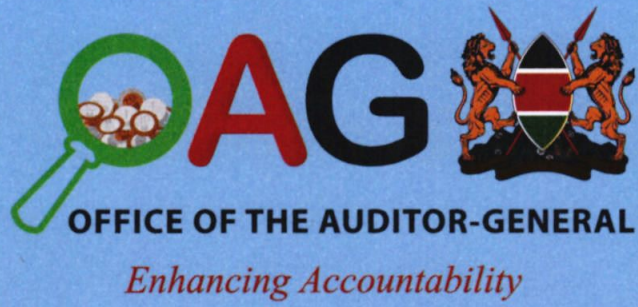


REPUBLIC OF KENYA



**REPORT**



**OF**

**THE AUDITOR-GENERAL**

**ON**

**MUNICIPALITY OF KITALE**

**FOR THE YEAR ENDED**

**30 JUNE, 2024**

PAPERS LAID	
DATE	6/3/2025
TABLED BY	Dep. May Whip
COMMITTEE	
CLERK AT THE TABLE	Maalim



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# KITALE MUNICIPALITY

*County Government of Trans Nzoia*

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30<sup>TH</sup> JUNE 2024

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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
WIP	Work In Progress
UIG	Urban Institutional Grant
UDG	Urban Development Grant
PSM	Public Service Management
Fiduciary Management	Key management personnel who have financial responsibility in the Kitale Municipality.

## 2. Key Kitale Municipality Information and Management

### a) Background information

Kitale Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011(amended 2019) and The Kitale Municipal Charter awarded in the year 2019. The Kitale Municipality is an entity under the County Government of Trans Nzoia and is domiciled in Kenya.

### b) Principal Activities

The principal activity/mandate of the Municipality is to;

Provide infrastructure and services to the residents in an effective and efficient manner as follows:

1. Develop and enforce Municipal plans, policies and by-laws
2. Construct and Maintenance of urban roads, non-motorized transport, storm water drainage and other road infrastructure
3. Construction and maintenance of recreational parks and green spaces
4. Construction, maintenance and management of street lighting, parking facilities, boda-boda sheds and taxi stands.
5. Promotion, regulation and provision of refuse collection services, waste management services and provision of safe and healthy environment.
6. Construction, maintenance, management and regulation of Municipal Markets
7. Formulation and implementation of frameworks for public participation for residents in decision making activities and programmes.

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**c) Kitale Municipal Board**

Ref	Sub Committee Position	Name
1.	Chairman of the Board/ Audit committee chair	Erry Shaban Werunga
2.	County Executive Committee Member – member	Janerose Mutama
3.	Vice Chair Board	Alice Waruguru
4.	Chair Environment Sanitation& Water	Peter Chemengich
5.	Chair Education, Social Service Sports and Housing	David Langat
6.	Chair Finance , Trade, Markets & industrialization	Ann Tulienge
7.	Municipality Manager/ Board Secretary	Irene Nang’ole
8.	Chief Officer Lands- Board Member	Dr. Roselyne Nasiebanda (PhD.)
9.	Infrastructure, Public Works, Transport & urban Dev.	Festus Litiku

**d) Key Management**

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

- County Government of Trans nzoia
- Kitale Municipal Board
- Kitale Municipal Manager
- Section Heads

**e) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2024 and who had direct fiduciary responsibility were:

Ref	Position	Name
1	Kitale Municipality Manager	Irene Nangóle
2	Land use Planning	Kenneth Lagat
3	Social safe guards	Pamela Indimuli
4	Environment officer	Diana Modani
5	Accountant	Thomas Tanui
6	Procurement officer	Joan Nekesa
7	Civil Engineer	Allan Kirui

**f) Fiduciary Oversight Arrangements**

- i) Internal Audit and Risk Management Committee
- ii) Committees of the Senate
- iii) Finance committee
- iv) County assembly oversight committees
- v) Parliamentary Oversight Committees
- vi) Kenya Urban Support Program- development partner

**g) Registered Offices**

Ardhi House  
P.O. Box 4211, 30200  
Kitale,  
Mac Asembo road

**h) Contacts**

Telephone: (254) 0720797869

Website: [www.Kitale Municipality@transnzoiacounty.go.ke](mailto:www.KitaleMunicipality@transnzoiacounty.go.ke)

**i) Bankers**

Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
NAIROBI, KENYA

Equity Bank  
Kitale Branch  
P.O. Box 801- 30200  
Kitale

SBM Bank  
Kitale Branch  
P.O. Box 2060 – 30200  
Kitale

**j) Independent Auditor**

Auditor General  
Office of The Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya



**k) 1. Principal Legal Adviser**

The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya



**2. County Attorney**



Trans Nzoia County  
P.O. Box 4211-30200  
Kitale

3. Kitale Municipal Board

Name	Details of qualifications and experience
 <p>1. Mr. Erry Shaban Werunga</p>	<p><b>Date of birth:</b> 06/02/1958</p> <p><b>Key academic:</b> PHD ongoing</p> <p>Bachelor of Arts- Agra University, 1988</p> <p>Post Graduate Diploma in Business Administration- Asian Institute of advance studies</p> <p>Diploma in Education Training Humanities at Kagumo TTC</p> <p>Certificate in Computer Application</p> <p>Work experience: Professional qualifications :2016 – to date consultant National Crime Research Centre</p> <p>20 years in Government Working.</p> <p>Kitale Municipality Board Chairman</p>
<p>2.</p>  <p>Hon. Janerose Mutama CECM Land, Housing Physical planning and Urban Dev.</p>	<p><b>Date of birth:</b> 5<sup>th</sup> February 1982</p> <p><b>Key academic:</b> Bachelors of Education</p> <p>Moi University</p> <p>MSC in Apparel and Fashion Beauty</p> <p>University of Eldoret</p> <p><b>Professional qualifications:</b></p> <p><b>Work experience:</b></p> <p>-TSC Teacher</p> <p>-Treasurer KUPPET Trans Nzoia</p> <p>Position: County Executive Committee Member for Lands, Housing, Physical Planning and Urban Development</p>



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<p>3. Dr. Roselyne Nasiebanda (PhD.)  CO Land, Housing Physical  Planning and Urban Dev</p> 	<p><b>Date of birth:</b> 1978</p> <p><b>Key academic:</b> -PhD. Education and Technical Training  Kenyatta University</p> <p><b>Professional qualifications:</b> TSC teacher</p> <p><b>Work experience:</b> Teaching</p> <p><b>Position:</b> CO Urban, member of the board</p>
<p>4.   Mrs Alice Waruguru. Kitale  Municipality vice Chair</p>	<p><b>Date of birth:</b> 19/05/1968</p> <p><b>Key academic:</b> Ongoing Masters in entrepreneurship JKUAT  KACE 3 principles,1 Subsidiaries 1989  KCE DIV 111</p> <p><b>Professional qualifications:</b> Director Eden Rock hardware,  Director Wali consultants and innovators  Chairlady for Youth and Women Municipality  Board Member Kitale Club  Treasurer PCEA church Kitale</p> <p><b>Work experience:</b> 2 years with ACIDI/VOCA in partnership skills  training farmers.  1 month in the Panellist in the recruitment of the Trans Nzoia  County Public Service Board and the County Secretary.</p>



<p>5.  Mrs Anne Tulienge- Member</p>	<p><b>Date of birth:</b> 02/09/1974</p> <p><b>Key academic:</b> MBA Finance ongoing at Moi University Bachelor of Business Management (Finance &amp; Banking) Moi University. Diploma in Business management Moi University. CPA KCSE C Computer Application Certificate.</p> <p><b>Professional qualifications:</b> Certified Public Accountant, and a Member of ICPAK</p> <p><b>Work experience:</b> Aug 2018 to date – Part time lecturer JKUAT May 2016-date Part Time Lecturer Moi University. Work Experience :13-years Sr. Freda’s Medical Centre Chairperson finance, trade, Markets and Industrialization.</p>
<p>6.  Mr. Peter Chemengich- Member</p>	<p><b>Date of birth:</b> 20/06/1963</p> <p><b>Key academic:</b> Bachelor of Science Agriculture UON 1989 KACE 1984</p> <p><b>Professional qualifications:</b> 2014 constituency member</p> <p><b>Work experience:</b>4 years Civic Educator / T.O.T, IEBC 3 years’ Voluntary service overseer Nigeria. 1-year cooperative officer Ministry of cooperative and Development Trans Nzoia. 3 years District Committee Member Constitutional Review Commission of Kenya. 3 years Sales Person Bayer East Africa Ltd. 6 years Farm Manager ADC</p>

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	<p>Chairperson: environment, sanitation and Water Kitale Municipality</p>
<p>7.   Mr. Festus Litiku – Member</p>	<p><b>Date of birth:</b>16/09/1946</p> <p><b>Key academic:</b> B.A. Hons (Building Economics University of Nairobi 1973</p> <p><b>Professional qualifications:</b> to date is the Director and proprietor of Litiku Consultancy- QTY surveyors.</p> <p>1980 – 1981 : Senior Quantity Surveyor, Indus Construction Company Ltd.</p> <p>1976 – 1980 : Senior Quantity Surveyor, Armstrong &amp; Duncan (K), Consulting Quantity Surveyors.</p> <p>1973 – 1976 : Graduate Quantity Surveyor with Armstrong &amp; Duncan (K), Consulting Quantity Surveyors.</p> <p><b>Work experience:</b> 1980 – 1981: Project Quantity Surveyor and Site Manager for Indus Construction Company Ltd. Executed and supervised many projects all over Kenya, supervising workers, organising sites and representing company in project meetings.</p> <p>1973 – 1980 : Worked in a professional quantity surveying firm of Armstrong &amp; Duncan (K), carrying out all aspects of quantity surveying, from inception to completion, preparing and agreeing of final accounts.</p> <p>Chairperson Infrastructure, Public Works, Transport and Urban Development.</p>
<p>8.   Mr David Lagat - Member</p>	<p><b>Date of birth:</b> Aug 1984</p> <p><b>Key academic:</b> diploma in Pharmaceutical Technology</p> <p><b>Professional qualifications:</b> Pharmacist</p> <p><b>Work experience:</b> 12 years in pharmaceuticals</p>

<b>Chairperson Education Social services, sports and Housing</b>	
<p>9.</p>  <p>Mr. Martin Waliaula</p>	<p><b>Date of birth:</b>28/01/1970</p> <p><b>Key academic:</b> Bachelor Business Admin (Marketing) kisii university</p> <p><b>Professional qualifications:</b> Marketer.</p> <p><b>Work experience:</b> 15 Years</p>
<p>10. Irene Nang'ole</p> <p>Municipal Manager/Board Secretary</p>	 <p><b>Date of birth :</b> 19/07/1982</p> <p><b>Key academic:</b> MSC Development Studies</p> <p>Jomo Kenyatta University of Agriculture &amp; Teachnology.</p> <p>Bachelor of Business Administration , Kenya Methodist University.</p> <p>Professional Qualification: Diploma in Business Management , Kenya Institute of Management</p> <p>Work Experince:2014-2022 Ward Administrator Trans Nzoia County</p> <p>2022-2023-Sub County Administrator Trans Nzoia County</p>

**4. Key Management Team**

<b>Name</b>	<b>Details of qualifications and experience</b>
<p>1. Irene Nang’ole Municipality Manager / Board Secretary</p> 	<p><b>Date of birth :</b> 19/07/1982</p> <p><b>Key academic:</b> MSC Development Studies Jomo Kenyatta University of Agriculture &amp; Technology.</p> <p>Bachelor of Business Administration , Kenya Methodist University.</p> <p>Professional Qualification: Diploma in Business Management , Kenya Institute of Management</p>
<p>2. CPA Thomas Tanui</p> 	<p><b>Date of birth:</b> 08/12/1980</p> <p><b>Key academic:</b> MBA Strategic Management Bachelor of Commerce (finance)Kenyatta University.</p> <p><b>Professional qualifications:</b> CPA(K) ICPAK Member No. 22741</p> <p><b>Work experience:</b> 2019 to date Accountant Trans Nzoia County.</p> <p><b>Position:</b> Accountant Municipality</p>

**5. Kitale Municipal Board Chairperson's Report**

The Kitale Municipal Board received Ksh 2,339,915 donor funding during the year under review 2023/2024 for recurrent expenditure. However, there is expectation of receiving about Ksh 35 Million for UIG and Ksh 130 Million for UDG from the world Bank under the KUSP programme.

The flagship project of the Municipality and the county as a whole, The Masinde Muliro Business Centre is yet to be completed at 96% owing to funds not received from the State Department of Housing, a pledge from the National Government of about Ksh one hundred million. Despite this setback, the Municipality under the Municipal Manager managed to carry out some projects including maintenance/grading of loose surface road , Norec-Kibomet Dam, Wtaer tank installation at Bondeni market in Tuwan Ward, purchase of 52 litterbins and currently in use within Kitale Town.

Some of the projects ongoing include the beautification of the area along Mumia Highway near the Kitale Museum as well as pothole patching within the CBD.

With receipt of the expected donor funds and allocation from the executive, the Municipality will be able to carry out more projects in order to make Kitale Town as well as the rest of the Municipality attractive to investors and be able to offer quality services to its residents.

I look forward to the appointment of the new board a process which is still underway to ensure the continuity and smooth running of the Municipality.



.....  
Name: Annece W. Mwangi

Chairman of the Board

## **6. Report of the Kitale Municipality Manager**

### **Review of the Municipality's performance**

The Municipality did not receive grants for projects in this financial year ended 2023/2024 under the Kenya Urban Support Program.

During the year under review, the Municipality of Kitale continued the supervision of the ongoing construction of the Multi storey business complex, a project that would provide decent market stalls to small scale traders and hence improve their economic livelihoods, decongest town and minimize street hawking. Also noteworthy is that the National Government pledged to support the completion of the project with some variations expected to cost Ksh 100,000,000

There was a under absorption of the budget this particular financial year due to reallocation of the fund during the supplementary budget 2 by the county executive.

On cumulative budget performance actual amounts, the business complex was a flagship project funded by world bank-Kenya Urban Support Programme and Gok (County Department of Trade)-Agreement availed. The project has been under construction since the year 2019/20. Cumulative payments are shown on notes of PPE note 24. At the close of the financial year, the project was 96% complete and the works is paid on certification by the engineer

The Municipality also managed to carry out road maintenance in Hospital Ward- The Norec-Ragira-Kibomet dam road by grading and is 100% complete and paid. The Bondeni water tank installation is also complete pending payment, while the pothole patching within the CBD and Town beautification at the Kitale Museum entrance are near completion pending inspection. We also managed to procure litter bins worth Ksh 1,946,000 and distributed to various parts of town.

The implementation of the strategies at the municipality was affected by delayed funding from the exchequer and inadequate technical staff at the municipality which is being addressed by the transfer of functions and staff as Gazetted on 5<sup>th</sup> April 2024.

The Municipality managed to utilize 77% (13,717,705) of its Development budget and 78% (23,039,916) of the Recurrent budgets although the commitments were above 90% , the recurrent items that were not paid as at the close of the financial year were returned for recommitment

affecting the absorption. Similarly, delays in the procurement process caused the Municipality not to absorb some funds meant for consultancy services.

The Kitale Municipality utilizes the available risk management strategies at the county Government. The municipality engages the county's internal audit and audit committee to mitigate and manage the risks.



.....  
Name: *Irene Nangole*  
Municipality Manager

**County Government of Trans Nzoia**  
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**7. Statement of Performance Against Predetermined Objectives for the FY 2023/2024**

The key development objectives of the Kitale Municipality plan is to:

- a) Enhance Urban Planning and infrastructure development
- b) Manage Solid waste
- c) Improve education, Social Service, Sports and Housing infrastructure
- d) Provide Legal and Institutional Framework
- e) Administrative and support services

Below we provide the progress on attaining the stated objectives:

Program	-Outcome	Indicator	Performance
1: Urban Planning and infrastructure development	Organized urban development and infrastructure	Number of developments conforming with rules and regulations governing urban development	In FY under review we increased the development of the construction of the Business Centre to 96% completion
<b>2:Environment, Sanitation and Water</b>	Clean and Healthy Environment -	No. of bulk bins procured	52 Bins procured
<b>3: Education, Social Service, Sports and Housing</b>	Enhancement of Quality Social Amenities	-	-
4:Legal and Institutional Framework	Law and order		One IDEP prepared pending approval by the Executive and Assembly Carried out Civic Education on Urban Area Management bill

Program	Outcome	Indicator	Performance
5: Administrative and support services	Efficient service delivery	-	- Renovated Municipal office -Capacity building of staff

**8. Corporate Governance Statement**

The inaugural Kitale Municipal board's term came to an end in the Month of June 2024. The process of appointing the new board commenced in the month of March and the municipality is awaiting their appointment and induction soon.

The role of the board members will be:

- (a) Oversee the affairs of the Municipality;
- (b) Develop or adopt policies, plans, strategies and programs and set targets for service delivery;
- (c) Formulate and implement an integrated development plan;
- (e) Promote and undertake infrastructural development and services within Municipality as delegated by the County Government of Trans Nzoia;
- (f) Develop and manage schemes, including site development in collaboration with the relevant national and county agencies;
- (h) Administer and regulate its internal affairs; among others

The boards is engaged on part time basis and their sitting allowances are guided by the salaries and remuneration commission

**9. Management Discussion and Analysis**

The Kitale Municipality had a deficit of Ksh 6,984,185 compared to Ksh. 4,809,308 in FY 2022/2023. There was no receipt of any donor funds in the year. The Kitale Municipality was also able to grow its assets in the category of Property Plant and Equipment to Ksh 855,712,635 from Ksh 852,680,003 in FY 2022/2023, The receivables of the Municipality increased from Ksh 18,780,047 to Ksh 43,225,697 mainly due to an interKitale Municipality transfer of Ksh 25,000,000 borrowed by the department of trade for payment of the Business centre contractor. The payables also increased to 79,001,478 from 68,086,582 owing to increase in pending bills at the close of the financial year.

The Municipality also managed to carry out road maintenance in Hospital Ward- The grading of Norec-Ragira-Kibomet dam. The Bondeni water tank installation is also complete pending payment, while the pothole patching within the CBD and Town beautification at the Kitale Museum entrance are near completion pending issuance of a certificate. Litter bins worth Ksh 1,946,000 were procured and distributed to various parts of town for better solid waste management.

The Municipality does not process any deductions for statutory purposes; however, whenever payment is made through its bank accounts, the applicable taxes are promptly paid. The Municipality also ensures that only tax compliant suppliers are contracted.

The Municipality is fully compliant with tax requirements, however all employee deductions are handled by the Department of Public Service Management on behalf of the Kitale Municipality.

The Municipality faces of a risk in delay of payment of withholding taxes and VAT if the payment certificate is more than the cash balances held in commercial banks. The Kitale Municipality is also anticipating the transfer of funds to be able to successfully carry out transferred functions from other departments.

## **10. Environmental And Sustainability Reporting**

### **1. Sustainability strategy and profile**

The Kitale Municipality is mandated to provide a sustainable environment for the traders and residents of the municipality. This financial year, the municipality collaborated with other county departments and the chamber of commerce to carry out a town clean up exercise and sensitize the community on the need for proper waste disposal and waste segregation.

### **2. Environmental performance**

As an effort to manage waste disposal within Kitale Town, the municipality procured litter bins that were placed strategically across Kitale Town and the Main Markets during the financial year.

### **3. Employee welfare**

The Kitale Municipality facilitated the training of its technical staff in their respective professions to enhance their capacity in service delivery.

The recruitment of staff at the municipality is carried out by the County Public Service Board. The municipal staff have been trained on performance management and appraisal that will be effected in the FY 24/25

### **4. Market place practices**

Kitale Municipality has directed its efforts to:

#### **a) Responsible competition practice.**

Development at Kitale Municipality is guided by the Urban Development plan to distribute development and maximise opportunities to residents/ investors for purpose of improving livelihood and growing the economy of the municipality. The Kitale Municipality considers gender on available opportunities and give everyone equal chance to compete for tenders which are evaluated on common/ standard requirements to be met and equal chance on benefiting from development activities.

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

Tenders are advertised online and thus competitive where the suppliers with the best products/ services are awarded. On opening of tenders' suppliers who apply are allowed to witness the tender opening process to confirm that all who applied met the minimum requirements.

**c) Responsible marketing and advertisement**

We give notices and tender adverts to our major stakeholders and have some advertised in the dailies and website. We also give a chance to the residents and other stakeholders by making it known during our public participation meetings.

**d) Product stewardship**

We undertake inspection on goods supplied to ensure that the contract agreement is applied in terms of quality, quantity required, pricing and specification involving technical/ user Department, finance, supply Chain Officer and the supplier.

**5. Community Engagements**

We involved the community in preparation of the fiscal strategy paper to give them a chance to decide on their preferred projects thus having a public forum. We also did elections for grievance Redress committee (GRC) and Settlement Executive Committees from our five wards touching the Municipality through public participation.

-SOS VOM 11/11

## **11. Report of the Kitale Municipal Board Members**

The Board Members submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Kitale Municipality affairs.

### **Principal activities**

The principal activities of the Kitale Municipality are (*refer to page iii*) ....

### **Performance**

The performance of the Kitale Municipality for the year ended June 30, 2024 are set out on page xiv-xvii

### **Board Members**

The members of the Board who served during the year are shown on page vii –xi. The term of the board expired on 22<sup>nd</sup> June 2024 and recruitment of new board members is currently in process.

### **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: *Irene Nangole*

**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, 2024. 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, 2024, 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.

**County Government of Trans Nzoia**  
**Kitale Municipality**  
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In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern

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

**Approval of the financial statements**

The Municipality's financial statements were approved by the Board on 04/11/2024 and signed on its behalf by:

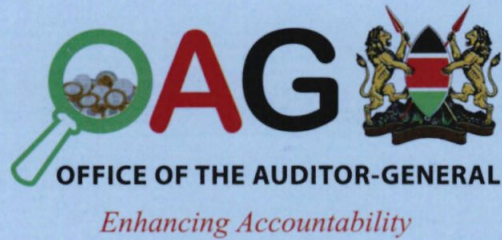
  
.....  
Name: *Alice W. Mwangi*  
Chairman of the Board

  
.....  
Name: *Irene Nangole.*  
Accounting officer of the Board



# REPUBLIC OF KENYA

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



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

## REPORT OF THE AUDITOR-GENERAL ON MUNICIPALITY OF KITALE FOR THE YEAR ENDED 30 JUNE, 2024

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### PREAMBLE

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report 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 Municipality of Kitale set out on pages 1 to 50, which comprise the statement of financial position as at 30 June, 2024

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

In my opinion, except for the 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 Municipality of Kitaleas at 30 June, 2024 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 County Governments Act, 2012 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unsupported Inventories**

The statement of financial position reflects inventories balance of Kshs.3,336,125 as disclosed in Note 16 to the financial statements. However, stock cards and stock taking reports in support of the balance were not provided for audit. In addition, Management procured branded bins from three (3) firms amounting to Kshs.1,946,000. However, the procurement was not supported by contracts between the firms and the Municipality.

In the circumstances, the accuracy and completeness of inventories balance of Kshs.3,336,125 could not be confirmed.

#### **2. Unsupported Expenditure on Repair and Maintenance**

The statement of financial performance reflects repair and maintenance amount of Kshs.3,492,550 as shown in Note 13 to the financial statements. However, there were no supporting contracts, invoices, pre-repair and post-repair reports to support expenses.

In the circumstances, the accuracy, and completeness of repair and maintenance expenditure of Kshs.3,492,625 could not be confirmed.

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

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects final revenue budget against actual revenue on comparable basis of Kshs.11,992,705 and Kshs.9,691,752

respectively resulting to an underfunding of Kshs.2,300,953 or 21% of the budget. Similarly, the actual receipts amounted to Kshs.9,691,752 against actual expenditure of Kshs.7,306,600 resulting to underutilization of Kshs.2,385,152 or 20% of the total receipts.

The under-funding and under-utilization of the funds affected the planned activities and may have impacted negatively on service delivery to the public.

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.

### **Other Information**

The Management is responsible for the other information set out on page iii to xxiv which comprise of Key Entity information and Management, Management Team, Chairperson's report, Report of the Municipality manager, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of Board members, Statement of Management Responsibilities and Statement of Performance Against Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

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

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

### **Long-Outstanding Trade and Other Payables**

The statement of financial position and Note 18 to the financial statements reflects trade and other payables balance of Kshs.78,995,898. However, a review of trade and other payables ageing analysis revealed pending payments for goods, services and works totalling Kshs.70,187,695 which have been outstanding for over 60 days. This was contrary to Section 68 (2)(d) of the Public Finance Management Act, 2012 and Regulation 150(1) of the Public Procurement and Asset Disposal Regulations, 2020.

In the circumstances, the propriety of the trade and other payables balance of Kshs.70,187,695 could not be confirmed and the Municipality may attract punitive penalties for failing to settle the amounts as and when they fall due.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON 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 effect of the matters 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 governance were not effective.

### **Basis for Conclusion**

#### **1. Irregular Engagement of Municipal Manager**

As previously reported, Management of the Municipality is under a Municipal Manager who was appointed by the County Public Service Board through the letter Ref.No.CGTM/CPSB/II VOL.15/92 of 15 October, 2018. The Manager was given a compulsory leave in July, 2023. At the time of audit in October, 2024, the Manager had not resumed to the office and in his place was an Acting Manager who was appointed by the County Secretary of Trans Nzoia through letter Ref. No.CGTM/CS/9/VOL.I of 11 July, 2023 on acting capacity to carry out duties of the Manager for the duration the Manager was to go on leave. This was contrary to Section C.14 (1) of the Public Service Human Resources Procedure Manual, 2016 which states that acting allowance will not be payable to an officer for more than six (6) months.

In the circumstances, Management was in breach of Human Resources Manual.

## **2. Lack of Strategic Plan**

Review of the documents provided for audit verification revealed that the Municipality did not have an approved Strategic Plan. This was contrary to Section 149(2)(g) of the Public Finance Management Act, 2012 which requires the accounting officer to prepare a strategic plan for the entity in conformity with the medium-term fiscal framework and financial objectives of the County Government.

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

## **3. Irregular Spending of Retentions Monies**

The statement of financial position reflects trade and other payables balance of Kshs.78,995,898 which include retention amount of Kshs.60,801,767 as disclosed in Note 18 to the financial statements. However, review of bank statements and cash and cash equivalents schedules revealed that the retention account held at a local bank had only Kshs.1,881,277 giving rise to a variance of Kshs.58,920,490 which has not been explained or reconciled.

In the circumstances, the Municipality may attract punitive penalties for failing to settle the amounts as and when they fall due.

The audit was conducted in accordance with the ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

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

### **Basis for Conclusion**

### **Implementation of Oversight Bodies' Recommendations**

The audit established that statutory audits of the Board for the years ended 30 June, 2022 and 2023 were concluded and audit reports issued to the Board Management by the Auditor General. However, no evidence to show that the financial statements have been

discussed by an audit committee was provided or has been tabled in the County Assembly for discussion.

In the circumstances, the recommendations of the Auditor-General may not have been implemented.

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

### **Responsibilities of Management and the Board of Trustees**

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 Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management is aware of the intention to terminate the Board or cease operations.

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

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

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

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


My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi


29 November, 2024

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**14. Statement of Financial Performance for The Year Ended 30 June 2024**

Description	Note	2023/2024	2022/2023
		Kshs.	Kshs.
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	12,910,315	7,829,165
Public contributions and donations	7	30,000	-
		<b>12,940,315</b>	<b>7,829,165</b>
<b>Revenue from exchange transactions</b>			
Interest income	8	206,436	79,689.00
		<b>206,436</b>	<b>79,689.00</b>
<b>Total revenue</b>		<b>13,146,751</b>	<b>7,908,854</b>
<b>Expenditure</b>			
Use of goods and services	9	11,510,143	5,739,755
Board expenses	10	4,483,000	4,182,400
Taskforce expenses	11	-	3,290,210
Depreciation and amortization	12	645,369	600,619
Repairs and maintenance	13	3,492,550	2,195,388
<b>Total expenses</b>		<b>20,131,062</b>	<b>16,008,372</b>
<b>Surplus/(deficit) for the period</b>		<b>(6,984,311)</b>	<b>(8,099,518)</b>

The notes set out on pages 8 to 35 form an integral part of these Financial Statements. The Kitale Municipality financial statements were approved on 06/11/2024 and signed by:

.....  
  
**Name: Irene Nang'ole**  
**Municipality Manager**



.....  
  
**Name: CPA Thomas Tanui**  
**Accountant ICPAK M/No 22741**

## 15. Statement of Financial Position As At 30 June 2024

Description	Note	2023/2024	2022/2023
		Kshs.	Kshs.
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	14	1,892,016	28,961,933
Receivables from Non- exchange transactions	15	43,219,997	700,000
Inventories	16	3,336,125	993,187
<b>Total current assets</b>		<b>48,448,138</b>	<b>30,655,120</b>
<b>Non-current assets</b>			
Property, plant, and equipment	17	855,712,635	683,672,525
<b>Total Non-current Assets</b>		<b>855,712,635</b>	<b>683,672,525</b>
<b>Total assets</b>		<b>904,160,773</b>	<b>714,327,646</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	18	78,995,898	51,185,837
<b>Total current liabilities</b>		<b>78,995,898</b>	<b>51,185,837</b>
<b>Non-current liabilities</b>			
<b>Total liabilities</b>	<b>18</b>	<b>78,995,898</b>	<b>51,185,837</b>
<b>Net assets</b>		<b>825,164,870</b>	<b>663,141,808</b>
<b>Capital/Development Grants/Fund</b>		<b>844,705,091</b>	<b>675,697,718</b>
Accumulated surplus		(19,540,221)	(12,555,910)
<b>Total net assets and liabilities</b>		<b>825,164,870</b>	<b>663,141,808</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kitale Municipality financial statements were approved on 06/11/2024 and signed by:

Name: Irene Nangole

Kitale Municipality Manager

Date:

Name: Thomas Tanvi

Accountant

ICPAK M/No 22741

Date: 06/11/2024

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**16. Statement of Changes In Net Assets For the Year Ended 30 June 2024**

Description	Capital Grant	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
<b>Bal as at 1 July 2022</b>	<b>675,697,718</b>	-	<b>(4,456,392)</b>	<b>671,241,326</b>
Surplus/(deficit) for the year	-	-	(8,099,518)	(8,099,518)
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
<b>Balance as at 30 June 2023</b>	<b>675,697,718</b>	-	<b>(12,555,910)</b>	<b>663,141,808</b>
<b>Bal as at 1 July 2023</b>	<b>675,697,718</b>	-	<b>(12,555,910)</b>	<b>663,141,808</b>
Surplus/(deficit) for the year	-	-	(6,984,311)	(6,984,311)
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Prior Year Adjustments-WIP	169,007,373	-	-	169,007,373
<b>Balance as at 30 June 2024</b>	<b>844,705,091</b>	-	<b>(19,540,221)</b>	<b>825,164,870</b>

The adjustment in Work in progress is to recognize additional Ksh. 169,007,373 which is the amount of contribution to payments of the WIP by the departments of Trade and Public service management as at end of FY 2022/2023. The prior year adjustments carried out in FY 2022/2023 to recognize UDG(Development) funds received in year 2018/2019 of Ksh 299,106,900 and year 2019/2020 of Ksh 299,106,900 erroneously recognized as revenue in the years 2019/2020 and 2020/2021, however, the changes had not been explained although the correct updated balance of Ksh. 675,697,718.

## 17. Statement of Cash Flows for The Year Ended 30 June 2024

Description	Note	2023/2024	2022/2023
		Kshs.	Kshs.
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government	6	2,339,915	7,829,165
Public contributions and donations	7	30,000	-
Interest received	8	206,436	79,689
Unspent Imprest Stella Kiliswa FY 2022/23	15	1,179,300	-
Imprest Refund James Abuya FY 2022/2023	15	700,000	-
<b>Total Receipts</b>		<b>4,455,652</b>	<b>7,908,854</b>
<b>Payments</b>			
Use of goods and services	9	(488,873)	(5,739,755)
Board expenses	10	(3,262,000)	(4,182,400)
Repairs & Maintenance	13	-	(2,195,388)
Land Taskforce Expenses	11	-	(3,290,210)
Bank Charges	9	(34,225)	-
<b>Total Payments</b>		<b>(3,785,098)</b>	<b>(15,407,743)</b>
<b>Net cash flows from operating activities</b>		<b>670,554</b>	<b>(7,498,899)</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE & intangible assets	17	-	(93,234,399)
<b>Net cash flows used in investing activities</b>		<b>-</b>	<b>(93,234,399)</b>
<b>Cash flows from financing activities</b>			
Borrowing for Usafi Day Expenses	15	(400,700)	-
Borrowing for Benevolent Expenses	15	(20,000)	-
Borrowing by Parent Ministry- Lands	15	(640,400)	-
Borrowing by Finance Department	15	(500,000)	-
Payment on behalf of Trade Department	15	(25,000,000)	-
<b>Net cash flows used in financing activities</b>		<b>(26,561,100)</b>	<b>-</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>(25,890,546)</b>	<b>(100,733,298)</b>
Cash And Cash Equivalents At 1 July	14	28,961,933	129,695,231
Prior Year Adjustment –Unspent Imprest refunded		-1,179,300	
Prior Year Adjustment- Casting Error		-70	
<b>Cash And Cash Equivalents At 30 June A20</b>	14	<b>1,892,016</b>	<b>28,961,933</b>

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*(PSASB has now prescribed the direct method of cash flow presentation for all entities under the IPSAS Accrual basis of accounting).*

The prior year adjustments refer to FY 2022/2023 when the KSh. 1,179,300 was recognized as having been received as cash when it was actually received in the FY 2023/2024 in July.

18. Statement of Comparison of Budget & Actual Amounts for the Year ended 30 June 2024

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
<b>Revenue</b>	-	Kshs.	Kshs.	Kshs.	Kshs.	
Transfers from the County Government	13,717,705	-1,725,000	11,992,705	9,455,315	2,537,390	79
Public contributions and donations	-	-	-	30,000	-30,000	-
Interest income	-	-	-	206,436	-206,436	-
Miscellaneous income ( <i>specify</i> )	-	-	-	-	-	-
<b>Total Revenue</b>	<b>13,717,705</b>	<b>-1,725,000</b>	<b>11,992,705</b>	<b>9,691,752</b>	2,300,953	<b>81</b>
<b>Expenses</b>					0	
Use of goods and services	10,217,705	-1,725,000	8,492,705	6,026,800	2,465,905	71
Maintenance Expenses	700,000	-	700,000	39,300	660,700	6
Board expenses	2,250,000	-	2,250,000	1,061,500	1,188,500	47
<b>Acquisition of Non Financial Assets</b>	550,000	-	550,000	179,000	371,000	<b>33</b>
<b>Staff Costs</b>	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>13,717,705</b>	<b>-1,725,000</b>	<b>11,992,705</b>	<b>7,306,600</b>	4,686,105	<b>61</b>
<b>Surplus for the period</b>	-	-	-	<b>2,385,152</b>	-	-
<b>Capital Expenditure</b>	<b>42,611,000</b>	<b>-19,571,084</b>	<b>23,039,916</b>	<b>5,794,916</b>	<b>17,245,000</b>	<b>25</b>

**Budget notes**

The recurrent section of this statement consists of the operations and maintenance amounts omitting the figures for employee compensation which is exclusively utilized by the department of Public Service Management. The amounts of expenses also differs from those in the Statement of Financial position which is accruals based while the budget is prepared on cash basis of Accounting.

The difference in planned and actual expenditure was due to reallocation of funds as indicated in the Adjustments column. However the projects affected have been considered in the subsequent budget for 2024/2025.

## **19. Notes to the Financial Statements**

### **1. General Information**

Kitale Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act 2011. Municipality is under the Trans Nzoia County Government and is domiciled in Kenya.

The Kitale Municipality principal activity is to provide physical infrastructure for efficient and accountable management of the affairs, provide for governance mechanism that will enable the inhabitants of the Municipality to participate in determining the social services and regulatory framework which will best satisfy their needs and expectations

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

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

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

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

**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><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></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 Kitale Municipality’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"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Kitale Municipality’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Kitale Municipality 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>

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Standard	Effective date and impact:
	<p>(a) The nature of such social benefits provided by the Kitale Municipality.</p> <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 Kitale Municipality's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></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><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <i>IPSAS 29: Financial instruments: Recognition and Measurement</i> Standard no longer included in the 2023 IPSAS handbook as it is</li> </ul>

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Standard	Effective date and impact:
	now superseded by IPSAS 41 which is applicable from 1 <sup>st</sup> January 2023.

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	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> 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 Kitale Municipality. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

iii. *Early adoption of standards*

The Kitale Municipality did not early – adopt any new or amended standards in the financial year or *the Kitale Municipality adopted the following standards early (state the standards, reason for early adoption and impact on Kitale Municipality’s financial statements.)*

*(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 *Kitale 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 2023/2024 was approved by the County Assembly on 28<sup>th</sup> April 2023. 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 Kitale Municipality upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Municipality recorded additional appropriations of -11,411,000 (Amount) on 9<sup>th</sup> April 2024 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 Budget Notes on page 7-8 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 Kitale 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 Company's financial statements.

A financial instrument is any contract that gives rise to a financial asset of one Kitale Municipality and a financial liability or equity instrument of another Kitale Municipality. At initial recognition, the Kitale Municipality 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 Kitale 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 Kitale Municipality'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 Kitale Municipality 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 Kitale Municipality 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 Kitale Municipality 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 Kitale Municipality 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 Kitale Municipality recognizes a loss allowance for such losses at each reporting date.

### **Financial liabilities**

#### **Classification**

The Kitale Municipality 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 Kitale Municipality 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 Kitale Municipality 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 Kitale Municipality 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	2023/2024	2022/2023
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	2,339,915	7,829,165
Payments by County on behalf of the Kitale Municipality	10,570,400	-
Unconditional development grants	0	-
<b>Total</b>	<b>12,910,315</b>	<b>7,829,165</b>

The finance department transferred ksh. 2,339,915 to the Municipality's Bank account for the year 2023/2024. The 10,570,400 is the amount of payments made on behalf of the Municipality.

a) Transfers from County Government entities (Categorized)

Name Of The Kitale Municipality Sending The Grant	Amount recognized to Statement of financial performance* Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	Insert Comparative FY
			Kshs	Kshs	Kshs
Finance Department	12,910,315	-	-	12,910,315	7,829,165
<b>Total</b>	12,910,315	-	-	12,910,315	7,829,165

7. Public Contributions and Donations

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Contributions from the public	30,000	-
<b>Total</b>	<b>30,000</b>	<b>-</b>

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8. Interest income

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Interest income from investments	-	-
Interest income on bank deposits UDG	205,654	79,629.80
Interest income on bank deposits UIG	782	59.15
Others	-	-
<b>Total interest income</b>	<b>206,436</b>	<b>79,689.00</b>

The interest was earned every month the balance was in the bank account at a rate of .28%

9. Use of Goods and Services

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Utilities, supplies and services	-	191,132
Communication, supplies and services	50,000	99,500
Domestic travel and subsistence	1,745,630	939,800
Foreign travel and subsistence	-	-
Printing, advertising, supplies & services	1,748,200	-
Donation Chamber of Commerce	-	150,000
Trade Shows and Exhibitions	254,250	-
Training expenses	1,586,580	-
Hospitality supplies and services	1,221,480	1,124,230
Subscriptions	-	121,900
Public Fora	230,000	1,813,500
Specialized materials and services	2,440,995	-
Office and general supplies and services	470,630	831,600
Fuel, oil and lubricants	700,000	22,000
Other operating expenses ( <i>Clean up activities</i> )	478,653	-
Control – removal illegal structures	-	65,000
Operationalization	-	365,600
Benevolent Expenses	50,000	-
Purchase of staff uniforms	499,500	-
Bank Charges	3,260	3,540
Tax on interest earned	30,965	11,953
Social Benefit expenses*	-	-
<b>Total</b>	<b>11,510,143</b>	<b>5,739,755</b>

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*Notes to the Financial Statements*

**10. Board expenses**

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Chairman/Members' Honoraria	-	-
Sitting allowances	750,500	909,500
Medical Insurance	-	-
Induction and Training	3,262,000	-
Travel and accommodation	470,500	2,878,500,
Conference Costs	-	-
Participant Fees	-	394,400
<b>Total</b>	<b>4,483,000</b>	<b>4,182,400</b>

**11. Taskforce Expenses**

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Chairman/Members' Honoraria	-	3,290,210
<b>Total</b>	<b>-</b>	<b>3,290,210</b>

**12. Depreciation and amortization**

Description	2023/2024	2022/2023
	KShs	KShs
Property, plant and equipment	645,369	600,619
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>645,369</b>	<b>600,619</b>

**13. Repairs and Maintenance**

Description	2023/2024	2022/2023
	KShs	KShs
Property- Buildings	624,800	2,195,388
Motor vehicle expenses	349,450	-

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Maintenance of civil works	2,518,300	-
<b>Total repairs and maintenance</b>	<b>3,492,550</b>	<b>2,195,388</b>

**14. Cash and cash equivalents**

Financial institution	Account number	2023/2024	2022/2023
		Kshs.	Kshs.
<b>a) Current account</b>			
Equity Bank-UIG	0330279238289	457	20,611.90
Equity Bank - UDG	0330278998033	7,550	27,748,589.4
SBM BANK	0402381879001	2,731	1,192,731.25
Equity-Retention	0330285222490	1,881,277	-
Special Purpose Account	1000376996	0	0
<b>Grand total</b>		<b>1,892,016</b>	<b>28,961,933</b>

**15. Receivables from Non-Exchange transaction**

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Retentions –Shiv Trade Department	16,900,747	
Borrowing by county entities	26,319,250	-
Imprest from UDG SPA 1000376996 refundable	-	700,000
<b>Total receivables from non-exchange transactions</b>	<b>43,219,997</b>	<b>700,000</b>

**Ageing analysis for Receivables from non-exchange transactions**

Description	2023/2024		2022/2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	26,319,250	61	700,000	100
Between 1- 2 years	-	-	-	-
Between 2-3 years	16,900,747	39	-	-
Over 3 years	-	-	-	-
<b>Total</b>	<b>43,219,997</b>	<b>100</b>	<b>700,000</b>	<b>100</b>

**Receivables Notes:** The amount of Ksh. 16,900,747 refers to retention funds held by the departments of Trade and Public Service Management for the Business Centre WIP on behalf of the Municipality. The Ksh 500,000 was inter Kitale Municipality borrowing by the Finance Department not yet refunded at the close of the financial year. The Ksh. 25,000,000 was payment to the Business centre contractor on behalf of the Department of Trade which had not been refunded to the account as at close of the financial year. Similarly, the parent Ministry borrowed the Ksh. 640,400 and 400,700. Out of the Ksh 400,700, Ksh158,850 had not been processed or repaid at the end of the period. The Ksh 20,000 was also advanced as travel expenses for the team that attended the funeral of a Board Member which was refunded after the close of the financial year.

#### 16. Inventories

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Stationery	445,130	993,187
Consumables (Cleaning Materials)	445,495	-
Other inventories(Plastic Litter Bins)	2,445,500	-
<b>Total inventories at the lower of cost and net realizable value</b>	<b>3,336,125</b>	<b>993,187</b>

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**17. Property, Plant and Equipment**

Description	Road	Water Tank	Furniture and fittings	Computers	Work in progress	Total
<b>As at 1st July 2022 at Cost</b>	<b>108,295,110</b>	-	<b>299,950</b>	<b>1,118,000</b>	<b>475,677,854</b>	<b>585,390,914</b>
Additions	-	-	537,000	866,000	98,113,223	99,484,723
As at 30th June 2023 at Cost	108,295,110	-	836,950	1,984,000	573,791,071	684,875,637
<b>Depreciation and Impairment</b>						
Accumulated Depreciation prior period - 2021/2022	-	-	-74,988	-559,000	-	-633,988
<b>Charge for the year 2022/2023</b>	-	-	<b>(104,619)</b>	<b>(496,000)</b>	-	<b>(600,619)</b>
As at 30th June 2023	-	-	(179,607)	(1,055,000)	-	(1,234,607)
<b>As at 30th June 2023 NBV</b>	<b>108,295,110</b>	-	<b>657,344</b>	<b>929,000</b>	<b>573,791,071</b>	<b>683,672,525</b>
<b>As at 1st July 2023 at Cost</b>	<b>108,295,110</b>	-	<b>836,950</b>	<b>1,984,000</b>	<b>573,791,071</b>	<b>684,907,131</b>
Prior Period Adjustments -Co-Funding FY 2021/22	-	-	-	-	169,007,373	169,007,373
Prior Period Adjustments - Casting Error 22/23	-	-	-	-	106	106
Additions	-	3,499,000	-	179,000	-	3,678,000
<b>As at 30th June 2024 at Cost</b>	<b>108,295,110</b>	<b>3,499,000</b>	<b>836,950</b>	<b>2,163,000</b>	<b>742,798,550</b>	<b>857,592,610</b>
<b>Accumulated Depreciation and Impairment</b>						
As at 1st July 2023	-	-	(179,607)	(1,055,000)	-	(1,234,607)
Charge for the year	-	-	(104,619)	(540,750)	-	(645,369)
As at 30 June 2024	-	-	(284,226)	(1,595,750)	-	(1,879,976)
<b>As at 30th June 2024 NBV</b>	<b>108,295,110</b>	<b>3,499,000</b>	<b>552,725</b>	<b>567,250</b>	<b>742,798,550</b>	<b>855,712,635</b>

**PPE Notes**

Depreciation of furniture is at the rate of 12.5%, computers at 25%, on straight-line basis over its useful life. Construction of the Multi Complex Business centre is work in progress. The guidelines on Asset and Liability management in the public sector for March 2020 on appendix 4 schedule of useful lives and Depreciation Overview Part 114 no. 13 proposes that no depreciation nor useful lives is applicable to work in progress. The Road is not depreciated as the finance policy advising on its depreciation is still under development. The prior period adjustment of Ksh.169,007,373 refers to payments for the WIP by Trade and Public service departments.

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(Notes to The Financial Statements Continued)

18. Trade and other payables from exchange transactions

Description	2023/2024		2022/2023
	Kshs.		Kshs.
Board Expenses	159,500	Consultancy	5,331,428
catering	129,800	Furniture	537,000
Consultancy	6,804,628	Inventories	993,187
Furniture	537,000	IT Equipment	423,200
Inventory	4,938,126	Retentions- SHIV for WIP	43,901,020
IT Equipment	186,069	-	-
Maintenance Buildings	824,800	-	-
Maintenance Motor vehicles	349,450	-	-
Printing Services	199,750	-	-
Retentions	43,901,028	-	-
Retentions Prior Year Adjustment	16,900,747	-	-
Staff Uniforms	499,500	-	-
Traing Costs -Professional Membership	66,500	-	-
Water Infrastructure Installation	3,499,000	-	-
<b>Total trade and other payables</b>	<b>78,995,898</b>		<b>51,185,835</b>

Ageing analysis:	2023/2024	% of the Total		2022/2023	% of the Total
Under one year	8,808,195	11		-	-
1-2 years	9,376,928	12		7,275,003	14
2-3 years	16,900,747	21		12,747,488	25
Over 3 years	43,910,028	56		31,163,344	61
<b>Total</b>	<b>78,995,898</b>	<b>100</b>		<b>51,185,835</b>	<b>100</b>

### Payables Notes

The retentions payable of Ksh. 43,901,028 is due to the WIP and the adjustment of Ksh 16,900,747 are retentions due from the Departments of Trade and Public Service Management held on behalf of the Municipality and Payable to the WIP contractor.

## 19. Related party balances

### a) Nature of related party relationships

Entities and other parties related to the Kitale 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 Kitale Municipality/scheme is related to the following entities:

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

### b) Related party transactions

Description	2023/2024	2022/2023
	Kshs.	Kshs.
<b>Total</b>	<b>26,141,100</b>	<b>700,000</b>

### c) Key management remuneration

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Board Members	1,221,000	909,500
Key Management Compensation	-	-
<b>Total</b>	<b>1,221,000</b>	<b>909,500</b>

**d) Due from related parties**

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Due from parent Ministry	819,250	-
Due from County Government-Trade Department	25,000,000	-
-Finance Department	500,000	-
-Public Service Management	0	700,000
	0	-
<b>Total</b>	<b>26,319,250</b>	<b>700,000</b>

**20. Financial risk management**

The Kitale Municipality's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Kitale 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 Kitale 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 Kitale 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 Kitale Municipality's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the Municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
<b>At 30 June 2024 (current year)</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	43,219,997	43,219,997	16,900,747	-
Bank balances	1,892,016	1,892,016	-	-
<b>Total</b>	<b>45,112,013</b>	<b>45,112,013</b>	16,900,747	-
<b>At 30 June 2023</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	700,000	700,000	700,000	-
Bank balances	28,961,933	28,961,933	-	-
<b>Total</b>	<b>29,661,933</b>	<b>29,661,933</b>	700,000	-

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 Kitale Municipality has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Kitale Municipality has no significant concentration of credit risk on amounts due from its related parties.

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

The table below represents cash flows payable by the Kitale 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.

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
<b>At 30 Jun 2024</b>				
Trade payables	8,808,195	-	70,187,703	78,995,898
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>8,808,195</b>	<b>-</b>	<b>70,187,703</b>	<b>78,995,898</b>
<b>At 30 Jun 2023</b>				
Trade payables	-	-	51,185,835	51,185,835
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>51,185,835</b>	<b>51,185,835</b>

*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 Kitale 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 Kitale 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 Kitale 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 Kitale Municipality's exposure to market risks or the manner in which it manages and measures the risk.

**IV. Foreign currency risk**

The Kitale 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 Kitale Municipality's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description		<b>Other currencies</b>	<b>Total</b>
	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>
<b>At 30 June 2024</b>			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables	-	-	-
<b>Liabilities</b>			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

**Foreign currency sensitivity analysis**

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

Description	<b>Change in currency rate</b>	<b>Effect on surplus/ deficit</b>	<b>Effect on equity</b>
	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>
<b>2024 (current year)</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2023 (previous year)</b>			
Euro	10%	-	-
USD	10%	-	-

**V. Interest rate risk**

Interest rate risk is the risk that the Kitale Municipality’s financial condition may be adversely affected as a result of changes in interest rate levels. The Kitale 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.

**VI. Capital risk management.**

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

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Revaluation reserve	-	-
Capital/Development Grants/Kitale Municipality	844,705,091	675,697,718
Accumulated surplus	-19,540,221	-12,555,910
<b>Total Funds</b>	<b>825,164,870</b>	<b>663,141,808</b>
Total borrowings	-	-
Less: cash and bank balances	1,892,016	28,961,933
Net debt/(excess cash and cash equivalents)	-1,892,016	-28,961,933
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

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)
A 1.	Unconfirmed/Unexplained Restated Prior Year Balances	Correct balances captured in the statements for FY2023/2024	Resolved	30 <sup>th</sup> September 2024
2.	Accuracy of the Statement of Cash Flows :Variance in cash flow and PPE schedule	The amount recognized under PPE of 99,484,723 and Kshs.193,014,233 refers to the cost of the assets acquired, while the Kshs.93,234,399 and Kshs.230,500,639 were the actual payments made in cash.The variances of Kshs.6,250,324 and Kshs.37,486,406 resulted from net payments made through the bank accounts vis a vis the Gross amount recognized as additions	Resolved	
3.	Accuracy of the Statement of Comparison of Budget and Actual Amounts	There were casting errors/arithmetic and omissions in the statement of comparison of budget and actual amounts. Effort will be made to capture the correct figures for the next FY2023/2024	Not Resolved	N/A
4.	Variances in Cash and Cash Equivalent	The cash book indicates a balance of Kshs 27,680,833.63 while the bank certificate indicates 27,748,518.98. On reconciliation, the receipts	Resolved	20/08/2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>from interest earned on deposits of Ksh 79,629.80 and the Withholding Tax thereon of Ksh 11,944.45 was captured, thereby clearing the variance of 67,685.35. The bank reconciliation statement and the bank certificate as at 30<sup>th</sup> June 2023 indicate a balance of 13,431.25, however, there was an inbound remittance of 1,179,300, which had been recognized within the financial year before closure of IFMIS workflow but received into the bank account on 10<sup>th</sup> July 2023 resulting in a balance of 1,192,732.25.</p>		
5.	<p>Property, Plant and Equipment: Road not depreciated and variance of Ksh. 174,717,189 in WIP schedule and PPE SCHEDULE not explained or reconciled.</p>	<p>The road was not depreciated due to lack of a comparative basis in similar entities and a policy to guide on the same. The Board plans to put in place a policy framework to guide in depreciation of similar assets.</p> <p>The total certified works as at 30th June 2023 amounted to Ksh 742,798,550 out of which Ksh 573,971,071 was funded by the Municipality and Ksh 168,827,479 was funded by the departments of trade and Public Services Management.</p>	Not Resolved- Finance Policy	30/09/2024

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)
		In order to reflect the total certified works under municipality, adjustments have been done to reflect the correct value of the Work in Progress in the		
6.	Trade and Other Payables: retentions balance of Kshs.43,901,020 which differs with the supporting schedule balance of Kshs.70,410,578 as at 30 June, 2023 resulting to unexplained variance of Kshs.26,509,738. Further, the Municipality did not maintain a deposits/retentions account and register where all retentions money should be deposited and recorded. payables amounting to Kshs.890,000 were not supported by invoices and procurement records.	The project was co-funded by the Departments of Trade, Commerce and Industry and by Public Service Management through Kenya Devolution Support Program. The variance on amounts retained results from the funds withheld separately by each department during payment with Kshs.43,901,020 withheld by the Municipality. The Municipality opened Retention Account on 29th March 2024 at Equity Bank a/c number 0330285222490	Resolved	30/09/2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
7.	Unsupported Inventories: Balance of Kshs.993,187 supporting schedules, stock cards and stock taking reports as at 30 June, 2023 in support of the balance were not provided for audit verification.	Copies of S3 cards and form S13 have been presented for audit	Partially Resolved(stock take reports)	20/08/2024
B 1.	Irregular Expenditure on Public Fora: Kshs.1,813,500 as disclosed in Note 9 to the financial statements. The expenditure on public fora was not supported with requisitions and approvals, contract or quotation	<p>i) The Municipality used low value procurement method as the items required for public fora fell in this category. Therefore there was no need for raising tender documents records and reports.</p> <p>ii) The action plan has been availed for audit review.</p> <p>iii) Expenditure vouchers were availed for audit verification with supporting documents</p>	Resolved	20/08/2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	documents, tender evaluation reports, notification of award and acceptance, inspection reports, or contract agreements.	.The Municipality as guided by the KISSIP project Operations Manual mobilized the stakeholders through the community level institutions (Settlement executive committee and grievance redress committees) to the targeted populations. Invitation letters were also sent to the area chief, Ward Administrator and area MCA		
2.	Irregular Board Expenses: Sitting allowances amount of Kshs.909,500 paid to Board Members. However, the expenditure was not supported with invitation letters, attendance registers and minutes of the board meetings. board meetings attendance register revealed that in the period between January, 2023 to March, 2023, the board held four (4) meetings. This is contrary to Section 23(1) of the Urban Areas and Cities	The invitation letters, attendance registers and minutes of the board meeting have been availed for audit reviews. The four meetings between January and March 2023 consisted of 1 full board meeting, one special board meeting and two committee meetings	Resolved	20/08/2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Act, 2011 which requires the board to hold sittings every three (3) months.			
3.	Irregular Expenditure on Taskforce: taskforce expenses amount of Kshs.3,290,210 which was not explained by a note in the financial statements. As reported in the previous year's audit report, review of the report prepared by the task force revealed that, only 123 parcels of public land were within Kitale Municipality. This number significantly varied with more than 1,440 parcels of land contained in the valuation roll of year 2006 casting doubt on the	In order to fast track the work of the task force the budgeted amount was transferred to Municipality commercial Bank account held with SBM Bank.  The Municipality did not have control over the funds	Resolved	20/08/2024

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)
	reliability of the task force report.			
4.	Long Outstanding Imprest; receivables from non-exchange transactions balance of Kshs.700,000 as at 30 June, 2023 which, as detailed in Note 13 to the financial statements relates to outstanding imprest. Review of supporting documentation provided revealed that the balance is a long outstanding imprest advanced to an employee on 22 March, 2019. Management has not explained why the imprest had not been surrendered or recovery process instituted by the accounting officer	We acknowledge the un-surrendered imprest by one of our staff Mr Gak Abuya which was outstanding at the time of audit. However, the outstanding imprest has been fully recovered through payroll deductions which commenced in July 2020 to September 2021. The funds were subsequently transferred to Kitale Municipality bank account on 27 December 2023.	Partially Resolved(De deduction of interest)	30/09/2024
5.	Lack of an Updated Assets Register and Annual Physical	The Asset register was presented to the auditor for review. The register contains assets procured/developed by the municipality. Other	Resolved	20/08/2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Verification of Assets	assets like land, buildings and roads are yet to be handed over and therefore are not included in the assets register.		
6.	<p>a) 3. Proposed Construction of Multi-Storey Business Complex: The schedule of gross payments processed in favour of the contractor as at 30 June, 2023 amounted to Kshs.748,688,260 which is at variance with an amount of Kshs.573,791,077 reflected in Note 14 to the financial statements by Kshs.174,897,183.</p> <p>b) The contractor has requested seven times for</p>	<p>a) The business centre was Co-funded by World Bank (KUSP), Department of Public Service Management (KDSP) and Trade and Industrialization department. The expenditures reported by Kitale Municipality relates to the portion funded by the Municipality. The schedule of payments by each Kitale Municipality funding the business centre is attached to Annex 13 (a)</p> <p>b) Delay in completion of the projects was partly due to;</p> <p>i. Unforeseen ground and hydrological conditions – the project was met by unforeseen ground conditions due to variable soil strata and underground water streams making piling work quite challenging.</p> <p>ii. Logistical challenges in disposing excavated materials – there was a challenge in moving excavated materials from site through the busy streets occupied by traders and site being located along the busy exit route used matatus.</p>	Not Resolved(Till after inspection by Senate Committee)	30/10/2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>extension of contract period through the project consultant and architect but there was no subsequent approvals and no site meeting minutes conducted by project implementation team were provided for audit review. The project has delayed for over two years from the initial expected completion date thereby denying the county residents the benefits that would have accrued from the completed project as well as revenue to</p>	<p>iii. Covid 19 pandemic – the government directive restricting gatherings and meetings and events saw the contractor scale down the team on site in compliance with the directive. This greatly affected the progress of works on site</p> <p>iv. Change in scope of works to include pile foundations – the loose soil strata necessitated introduction of both temporary and permanent casings due to the collapsing piles.</p> <p>v. Delay in relocation of traders</p> <p>Annex 13(b) Progress report of the project.</p> <p>c) On delayed remittance, we endeavour to make prompt tax payments in future.</p> <p>(d)The schedule of co-funding and concurrence by KDSP is attached to Annex 13(c)</p> <p>(e) The works have been ongoing since this observation and as at February 2024 the project was at 96 % completion.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>the municipality from leased spaces to traders.</p> <p>c) The Management made a gross payment of Kshs.53,532,543 to the contractor vide certificate number 10 dated 29 July, 2022, voucher number 4278 with corresponding withholding taxes and value added tax. However, the payment for taxes thereon were remitted on 9 November, 2022 thereby delaying the remittances of taxes by three</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>(3) months contrary to Income Tax Act, 1973 (revised 2012) which requires the payment of tax by employer to be before the tenth day following the end of every month or before any other day which may be notified to him by the Commissioner .</p> <p>d) The memorandum of understanding on the co-funding between the Municipality, department of trade and lands were not</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>provided for audit review.</p> <p>e) Audit inspection carried out on 10 September, 2023 revealed that the contractor was not on site and the project had stalled at 92% of completion.</p>			
7.	Unimplemented CIDP, ADP and Approved Budget Projects	The county is committed to implementing the approved CIDP within the scheduled 5 years, however due to shortfalls in revenue collection, all the projects could not be implemented as planned. The projects affected have been taken into consideration in the subsequent year's budget.	Resolved	30/09/2024
C 1.	Lack of Fraud Management and Risk Policy	The Kitale municipality uses the county risk management framework which applies to all County entities. Besides the risk policy other measures adopted to mitigate fraud and financial risks include;	Resolved	30/09/2024

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)
		<p>- The municipality utilizing the available County Internal Auditors and the County Audit committee to mitigate and manage risks. They are currently undertaking an assignment on Audit of the books of the municipality.</p> <p>- The county examination Department is also assigned to examine transactions and approvals of the municipality.</p> <p>-The municipality's operations are also guided by the Public procurement and disposal Act 2015 and PFM Act 2015.</p> <p>- The Municipality Board also has an Audit Committee which is an oversight body.</p>		
2.	Control over Functions: The following functions of the Municipality envisioned under the Urban Areas and Cities Act, 2011 are still being budgeted for and performed by the respective County departments.	<p>The process of redefining and transferring functions is ongoing after the gazettelement of the transferred functions by the executive as follows.</p> <p>i. Revenue collection. Ongoing</p> <p>ii. Construction, maintenance and regulation of municipal markets and abattoirs. Fully Transferred</p> <p>iii. Development and enforcement of municipal plans and development controls. Fully Transferred</p>	Resolved	30/06/2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>iv. Promoting and undertaking infrastructural development and services within municipality. Fully Transferred</p> <p>v. Promotion, regulation and provision of municipal sports and cultural activities. Ongoing</p> <p>vi. Construction and maintenance of urban roads and associated infrastructure. Fully Transferred</p> <p>vii. Regulation of outdoor advertising. Ongoing</p> <p>viii. Any other function as may be delegated by the County Executive Committee. Waste Management Fully Transferred</p>		

**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.

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- c) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Kitale Municipality 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.



*[Handwritten signature]*

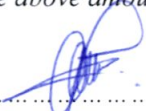

*To be Signed by the Accounting officer of the Kitale Municipality*

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**Appendix 2: Inter Kitale Municipality Transfers**

KITALE MUNICIPALITY NAME:				
Breakdown of Transfers from the County Executive of Trans Nzoia County				
FY 2023/2024				
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
	KUSP –Urban Institutional Grant	10 July 2023	2,339,915	2023/2024
	--		-	-
	-	<b>Total</b>	2,339,915	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
	KUSP- Urban Development Grant	-	-	2023/2024
	-		-	-
	-		-	-
		<b>Total</b>	-	-
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
	-	-	10,570,400	2023/2024
	-		-	-
	-	<b>Total</b>	10,570,400	-

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

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**Signed by the Head of Accounts of the Kitale Municipality and the transferring Entities**

**Appendix 3: Reporting of Climate Relevant Expenditures**

Name of the Organization    Kitale Municipal Board  
Telephone Number  
Email Address  
Name of CEO/MD/Head Irene Nang'ole

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

Project Name	Project Description	Project Objectives	Project Activities	Ksh				Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Greening /Beautification of Kitale Town	Creation of a green area around Museum entrance	To enhance aesthetics of the town and help reduce soil erosion	Earthworks, landscaping, planting grass	-	-	-	3m	Municipality	Municipality ,Works Department
Purchase of litter Bins	Supply and delivery of plastic street litter bins	To manage solid waste	Supply and delivery of litter bins	-	-	-	3.5m	Municipality	Municipality
Kitale Municipality Usafi Day	Environment clean-up	Environment clean-up within Kitale Town	To collect all solid waste within Town by all county staff	-	-	-	428,000	Municipality	County Executive

**Appendix 4: Disaster Expenditure Reporting Template**

Date: NONE FOR THE YEAR 2023/2024

Kitale 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 (Ksh s.)	Comments