of the County.

Generally, the salaries of the staff are regulated by the Salaries and Remuneration Commission (SRC).

The municipality has no stand-alone offices- the entity has one room at the sub county offices with all its staff. The entity is not visible. We need to construct an office for the Municipality to prevent crowding in the office and to enhance confidentiality at the work place. The OSHA policy is not in place.

### Market place practices

*The organisation should outline its efforts to:*

**a) Responsible competition practice.**

*Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors.*

**b) Responsible Supply chain and supplier relations**

*The procurement is centralized at the Supply and Chain department of the County. The Municipality still rely on the Department in Budgeting and procurement process.*

**c) Responsible marketing and advertisement**

*As per the public service principles*

**d) Product stewardship**

*This is done through the trade department.*

### Community Engagements

The municipality during the period under review organized several citizen forums through which the community were engaged on various issues.

Also in collaboration with NEMA the municipality in commemoration of world environment day organised for clean-up exercise and also planting of several species of trees within the municipality.



## **8. REPORT OF THE MUNICIPALITY BOARD MEMBERS**

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

### **Principal activities**

The principal activities of the Municipality are as contained in the section 20 of Urban areas and Cities Act, 2011 and Rongo Municipal Charter

### **Performance**

The performances of the Municipality for the year ended June 30, 2023 are set out on page 1-5

### **Board Members**

The members of the Board who served during the year under review are shown under the key entity information and management page. The changes in the Board during the financial year are as shown below:

#### **1<sup>st</sup> Board Members**

1. Millicent Marera- Chair person
2. Josiah Ngoje- Vice Chairperson
3. Caleb Arodi-Member
4. Craft Onyango- Member
5. Ann Ogalo- Member
6. Evans Achar-Member
7. Jacob Akal- Member
8. Larry Jobando- Municipal Manager

#### **2<sup>nd</sup> Board Members**

1. Brighton Angienda- Chairperson
2. Faith Ooko- Vice Chairperson
3. Zaccary Onyango- Member
4. Winnie Ogola- Member
5. Joel Nyauche- Member
6. Jack Owuor- Member
7. Margret Omolo- Member
8. David Ore- Municipal Manager.

**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.

OR By Order of the Board

**David Ore**



**Municipal Manager**

**Municipality of Rongo**

## **9. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES**

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

The Municipality manager is responsible for the preparation and presentation of the Municipality's financial statements, which give a true and fair view of the state of affairs of the Municipality for and as at the end of the financial year ended on June 30, 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, 20xx, and the financial position as at that date.

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

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

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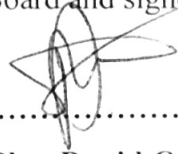
Nothing has come to the attention of the Municipality Manager to indicate that the Municipality will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Municipal financial statements were approved by the Board and signed on its behalf by:

.....  


**Name: Mr. Brighton Owuor Angienda**  
**Chairperson of the Board**

.....  


**Name: Plan David ORE**  
**Accounting officer of the Board**

# REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

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

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### PREAMBLE

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

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

#### Opinion

I have audited the accompanying financial statements of Municipality of Rongo set out on pages 1 to 15, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net

assets, statement of cash flows and the 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, the financial statements present fairly, in all material respects, the financial position of the Municipality of Rongo 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 Opinion**

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amount reflects revenue budget and actual on comparable basis amounts of Kshs.75,756,304 and Kshs.45,849,736 respectively, resulting in an underfunding of Kshs.29,906,568 or 39% of the budget. Similarly, the Municipality spent Kshs.32,661,554 out of the approved expenditure budget of Kshs.75,756,304, resulting in an under-expenditure of Kshs.43,094,750 or 57% of the budget. The underfunding and under-expenditure constrained execution of planned activities and delivery of services to the residents of Rongo Municipality.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing

else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## **Basis of Conclusion**

### **1. Supply of Waste Bins and Fire Extinguishers**

The statement of financial position reflects property, plant and equipment balance of Kshs.100,226,081 which, as disclosed in Note 9 to the financial statements, includes additions during the year of Kshs.25,611,015, which further, includes Kshs.1,150,020 in respect of supply of waste bins and fire extinguishers. Review of records provided revealed that the Tender Opening Committee Members were appointed by the Director Supply Chain Management, contrary to Section 78(1) of the Public Procurement and Asset Disposal Act, 2015, which stipulates that the Accounting Officer shall appoint the Tender Opening Committee Members.

Further, review of tender documents revealed that only one bidder had submitted itemized pricing as specified in the request for quotation document. The bid documents for the other two (2) bidders were incomplete as no details had been filled up, including the itemized pricing section as required in the tender document. The two bidders were, therefore, non-responsive according to Section 79(1) of Public Procurement and Asset Disposal Act, 2015.

In addition, physical verification conducted on 9 November, 2023 revealed that the fire extinguishers were still lying at the Municipal Manager's Office and had not been distributed to various offices or stations, almost six (6) months after delivery.

In the circumstances, the Municipality may not have achieved value for money from the expenditure of Kshs.1,150,020, and Management was in breach of the law.

### **2. Intergovernmental Participation Agreement**

The statement of comparison of budget and actual amounts reflects development expenditure amount of Kshs.25,611,015 which was financed by Kenya Urban Support Programme Grant. During the year under review, it was established that the Intergovernmental Participation Agreement among Kenya Urban Support Program, the National Government of Kenya and County Government of Migori that spelt out the terms and reference on the management of Kenya Urban Support Program Grant signed on 6 December, 2017 expired on 6 December, 2018 and Management of Rongo Municipality Board did not provide evidence that it was renewed. In addition, the financing agreement for Kenya Urban Support Program Grant was not provided for audit review.

In the circumstances, the validity and value for money on the expenditure of Kshs.25,611,015 could not be confirmed.

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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

## **Basis of Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 control 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 control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Municipality's ability 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 dissolve 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 comply with the authorities which govern them, and that public resources are applied in an effective way.

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



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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of 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 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 sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Municipality to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

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

**Nairobi**

**16 February, 2024**



11. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023.

	Notes	2022/23	2021/22
		Kshs.	Kshs.
<b>Revenue from non-exchange transactions</b>			
Transfers from County Government	1	7,051,800	3,396,200
<b>Total revenue</b>		<b>7,051,800</b>	<b>3,396,200</b>
<b>Expenses</b>			
Use of Goods & Services	3	651,535	941,600
Board Expenses	4	2,509,530	2,451,280
Staff Cost	5	3,881,695	0
Finance Cost	6	7,779	3,320
Depreciation and Amortization	7	7,082,123	
<b>Total expenses</b>		<b>14,132,662</b>	<b>3,396,200</b>
<b>Deficit for the year</b>		<b>(7,080,862)</b>	<b>-</b>


Name: Plan David ORE  
Municipality Manager

Name: Erick O. Jalang'o  
Head of Accounting Services  
ICPAK M/No.14959

## 12. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	2022/23	2021/22
		Kshs.	Kshs.
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	13,188,182	37,811,013
<b>Non-Current Assets</b>			
Property, Plant & Equipment	9	100,226,081	81,697,189
<b>TOTAL ASSETS</b>		<b>113,414,262</b>	<b>119,508,202</b>
<b>Net Assets</b>			
Capital /Development Grants/Fund		91,718,897	90,731,975
Accumulated Surplus		21,695,365	28,776,227
<b>Total net assets and liabilities</b>		<b>113,414,262</b>	<b>119,508,202</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 29<sup>th</sup> September 2023 and signed by:



Name: **Plan David ORE**

Municipality Manager

Date:



Name: **Erick O. Jalang'o**

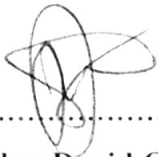
Head of Accounting Services

ICPAK M/No.14959

Date:

## 13. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2023

DETAILS	CAPITAL/DEVELOPMENT GRANTS/FUND	ACCUMULATED SURPLUS	TOTAL
		Kshs.	Kshs.
<b>Balance as at 1 July 2021</b>	-	28,776,227	28,776,227
Surplus/(deficit) for the year		0	0
Funds received during the year	90,731,975		90,731,975
<b>Balance as at 30 June 2022</b>	<b>90,731,975</b>	<b>28,776,227</b>	<b>119,508,202</b>
(deficit) for the year	0	(7,080,862)	(7,080,862)
Funds received during the year	1,194,559	0	1,194,559
Transfer Rongo Municipality	(207,637)	0	(207,637)
<b>Balance as at 30 June 2023</b>	<b>91,718,897</b>	<b>21,695,365</b>	<b>113,414,262</b>



.....  
Name: Plan David ORE

Municipality Manager



.....  
Name: Erick O. Jalang'o

Head of Accounting Services

ICPAK M/No.14959

## 14. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Note	2022/23	2021/22
		Kshs.	Kshs.
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from County Government	1	7,051,800	3,396,200
Public Contributions and Donations	2	1,194,559	90,731,975
<b>Total Receipts</b>		<b>8,246,359</b>	<b>94,128,175</b>
<b>Payments</b>			
Use of Goods & Services	3	651,535	941,600
Board Expenses	4	2,509,530	2,451,280
Staff Cost	5	3,881,695	0
Finance Cost	6	7,779	3,320
<b>Total Payments</b>		<b>7,050,539</b>	<b>3,396,200</b>
<b>Net Cash flows from operating activities</b>		<b>1,195,820</b>	<b>90,731,975</b>
<b>Cash flows from investing activities</b>			
Property Plant and Equipment	9	(25,611,015)	(81,697,189)
Transfer to Rongo		(207,637)	
<b>Net cash flows used in investing activities</b>		<b>(25,818,652)</b>	<b>(81,697,189)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(24,622,832)</b>	<b>9,034,786</b>
Cash and cash equivalents at 1 July 2022		37,811,013	28,776,227
<b>Cash and cash equivalents at 30 June 2023</b>	8	<b>13,188,181</b>	<b>37,811,013</b>

.....  
Name: **Plat David ORE**

Municipality Manager

.....  
Name: **Erick O. Jalang'o**

Head of Accounting Services

ICPAK M/No.14959

Municipality of Rongo  
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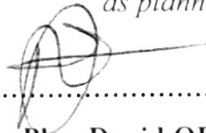
15. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2023

	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	KShs	
Transfers from County Government	9,485,138	0	9,485,138	7,051,800	2,433,338	74%
Public Contributions and Donations	66,271,166	0	66,271,166	38,797,936	27,473,230	59%
<b>Total income</b>	<b>75,756,304</b>	<b>0</b>	<b>75,756,304</b>	<b>45,849,736</b>	<b>29,906,568</b>	<b>61%</b>
<b>Expenses</b>						
Use of Goods & Services	2,775,138	0	2,775,138	651,535	2,123,603	24%
Board Expenses	2,700,000	0	2,700,000	2,509,530	190,470	93%
Staff Cost	4,000,000	0	4,000,000	3,881,695	118,305	97%
Finance Cost	10,000	0	10,000	7,779	2,221	78%
Development Expenditure	66,271,166	0	66,271,166	25,611,015	40,660,151	39%
<b>Total expenditure</b>	<b>75,756,304</b>	<b>0</b>	<b>75,756,304</b>	<b>32,661,554</b>	<b>43,094,750</b>	<b>43%</b>
<b>Surplus for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,188,182</b>	<b>(13,188,182)</b>	

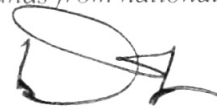
NOTES:

- a. The difference between the actual public contribution and donation receipt on the statement of financial performance and statement of comparison of budget and actual amounts is cash and cash equivalent brought forward of **Kshs 37,811,014** and **Kshs 207,637** transferred to Rongo Municipality
- b. The difference between the final budget and the actual budget was due to under funding by the County Finance and Economic planning to the municipality

c. *Reasons for percentage (%) utilizations of 74% for transfers from the County Government; 59% for public contributions and donations; 24% for use of goods and services; 78% for finance costs; and 39% for development expenditure, which are all below 90%. Major reason is late disbursements of funds from national treasury making it difficult to execute the activities as planned*



.....  
Name: **Plan David ORE**  
Municipality Manager



.....  
Name: **Erick O. Jalang'o**  
Head of Accounting Services  
ICPAK M/No.14959



## 16. SIGNIFICANT ACCOUNTING POLICIES

### 1. General Information

Rongo Municipality is established by and derives its authority and accountability Urban Areas and Cities Act No. 13 of 2011. The Municipality is under the Migori County Government and is domiciled in Kenya.

The Municipality's principal activity is overseeing the affairs of Municipality of Rongo

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

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

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act (*include any other applicable legislation*), 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)

### 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 *Entity* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

**b) 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 City/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.

**c) Depreciation Policy**

Depreciation is charged annually on a reducing balance basis on the balance at year end. The depreciation rates for the Non-Current assets of the STVCA are outlined below:

<b>Category</b>	<b>Estimated Useful Life</b>	<b>Depreciation rate</b>
Buildings	50 years	2%
Roads and other Civil works	40 years	2.5%
Equipment/Solar Installation	5 years	12.5%

**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

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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.

**d) 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 City/Municipality.

**e) 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 City/Municipality expects

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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.

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

The City/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.

**g) 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.

**h) Comparative figures**

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

**i) 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 City/Municipality should indicate whether there are material adjusting and non-adjusting events after the reporting period.

**j) Currency**

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

**1. Significant judgments and sources of estimation uncertainty**

The preparation of the City/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 City/Municipality based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the City/Municipality. Such changes are reflected in the assumptions when they occur.

**Useful lives and residual values**

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

- (i) The condition of the asset based on the assessment of experts employed by.
- (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.

17. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from the County Government

Description	2022/23	2021/22
	Kshs.	Kshs.
Transfers from County government for re –current use		
24/10/2022	956,300	
2/12/2022	1,020,860	
30/12/2022	403,000	
21/2/2023	1,342,340	
6/3/2023	1,000,000	
24/03/2023	403,000	
4/5/2023	444,000	
9/6/2023	444,000	
20/06/2023	1,038,300	
<b>Total</b>	<b>7,051,800</b>	<b>3,396,200</b>

2. Public Contributions and Donations

Description	2022/23	2021/22
	Kshs.	Kshs.
Donation from development partners – KUSP-27/06/2023	1,194,559	90,731,975
<b>Total</b>	<b>1,194,559</b>	<b>90,731,975</b>

3. Use of Goods and Services

Description	2022/23	2021/22
	Kshs.	Kshs.
Utilities, supplies and services –communication	38,200	15,000
Domestic travel and subsistence	145,000	13,000
Field allowance	-	194,000
Printing services	91,855	104,600
Training expenses	-	387,400
Hospitality supplies and services	201,000	133,000
Office news paper	26,500	39,600
Sundry expenses	-	8,590
Office general supplies and services	148,980	27,200
Other operating expenses	-	6,810
Routine maintenance –other assets	-	12,400
<b>Total</b>	<b>651,535</b>	<b>941,600</b>

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4. Board expenses

Description	2022/23	2021/22
	Kshs.	Kshs.
Sitting allowances	1,195,500	892,500
Induction and Training	760,530	938,800
Travel and Transport cost	127,000	85,200
Accommodation	426,500	430,280
other allowances-field allowances	-	104,500
<b>Total</b>	<b>2,509,530</b>	<b>2,451,280</b>

5. Staff Cost

Description	2022/23	2021/22
	Kshs.	Kshs.
Casual wages/cost	3,881,695	0
<b>Total</b>	<b>3,881,695</b>	<b>0</b>

6. Finance Cost

Description	2022/23	2020/21
	Kshs.	Kshs.
Bank Charges	7,779	3,320
<b>Total</b>	<b>7,779</b>	<b>3,320</b>

7. Depreciation and amortization

Description	2022/2023	2021/2022
	KShs	KShs
Property, plant and equipment	7,082,123	0
Intangible assets	0	0
Investment property carried at cost	0	0
<b>Total depreciation and amortization</b>	<b>7,082,123</b>	<b>0</b>

8. Cash and cash equivalents

Description	2022/2023	2021/2022
	KShs	Kshs.
Current account	13,188,182	37,811,013
<b>Total Cash and Cash equivalents</b>	<b>13,188,182</b>	<b>37,811,013</b>

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

Description	2022/23	2021/22
	Kshs.	Kshs.
Current account-1250198321	4,946,227	37,811,013
KCB Current A/c	1,261	0
Retain account-1316544486	8,240,694	0
<b>Total cash and cash equivalents</b>	<b>13,188,182</b>	<b>37,811,013</b>

9. Property, Plant and Equipment

Description	Solar Installation	Road Works	Total
	Shs	Shs	Shs
As at 1 July 2021	-	-	-
Additions	35,723,499	45,973,690	81,697,189
As at 30 <sup>th</sup> June 2022	35,723,499	45,973,690	81,697,189
Additions for the year	8,270,676	17,340,339	25,611,015
As at 30 <sup>th</sup> June 2023	43,994,175	63,314,029	107,308,204
<b>Depreciation and impairment</b>			
At 1 July 2021	-	-	-
Depreciation	-	-	-
As at 30 June 2022	-	-	-
Depreciation for the year	5,499,272	1,582,851	7,082,123
As at 30 <sup>th</sup> June 2023	5,499,272	1,582,851	7,082,123
<b>NBV as at 30<sup>th</sup> June 2022</b>	<b>35,723,499</b>	<b>45,973,690</b>	<b>81,697,189</b>
<b>NBV as at 30<sup>th</sup> June 2023</b>	<b>38,494,903</b>	<b>61,731,178</b>	<b>100,226,081</b>



18. ANNEXES

**ANNEX 1. PROGRESS ON FOLLOW UP OF AUDITORS RECOMMENDATIONS.**

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
Emphasis of Matter	Budgetary Control and Performance	The underperformance was due to delay in the exchequer releases	Not 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.

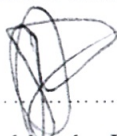


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**Manager**

ANNEX 2: INTER ENTITY TRANSFERS

MUNICIPALITY NAME: RONGO MUNICIPALITY				
Breakdown of Transfers from the County Executive of Migori County				
FY 2021-1/2023				
		<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
a.	Recurrent Grants			
1	Office operations	24/10/2022	956,300	FY 2022 - 2023
2	Office operations	2/12/2022	1,020,860	FY 2022 - 2023
3	Office operations	30/12/2022	403,000	FY 2022 - 2023
4	Office operations	21/2/2023	1,342,340	FY 2022 - 2023
	Office operations	6/3/2023	1,000,000	FY 2022 - 2023
	Office operations	24/03/2023	403,000	FY 2022 - 2023
	Office operations	4/5/2023	444,000	FY 2022 - 2023
	Office operations	9/6/2023	444,000	FY 2022 - 2023
	Office operations	20/06/2023	1,038,300	FY 2022 - 2023
		<b>Total</b>	<b>7,051,800</b>	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
1	Urban Development Grant	27 <sup>th</sup> June 2023	1,194,559	FY 2022 - 2023
	Transfer to Rongo		(207,637)	FY 2022 - 2023
		<b>Total</b>	<b>986,922</b>	

(The above amounts have been communicated to and reconciled with the parent Department in the County.)




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

**ANNEX 3: REPORTING OF CLIMATE RELEVANT EXPENDITURES**

Name of the Organization: Rongo Municipality  
 Telephone Number: 0712701042  
 Email Address: [oredavid92@gmail.com](mailto:oredavid92@gmail.com)  
 Name of CEO/MD/Head Rongo Municipal Manager

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

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
									<b>Kenya</b>
<b>Kenya Urban Support Program</b>	Construction of Rongo township roads and Completion of Bus park phase III	establish and strengthen urban institutions to deliver improved infrastructure and services in participating counties in Kenya	Site lea trance, Cuts and fills, Culverts and drainage works, sub base and base works and pre-casting of IBD	29,000,000	0	8,732,996	8,240,693.95	Ministry of Transport, Infrastructure, Housing and Urban Development	<b>Kenya</b>
<b>Kenya Urban Support Program</b>	Construction of Rongo Installation of solar powered street lights	establish and strengthen urban institutions to deliver improved	Site lea trance, Cuts and fills, sub base and base works and pre-casting of IBD	0	0	7,672,983	28,050,516.20	Ministry of Transport, Infrastructure, Housing and Urban Development	<b>Kenya</b>



Municipality of Rongo  
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ANNEX 4: TRIAL BALANCE FOR THE YEAR ENDED JUNE 2023

	DEBIT	CREDIT
	KES	KES
Property Plant & Equipment	100,226,081	
Cash & Cash Equivalents		
KCB-1272575330	-	
KCB-125019321	13,188,182	
Reserves		
Capital/Development Grant		91,718,897
Accumulated Surplus		21,695,365
Revenue		
Transfers from County Government-Operations		7,051,800
Payments		
Use of Goods & Services	651,535	
Board Expenses	2,509,530	
Staff Cost	3,881,695	
Finance Cost	7,779	
<b>TOTAL</b>	<b>120,466,062</b>	<b>120,466,062</b>