

Scanned.

REPUBLIC OF KENYA

PARLIAMENT  
OF KENYA  
LIBRARY



*Enhancing Accountability*

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**HOMA BAY MUNICIPAL BOARD**

**FOR THE YEAR ENDED  
30 JUNE, 2021**

PAPERS LAID	
DATE	8/11/2022
TABLED BY	Senate Majority Whip
COMMITTEE	—
CLERK AT THE TABLE	I. Mbaya.





---

**HOMA BAY MUNICIPAL BOARD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**  
**JUNE 30, 2021**

---

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

**HOMA BAY MUNICIPAL BOARD**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

---

1. KEY ENTITY INFORMATION AND MANAGEMENT	2
2. THE BOARD OF TRUSTEES (or any other corporate governance body for the Fund)	5
3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S PREDETERMINED OBJECTIVES	6
4. MANAGEMENT TEAM	8
5. BOARD/FUND CHAIRPERSON'S REPORT	9
6. REPORT OF THE FUND ADMINISTRATOR	10
7. CORPORATE GOVERNANCE STATEMENT	12
8. MANAGEMENT DISCUSSION AND ANALYSIS	15
9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING	16
10. REPORT OF THE TRUSTEES	18
11. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES	19
12. REPORT OF THE INDEPENDENT AUDITOR	20
14.1 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021 .....	22
13.2. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021	23
13.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021 .....	24
13.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 <sup>th</sup> JUNE 2021 .....	25
13.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES .....	26
13.7 NOTES TO THE FINANCIAL STATEMENTS.....	42

**1. KEY ENTITY INFORMATION AND MANAGEMENT**

**a) Background information**

Homa Bay Municipal Board is a creation of the Urban Areas and Cities Act, 2011 which operationalized Article 184 of the Constitution by providing for the classification, governance and management of urban areas and cities, the criteria for establishing urban areas and principle of governance and participation of citizen and for connected purposes.

The institutionalization of Homa Bay Municipality is complete considering that the Homa Bay Municipality Charter was approved by the County Assembly and gazetted. The Board of Management of the Municipality has been inaugurated having been approved by the County Assembly of Homa Bay. The Board of the Municipality of Homa Bay and the County Government of Homa Bay are work towards having proper Municipal plans that are prepared and implemented as per the County Governments Act of 2012, the Urban areas and Cities Act of 2011 (amended 2019), and the Homa Bay Municipality Charter. The Integrated Urban Development Plan of Homa Bay will ensure the Municipality is able to deal with the effects of urbanization such as urban sprawl, rise of informal settlements and uncontrolled developments.

In the financial year 2020/2021, the Homa Bay Municipality printed estimates totalled to Kshs 22,400,000. The department's revised estimates total to KSHS 190,676,194 of which Kshs 30,676,194 is for recurrent expenditure and KSHS 160,000,000 is for capital/development expenditure.

The fund's objective is to provide overall policy and strategic direction for the transformation of the Homa Bay Municipality and to promote effective development, management and maintenance of all municipal facilities

The Fund's principal activity is as follows;

1. Enhanced service delivery to the residents of Homa Bay Municipality
2. Build and Maintain functional infrastructure for the residents of the Municipality
3. Provide a framework to facilitate security of land tenure within the Municipality
4. Identify and analyse planning issues and challenges, harness existing opportunities and promote intervention measures for mitigating the planning issues and challenges.
5. Promote appropriate land uses, locations and permissible densities. Similarly, the entity will begin to provide a policy framework for socio-economic investments, economic use of space, infrastructure services and public facilities within the Municipality.



**HOMA BAY MUNICIPAL BOARD**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

---

**VISION:** A Municipality of choice for all to invest, work, live and prosper.

**MISSION:** To make Homa Bay Municipality more attractive and sustainable through effective policy formulation and implementation.

**PROGRAMMES AND THEIR OBJECTIVES**

<b>PROGRAMMES</b>	<b>OBJECTIVE</b>
P1: Policy, Planning And Administration Services	To provide overall policy and strategic direction for the transformation of the Homa Bay Municipality
P2: Urban development services	To promote effective development, management and maintenance of all Municipal facilities

**b) Board of Trustees/Fund Administration Committee**

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1	Zilper Opapo	Municipal Manager/Accounting Officer
2	Ibrahim Oloo	Accountant
3		

**c) Key Management**

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1	Doras Matunga	Board Chairperson
2	Peter Osoo	Board Vice chairperson
3	Zilper Opapo	Municipal Manager
4		
5		

**d) Registered Offices**

HOMA BAY MUNICIPAL BOARD OFFICES  
P.O. BOX 469  
HOMA BAY COUNTY COMMISSIONER'S COMPOUND  
HOMA BAY, KENYA

**e) Fund Contacts**

Telephone: (254) 722 265 774

E-mail: [zilper2@gmail.com](mailto:zilper2@gmail.com).ke

Website: [www.homabaycounty.go.ke](http://www.homabaycounty.go.ke) and [www.homabaymunicipality.co.ke](http://www.homabaymunicipality.co.ke)



**f) Fund Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
  
2. Kenya Commercial Bank  
Homa Bay Branch  
P.O. Box 368-40300  
Homa Bay, Kenya
  
3. Equity Bank  
Homa Bay Branch  
P.O. Box 75104-40300  
Homa Bay, Kenya



**HOMA BAY MUNICIPAL BOARD**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

**2. THE BOARD OF TRUSTEES (or any other corporate governance body for the Fund)**

Name	Details of qualifications and experience
 DORCAS A. MATUNGA	1 <sup>st</sup> January 1977 Bachelor of Commerce in Human Resource Management Over ten years of experience in Senior Management Currently serving as the Chairperson of Homa Bay Municipal Board Non-Executive Chairperson
 ZILPER A. OPAFO	4 <sup>th</sup> April 1975 Bachelor of Arts in Public Administration Over 10 years of experience in Senior Management Currently the Municipal Manager of Homa Bay Municipality and Secretary to the Municipal Board Executive Director

### **3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S PREDETERMINED OBJECTIVES**

#### **Introduction**

Homa Bay Municipal Board is a creation of the Urban Areas and Cities Act, 2011 which operationalized Article 184 of the Constitution by providing for the classification, governance and management of urban areas and cities, the criteria for establishing urban areas and principle of governance and participation of citizen and for connected purposes.

The institutionalization of Homa Bay Municipality is complete considering that the Homa Bay Municipality Charter was approved by the County Assembly and gazetted. The Board of Management of the Municipality has been inaugurated having been approved by the County Assembly of Homa Bay. The Board of the Municipality of Homa Bay and the County Government of Homa Bay are work towards having proper Municipal plans that are prepared and implemented as per the County Governments Act of 2012, the Urban areas and Cities Act of 2011 (amended 2019), and the Homa Bay Municipality Charter. The Integrated Urban Development Plan of Homa Bay will ensure the Municipality is able to deal with the effects of urbanization such as urban sprawl, rise of informal settlements and uncontrolled developments.

#### **Key achievements by the entity during the period included:**

1. The County government committed to participate in KUSP by having all the minimum conditions that were set out, met as was confirmed during the 1<sup>st</sup> and 2<sup>nd</sup> Annual Performance Assessments (APA) by the Donor.
2. Municipal Charter was granted by the H.E the Governor, approved by the Assembly and gazetted through Kenya gazette supplement No.6 on 27<sup>th</sup> March 2019.
3. Members of the Municipal Board were vetted by the County Assembly, their appointment gazetted through Gazette Notice No. 6470 dated 9<sup>th</sup> July 2019 and sworn in office on 29 August 2019.
4. There was smooth and peaceful relocation of Homa Bay Traders from the old Homa Bay Municipal Market to pave way for construction of the proposed Homa Bay Municipal Market that shall boost the revenue base of the County.
5. Construction of the proposed Homa Bay Municipal Market is at 80% to completion.
6. The Municipal Board has prepared the following policy documents – Homa Bay Municipality Integrated Development Plan (IDEP), Strategic Urban Development Plan, Homa Bay Municipality Solid Waste Management Policy.
7. Members of the Homa Bay Municipal Board have been inducted.
8. The Homa Bay Municipal Board unlocked the second round of donor funds of Kshs.119,000,000 under the Kenya Urban Support Programme.
9. The Board of Homa Bay Municipality is among 7 Municipalities out of 59 Municipalities that recently got clearance for replenishment of Kshs.119M by the World Bank under the Kenya Urban Support Programme.
10. The Homa Bay Municipality was recognized by the World Bank for exceptional performance under the Kenya Urban Support Program as a result of which the Municipal Manager was the only Manager out of 59 Managers across the country identified to



**HOMA BAY MUNICIPAL BOARD**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

---

participate in the recently concluded 10<sup>th</sup> session of the World Urban forum (WUF10). This premier event is the largest global gathering on the future of cities convened by (UN-Habitat) every two years.

**Challenges**

1. Inadequate funding
2. Lack of understanding of provisions of UACA and the Homa Bay Municipality Charter by Key Stakeholders
3. High expectations from the residents and local business community on delivery of services by the urban management board
4. System bureaucracy and lack of team work spirit
5. The Municipality is yet to tap full potential of all revenue streams
6. The administrative unit of the Municipality is currently understand staffed
7. Inadequate office space and other utilities

The key development objectives of the Homa Bay Municipal Board 2018-2022 plan are to:



- a) Policy and planning services
- b) Administration and support services
- c) Land use planning and project coordination services
- d) Infrastructure development services
- e) Environmental Management services

**Progress on attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Civil Works, Building & Construction	To Construct Municipal market to global standards	Increased efficient trade on goods and services	Number of traders and people in the market	<b>In FY 19/20 the market is 80% complete</b>

**4. MANAGEMENT TEAM**

Name	Details of qualifications and experience
 ZILPER A. OPAPO	4 <sup>th</sup> April 1975 Bachelor of Arts in Public Administration Over 10 years of experience in Senior Management Currently the Municipal Manager of Homa Bay Municipality and Secretary to the Municipal Board Executive Director
 IBRAHIM OTIENO OLOO	29 <sup>th</sup> January 1984 Bachelor of Science in Computer Science, CPA II Sec IV 7 Years of experience Accountant at Homa Bay Municipal Board Executive



**5. BOARD/FUND CHAIRPERSON'S REPORT**

Homa Bay Municipal Board is a creation of the Urban Areas and Cities Act, 2011 which operationalized Article 184 of the Constitution by providing for the classification, governance and management of urban areas and cities, the criteria for establishing urban areas and principle of governance and participation of citizen and for connected purposes.

The institutionalization of Homa Bay Municipality is complete considering that the Homa Bay Municipality Charter was approved by the County Assembly and gazetted. The Board of Management of the Municipality has been inaugurated having been approved by the County Assembly of Homa Bay. The Board of the Municipality of Homa Bay and the County Government of Homa Bay are work towards having proper Municipal plans that are prepared and implemented as per the County Governments Act of 2012, the Urban areas and Cities Act of 2011 (amended 2019), and the Homa Bay Municipality Charter. The Integrated Urban Development Plan of Homa Bay will ensure the Municipality is able to deal with the effects of urbanization such as urban sprawl, rise of informal settlements and uncontrolled developments.

In the financial year 2020/2021, the Homa Bay Municipality printed estimates totalled to KSHS 22,400,000. The department's revised estimates total to KSHS 190,676,194 of which KSHS 30,676,194 is for recurrent expenditure and Kshs.160,000,000 is for capital/development expenditure.

The Board is a young entity within the structure of County Government of Homa Bay with a vibrant team and big mandate that can be actualized with better funding by county government, and support from development partners and donors.

Signed: \_\_\_\_\_

**DORCAS A. MATUNGA**

## **6. REPORT OF THE FUND ADMINISTRATOR**

**VISION:** A Municipality of choice for all to invest, work, live and prosper.

**MISSION:** To make Homa Bay Municipality more attractive and sustainable through effective policy formulation and implementation.

Homa Bay Municipal Board is a creation of the Urban Areas and Cities Act, 2011 which operationalized Article 184 of the Constitution by providing for the classification, governance and management of urban areas and cities, the criteria for establishing urban areas and principle of governance and participation of citizen and for connected purposes.

The institutionalization of Homa Bay Municipality is complete considering that the Homa Bay Municipality Charter was approved by the County Assembly and gazetted. The Board of Management of the Municipality has been inaugurated having been approved by the County Assembly of Homa Bay. The Board of the Municipality of Homa Bay and the County Government of Homa Bay are work towards having proper Municipal plans that are prepared and implemented as per the County Governments Act of 2012, the Urban areas and Cities Act of 2011 (amended 2019), and the Homa Bay Municipality Charter. The Integrated Urban Development Plan of Homa Bay will ensure the Municipality is able to deal with the effects of urbanization such as urban sprawl, rise of informal settlements and uncontrolled developments.

In the financial year 2020/2021, the Homa Bay Municipality printed estimates totalled to KSHS 22,400,000. The department's revised estimates total to KSHS 190,676,194 of which KSHS 30,676,194 is for recurrent expenditure and KSHS 160,000,000 is for capital/development expenditure.

The fund's objective is to provide overall policy and strategic direction for the transformation of the Homa Bay Municipality and to promote effective development, management and maintenance of all municipal facilities

The Fund's principal activity is as follows;

1. Enhanced service delivery to the residents of Homa Bay Municipality
2. Build and Maintain functional infrastructure for the residents of the Municipality
3. Provide a framework to facilitate security of land tenure within the Municipality
4. Identify and analyse planning issues and challenges, harness existing opportunities and promote intervention measures for mitigating the planning issues and challenges.
5. Promote appropriate land uses, locations and permissible densities. Similarly, the entity will begin to provide a policy framework for socio-economic investments, economic use of space, infrastructure services and public facilities within the Municipality.

### **Key achievements by the entity during the period included:**

1. The County government committed to participate in KUSP by having all the minimum conditions that were set out, met as was confirmed during the 1<sup>st</sup> and 2<sup>nd</sup> Annual Performance Assessments (APA) by the Donor.

**HOMA BAY MUNICIPAL BOARD**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

---

2. Municipal Charter was granted by the H.E the Governor, approved by the Assembly and gazetted through Kenya gazette supplement No.6 on 27<sup>th</sup> March 2019.
3. Members of the Municipal Board were vetted by the County Assembly, their appointment gazetted through Gazette Notice No. 6470 dated 9<sup>th</sup> July 2019 and sworn in office on 29 August 2019.
4. There was smooth and peaceful relocation of Homa Bay Traders from the old Homa Bay Municipal Market to pave way for construction of the proposed Homa Bay Municipal Market that shall boost the revenue base of the County.
5. Construction of the proposed Homa Bay Municipal Market is at 80% to completion.
6. The Municipal Board has prepared the following policy documents – Homa Bay Municipality Integrated Development Plan (IDEP), Strategic Urban Development Plan, Homa Bay Municipality Solid Waste Management Policy.
7. Members of the Homa Bay Municipal Board have been inducted.
8. The Homa Bay Municipal Board unlocked the second round of donor funds of Kshs.119,000,000 under the Kenya Urban Support Programme.
9. The Board of Homa Bay Municipality is among 7 Municipalities out of 59 Municipalities that recently got clearance for replenishment of Kshs.119M by the World Bank under the Kenya Urban Support Programme.
10. The Homa Bay Municipality was recognized by the World Bank for exceptional performance under the Kenya Urban Support Program as a result of which the Municipal Manager was the only Manager out of 59 Managers across the country identified to participate in the recently concluded 10<sup>th</sup> session of the World Urban forum (WUF10). This premier event is the largest global gathering on the future of cities convened by (UN-Habitat) every two years.

**Challenges**

1. Inadequate funding
2. Lack of understanding of provisions of UACA and the Homa Bay Municipality Charter by Key Stakeholders
3. High expectations from the residents and local business community on delivery of services by the urban management board
4. System bureaucracy and lack of team work spirit
5. The Municipality is yet to tap full potential of all revenue streams
6. The administrative unit of the Municipality is currently understand staffed
7. Inadequate office space and other utilities

Signed: 

**ZILPER A. OPAFO**

## **7. CORPORATE GOVERNANCE STATEMENT**

### **BOARD MEETINGS**

The Homa Bay Municipal Board has held quarterly full Board Meetings and public fora engagements as provided for in the Urban Areas and Cities Act and special Board meetings as need arose. A total of 5 full board meetings, 4 public fora meetings and 2 special Board meetings were held in the last financial year.

### **BOARD CHARTER**

The Board was granted a Charter as an instrument of transfer of functions to the Urban Institution. The Municipal Charter was granted by the H.E the Governor, approved by the County Assembly and gazetted through Kenya Gazette Supplement No.6 on 27<sup>th</sup> March 2019.

### **POWERS, OBJECTS AND FUNCTIONS OF THE MUNICIPALITY**

#### **Powers of the Municipality**

- (1) The Municipality of Homa Bay shall have all the powers, general and special, governmental or proprietary, expressed or implied, which may be possessed or assumed by municipalities under the Urban Areas and Cities Act, the County Government Act and the County of Homa Bay By-laws.
- (2) No enumeration of specific powers in the Charter shall be held to be exclusive. All such powers shall be exercised in the manner prescribed in the Charter, or, if not prescribed herein, in such manner as Board of the Municipality may determine, or, unless a contrary intent appears in this Charter or in the By-laws and Resolutions of the Board of the Municipality, in such manner as may be provided by the County of Homa Bay Bylaws.

#### **Objects of the Municipality**

The objects of the Municipality of Homa Bay are to—

- (a) provide for efficient and accountable management of the affairs of the Municipality.
- (b) provide for a governance mechanism that will enable the inhabitants of the Municipality to—
  - (i) participate in determining the social services and regulatory framework which will best satisfy their needs and expectations.
  - (ii) verify whether public resources and authority are utilized or exercised, as the case may be, to their satisfaction.
  - (iii) enjoy efficiency in service delivery.
- (c) vigorously pursue the developmental opportunities which are available in the

Municipality and to institute such measures as are necessary for achieving public order and the provisions of civic amenities, so as to enhance the quality of life of the inhabitants of the Municipality.

(d) provide a high standard of social services in a cost effective manner to the inhabitants of the Municipality.

(e) promote social cohesiveness and a sense of civic duty and responsibility among the inhabitants and stakeholders in the Municipality in order to facilitate collective action and commitment towards achieving the goal of a harmonious and stable community.

(f) providing for services, laws and other matters for Municipality's benefit.

(g) fostering the economic, social and environmental well-being of its community

### **Functions of the Municipality**

The roles and functions of the Board are well stipulate in the Urban Areas and Cities Act and in the Homa Bay Municipality Charter. This include but is not limited to:-

The Municipality of Homa Bay shall, within the boundaries of the Municipality, perform the following functions—

(a) Promotion, regulation and provision of refuse collection and solid waste management services;

(b) Promotion and provision of water and sanitation services and infrastructure (in areas within the Municipality not served by the Water and Sanitation Provider);

(c) Construction and maintenance of urban roads and associated infrastructure;

(d) Construction and maintenance of storm drainage and flood controls;

(e) Construction and maintenance of walkways and other non-motorized transport infrastructure;

(f) Construction and maintenance of recreational parks and green spaces;

(g) Construction and maintenance of street lighting;

(h) Construction, maintenance and regulation of traffic controls and parking facilities;

(i) Construction and maintenance of bus stands and taxi stands;

(j) Regulation of outdoor advertising;

(k) Construction, maintenance and regulation of municipal markets and abattoirs;

(l) Construction and maintenance of fire stations; provision of fire-fighting services, emergency preparedness and disaster management;

(m) Promotion, regulation and provision of municipal sports and cultural activities;

(n) Promotion, regulation and provision of animal control and welfare;

(o) Development and enforcement of municipal plans and development controls;

- (p) Municipal administration services (including construction and maintenance of administrative offices);
- (q) Promoting and undertaking infrastructural development and services within the Municipality
- (r) Any other functions as may be delegated by the County Executive Committee.

#### **BOARD REMUNERATION**

Board Members are paid allowances per the Salaries and Remuneration Commission circulars and guidelines.

#### **BOARD INDUCTION AND TRAINING**

The Homa Bay Municipal Board has been offered induction and capacity building training funded under the Kenya Urban Support Program.

#### **ETHICS AND CONDUCT**

Ethics and Conduct of Members of the Board of the Municipality are guided by existing Government Policies.

#### **BOARD MEMBER PERFORMANCE/GOVERNANCE AND AUDIT**

The Board of Homa Bay Municipality works through 4 committees and has so far formulated the Homa Bay Municipality Integrated Development Plan, the Homa Bay Municipality Strategic Urban Development Plan, Homa Bay Municipality Solid Waste Management Policy and Homa Bay Municipality bylaws. The Board just like every other spending entity within the County Government is oversighted by the Homa Bay County Assembly and Audited by Internal and External Government Auditors. The Board has not had any cases of conflict of interest since inception.

**8. MANAGEMENT DISCUSSION AND ANALYSIS**

In the last financial year, the Homa Bay Municipal Board initiated the implementation of the construction of the proposed Homa Bay Municipal Market. The construction is currently ongoing and completion is at over 80%. The Board has spent funds in line with the Public Finance Management Act and other relevant laws.

## **9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

Homa Bay Municipal Board exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on the urban areas and cities act, the vision 2030, the Homa Bay Municipality Charter, the Homa Bay Municipality Integrated Development Plan, the Homa Bay Strategic Urban Development Plan pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

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

The fund's objective is to provide overall policy and strategic direction for the transformation of the Homa Bay Municipality and to promote effective development, management and maintenance of all municipal facilities

The Fund's principal activity is as follows;

6. Enhanced service delivery to the residents of Homa Bay Municipality
7. Build and Maintain functional infrastructure for the residents of the Municipality
8. Provide a framework to facilitate security of land tenure within the Municipality
9. Identify and analyse planning issues and challenges, harness existing opportunities and promote intervention measures for mitigating the planning issues and challenges.
10. Promote appropriate land uses, locations and permissible densities. Similarly, the entity will begin to provide a policy framework for socio-economic investments, economic use of space, infrastructure services and public facilities within the Municipality.

### **Key achievements by the entity during the period included:**

11. The County government committed to participate in KUSP by having all the minimum conditions that were set out, met as was confirmed during the 1<sup>st</sup> and 2<sup>nd</sup> Annual Performance Assessments (APA) by the Donor.
12. Municipal Charter was granted by the H.E the Governor, approved by the Assembly and gazetted through Kenya gazette supplement No.6 on 27<sup>th</sup> March 2019.
13. Members of the Municipal Board were vetted by the County Assembly, their appointment gazetted through Gazette Notice No. 6470 dated 9<sup>th</sup> July 2019 and sworn in office on 29 August 2019.
14. There was smooth and peaceful relocation of Homa Bay Traders from the old Homa Bay Municipal Market to pave way for construction of the proposed Homa Bay Municipal Market that shall boost the revenue base of the County.
15. Construction of the proposed Homa Bay Municipal Market is at 80% to completion.
16. The Municipal Board has prepared the following policy documents –  
Homa Bay Municipality Integrated Development Plan (IDEP), Strategic Urban Development Plan, Homa Bay Municipality Solid Waste Management Policy.
17. Members of the Homa Bay Municipal Board have been inducted.
18. The Homa Bay Municipal Board unlocked the second round of donor funds of Kshs.119,000,000 under the Kenya Urban Support Programme.

19. The Board of Homa Bay Municipality is among 7 Municipalities out of 59 Municipalities that recently got clearance for replenishment of Kshs.119M by the World Bank under the Kenya Urban Support Programme.
20. The Homa Bay Municipality was recognized by the World Bank for exceptional performance under the Kenya Urban Support Program as a result of which the Municipal Manager was the only Manager out of 59 Managers across the country identified to participate in the recently concluded 10<sup>th</sup> session of the World Urban forum (WUF10). This premier event is the largest global gathering on the future of cities convened by (UN-Habitat) every two years.

### **Challenges**

8. Inadequate funding
9. Lack of understanding of provisions of UACA and the Homa Bay Municipality Charter by Key Stakeholders
10. High expectations from the residents and local business community on delivery of services by the urban management board
11. System bureaucracy and lack of team work spirit
12. The Municipality is yet to tap full potential of all revenue streams
13. The administrative unit of the Municipality is currently understand staffed
14. Inadequate office space and other utilities

### **2. Environmental performance**

The Homa Bay Municipal Board is in the process of formulating a solid and liquid waste Management Policy complete with an implementation Plan.

### **3. Employee welfare**

Employees of the Homa Bay Municipal Board are hired by the County Public Service Board in line with the County Government Act save for Board members whose appointment procedure is provided for in the Urban Areas and Cities Act. The legislative frameworks take care of gender ration and stakeholder engagements in the process. The Board members and staff are taken on periodic capacity building training to improve their skills and managing careers, appraisal and reward systems. The Board is also in compliance with Occupational Safety and Health Act of 2007 (OSHA).

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

### **5. Community Engagements-**

The Homa Bay Municipal Board holds quarterly meetings with all major stakeholders within the Municipality. This is a legal requirement as is enshrined in the Urban Areas and Cities Act and in the Homa Bay Municipality Charter. It is important to note that the Urban Institution is just one year old and has not conducted any charitable giving (cash & material) and Community Social Investment

## **10. REPORT OF THE TRUSTEES**

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of the Fund affairs.

### **Principal activities**

### **Results**

### **Trustees**

The members of the Board of Trustees who served during the year are shown on page 10 (*refer to the key entity information and management page*). The changes in the Board during the financial year are as shown below:

### **Auditors**

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

By Order of the Board

Member of the Board

Date: 08/09/2021

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

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by the Urban Areas and Cities Act shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2021. 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 Fund; (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 Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Urban Areas and Cities Act. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2020, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

### **Approval of the financial statements**

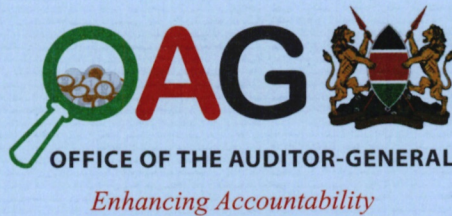
The Fund's financial statements were approved by the Board on 30 September 2021 and signed on its behalf by:



Administrator of the County Public Fund

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## REPORT OF THE AUDITOR-GENERAL ON HOMA BAY MUNICIPAL BOARD FOR THE YEAR ENDED 30 JUNE, 2021

---

### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Disclaimer of Opinion

I have audited the accompanying financial statements of Homa Bay Municipal Board set out on pages 21 to 43, which comprise of the statement of financial position as at

30 June, 2021, 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 do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

## **Basis for Disclaimer of Opinion**

### **1.0 Revenue from Non-Exchange Transactions**

#### **1.1 Variances in Public Contribution and Donation**

The statement of financial performance and as disclosed in Note 1 to the financial statements reflects revenues from public contribution and donation amounting to Kshs.122,112,981. However, review of the Municipal records revealed that the actual amount of donor funds received in the year under review was Kshs.87,751,481, resulting to an unexplained variance of Kshs.34,361,500.

In the circumstances, the accuracy and completeness of public contribution and donation balance of Kshs.122,112,981 could not be confirmed.

#### **1.2 Unsupported Transfers from County Government**

As disclosed in Note 2 to the financial statements, the statement of financial performance reflects revenues from transfers from County Government amounting to Kshs.4,000,000. However, Management did not provide the supporting documents for audit review.

In the circumstances, the accuracy and completeness of transfers from County Government of Kshs.4,000,000 could not be confirmed.

### **2.0 Recurrent Expenses**

#### **2.1 Variances in Consumables**

As disclosed in Note 4 to the financial statement, the statement of financial performance reflects general expenditure amount of Kshs.3,380,223 which includes consumables of Kshs.400,000. However, audit review revealed that the supporting ledger balance amounting to Kshs.432,000 resulting to an unexplained variance of Kshs.32,000.

In the circumstances, the accuracy and completeness of expenditure in respect to consumables of Kshs.400,000 could not be ascertained.

#### **2.2 Variances in Telecommunication Expenses**

The statement of financial performance reflects general expenditure amount of Kshs.3,380,223 which as disclosed in Note 4 to the financial statements includes an

amount of Kshs.248,000 in respect of telecommunication expenses which differs with the supporting ledger amount of Kshs.18,200 resulting to an unexplained variance of Kshs.229,800.

In the circumstances, the accuracy and completeness of telecommunication expenses amounting to Kshs.248,000 could not be ascertained.

### 2.3 Unsupported Domestic Travel and Subsistence Allowances

The statement of receipts and payments reflects a balance of Kshs.3,380,223 which as disclosed in Note 4 to the financial statements includes an amount of Kshs.1,500,000 in respect of domestic travel and subsistence allowance which differs with the supporting ledger amount of Kshs.1,261,000 resulting to an unreconciled variance of Kshs.239,000.

Further, the amount of Kshs.1,261,000 was not supported with motor vehicle work tickets or taxi cash receipts, attendance register, aircraft boarding passes and activity outcome/feedback reports.

In the circumstances, the accuracy and completeness of domestic travel and subsistence allowances expenditure of Kshs.1,500,000 could not be confirmed.

### 3.0 Unsupported Cash and Cash Equivalents Balances

The statement of financial position reflects cash and cash equivalents balance of Kshs.41,066,266 as disclosed in Note 6 to the financial statements. However, a recast of the two (2) reported bank account balances revealed an amount to Kshs.41,253,717 resulting into an unreconciled variance of Kshs.187,451. Further, bank reconciliation statement and bank statements for the bank account held at Kenya Commercial Bank (KCB) with a reported balance of Kshs.40,446,487 as at 30 June, 2021 was not provided for audit review.

In addition, review of the cash and cash equivalent records revealed the following anomalies;

- i. Cancellations made in the cash book for the months of November, April and May, 2021 were not counter signed.
- ii. Variances were noted in the cash balances between monthly bank reconciliation statements and the cash book for KCB bank cash book A/c No. 124795318 in several months as shown below:

Month	Cash Balances as Per Bank Reconciliation Statement Kshs.	Cash Balances as Per Cash Book Kshs.	Variances Kshs.
July, 2020	95,359,845.47	102,761,666	(7,401,820.53)
August, 2020	102,760,001	96,423,004	6,336,997
September, 2020	74,461,465	74,331,668	129,797

<b>Month</b>	<b>Cash Balances as Per Bank Reconciliation Statement Kshs.</b>	<b>Cash Balances as Per Cash Book Kshs.</b>	<b>Variances Kshs.</b>
October, 2020	73,165,668	73,216,809	(51,141)
November, 2020	84,348,712	84,502,280	(153,568)
December, 2020	48,739,796	72,016,330	(23,276,534)
February, 2021	57,955,471	60,335,729	(2,380,258)

- iii. Cheques totalling to Kshs.19,089,296 had not been presented for payment. Review of records revealed that the cheques had become stale but had not been reversed in the cash book.

In the circumstances, the accuracy and completeness of the cash and cash equivalents of Kshs.41,066,266 could not be confirmed.

#### **4.0 Unsupported Property, Plant and Equipment Balance**

As disclosed in Note 5 to the financial statements, the statement of financial position reflects property, plant and equipment balance of Kshs.81,666,494 . However, the assets movement schedule detailing brought forward value from previous year, categories of the assets and depreciation charges was not prepared. Further, payment schedules and ledgers together with sufficient payment vouchers were not provided for audit review.

In the circumstances, the accuracy and completeness of property plant and equipment balance of Kshs.81,666,494 could not be confirmed.

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

The statement of comparison of budget and actual amounts for the year ended 30 June, 2021 reflects final revenue budget and actual on comparable basis of Kshs.156,600,000 and Kshs.126,112,981, respectively, resulting in an under-funding of Kshs.30,487,019 or 29% of the budget. Further, the Board spent an amount of Kshs.85,046,717 out of the approved expenditure budget of Kshs.156,600,000, resulting in under expenditure of Kshs.21,967,300 or 63% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

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

#### **Conclusion**

I do not express a conclusion on the Lawfulness and Effectiveness in the Use of Public Resources as required by Article 229(6) of the Constitution. Because of the significance

of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

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

### **Conclusion**

I do not express a conclusion on the Effectiveness of Internal Controls, Risk Management and Governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

### **Responsibilities of Management and those Charged with Governance**

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

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

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

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


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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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

I also consider internal controls, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion on Lawfulness and Effectiveness in Use of Public Resources, and on Effectiveness of Internal Controls, Risk Management and Governance.

I am independent of the Homa Bay Municipal Board Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

22 September, 2022

**HOMA BAY MUNICIPAL BOARD**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

**13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>th</sup> JUNE 20201**


	Note	2020/2021	2019/2020
		KShs	KShs
<b>Revenue from non-exchange transactions</b>			
Public contributions and donations	1	122,112,981	119,361,500
Transfers from the County Government	2	4,000,000	10,200000
Total Revenue			-
<b>Total revenue</b>		<b>126,112,981</b>	<b>129.561,500</b>
Recurrent expenses	4	3380223	10,200,000
Acquisition of market (Construction of municipal market)	5	81,666,494	112,112,981
<b>Surplus for the year</b>		<b>41,066,263</b>	<b>17,248,519.00</b>

**HOMA BAY MUNICIPAL BOARD**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

**14.1 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021**

	Note	2020/2021	2019/2020
		KShs	KShs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	41,066,266	18,073,003
Current portion of long- term receivables from exchange transactions	11	-	-
<b>Non-current assets</b>			
<b>Total assets</b>			
Property, plant and equipment (Construction of Homa Bay Municipal market)	5	81,666,494	102,112,981
<b>Total assets</b>		<b>122,112,981</b>	<b>120,185,984</b>
<b>Total net assets and liabilities</b>		<b>122,112,981</b>	<b>120,185,984</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on \_\_\_\_\_ 2021 and signed by:

  
 \_\_\_\_\_  
 Administrator of the Fund  
 Name:

  
 Fund Accountant  
 Name: \_\_\_\_\_  
 ICRAK Member Number: \_\_\_\_\_  


**13.2. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021**

	<b>Fund</b>	<b>Revaluation Reserve</b>	<b>Accumulated surplus</b>	<b>Total</b>
		<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
<b>Balance as at 1 July 2019</b>				
Surplus/(deficit) for the period			17,248,519	17,248,519
Funds received during the year				
Revaluation gain				
<b>Balance as at 30 June 2020</b>				
<b>Balance as at 1 July 2020</b>	<b>63,798,199</b>			<b>63,798,199</b>
Surplus/(deficit) for the period			41,066,263	41,066,263
Funds received during the year				
Revaluation gain				
<b>Balance as at 30 June 2021</b>	<b>63,798,199</b>		<b>58,314,782</b>	<b>122,112,981</b>

**HOMA BAY MUNICIPAL BOARD**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

**13.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2020/2021	2019/2020
		KShs	KShs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations	1	122,112,984	129,561,500
Transfers from the County Government	2	4,000,000	10,200,000
<b>Total Receipts</b>		<b>126,112,984</b>	<b>129,561,500</b>
<b>Payments</b>			
Construction of municipal market	5	81,666,494	102,112,981
General expenses	4	3,380,223	10,200,000
<b>Net cash flows from operating activities</b>		<b>85,046,717</b>	<b>112,312,981</b>
		<b>41,066,266</b>	<b>18,073,003</b>
Cash and Cash at the beginning		0	
<b>Cash and cash equivalents at 30 JUNE, 2021</b>	15	<b>41,066,266</b>	<b>18,073,003</b>

**HOMA BAY MUNICIPAL BOARD**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

**13.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30<sup>th</sup> JUNE 2021**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2020 KShs	2020 KShs	2020 KShs	2020 KShs	2020 KShs	2020 KShs
<b>Revenue</b>						
Public contributions and donations	130,000,000	-	130,000,000	122,112,981	7,887,019	94%
Transfers from County Govt.	26,600,000		26,600,000	4,000,000		15%
<b>Total income</b>				<b>126,112,981</b>	<b>30,487,019</b>	<b>81%</b>
<b>Expenditure</b>						
General expenses	26,600,000		26,600,00	3,380,223	23,219,776	13%
Construction of municipal market	130,000,000		130,000,000	81,666,494	58,333,282	65%
<b>Total expenditure</b>	<b>156,600,000</b>		<b>156,600,000</b>	<b>85,046,717</b>	<b>81,553,282</b>	<b>54%</b>
<b>Surplus for the period</b>	<b>22,400,000</b>			<b>41,066,717</b>		<b>54</b>

**HOMA BAY MUNICIPAL BOARD**

**Reports and Financial Statements**

**For the year ended June 30, 2021**

**13.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. Statement of compliance and basis of preparation**

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

**2. Adoption of new and revised standards**

**a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2020**

Standard	Impact
IPSAS 40: Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

**b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021**

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<b>Applicable: 1<sup>st</sup> January 2022:</b> The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <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></ul>

**HOMA BAY MUNICIPAL BOARD**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

Standard	Effective date and impact:
	<ul style="list-style-type: none"> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2022</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2022:</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>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 2021:</b></p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment.</p> <p>Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time</p>

**HOMA BAY MUNICIPAL BOARD**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

Standard	Effective date and impact:
	<p>Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</p>
	<p>IPSAS 40, Public Sector Combinations. Amendments to include the effective date paragraph which were inadvertently omitted when IPSAS 40 was issued</p>

**c) Early adoption of standards**

The entity did not adopt any new or amended standards in year 2020/2021.

---

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

**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 each period.

**4. Budget information**

The original budget for FY 2019/2020 was approved by the County Assembly on June 2019. 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 entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of 168,276,194 on the FY 2019/2020 budget following the governing body's approval.

The entity'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.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 12.5 of these financial statements.

**5. 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 entity 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.

**6. 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.

**7. Financial instruments**

*Financial assets*

*Initial recognition and measurement*

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

---

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Held-to-maturity***

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

***Impairment of financial assets***

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or a entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

***Financial liabilities***

***Initial recognition and measurement***

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

***Loans and borrowing***

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

---

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**8. 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 Entity.

**9. Provisions**

Provisions are recognized when the Entity 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 Entity 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.

***Contingent liabilities***

The Entity 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.

**HOMA BAY MUNICIPAL BOARD**

**Reports and Financial Statements**

**For the year ended June 30, 2021**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Contingent assets*

The Entity 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 Entity 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.

**10. Nature and purpose of reserves**

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

**11. Changes in accounting policies and estimates**

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

**12. Employee benefits – Retirement benefit plans**

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund 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 benefit funds 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.

**13. 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 at 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.

**HOMA BAY MUNICIPAL BOARD**

**Reports and Financial Statements**

**For the year ended June 30, 2021**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**14. 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.

**15. Related parties**

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

**16. 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 the Central Bank of Kenya and 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 imprest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**17. Comparative figures**

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

**18. Events after the reporting period**

There were no material adjusting and non- adjusting events after the reporting period.

**19. Ultimate and Holding Entity**

The entity is a County Public Fund established by xxx Act (*state the legislation establishing the Fund*) under the Ministry of xxx. Its ultimate parent is the County Government of Homa Bay.

**20. Currency**

The financial statements are presented in Kenya Shillings (KShs).

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

The preparation of the Entity'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: e.g

**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 Entity 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 Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

**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:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

**Provisions**

Provisions were raised and management determined an estimate based on the information available.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material

**HOMA BAY MUNICIPAL BOARD**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**22. Financial risk management**

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund'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 Fund 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 Fund's financial risk management objectives and policies are detailed below:

**a) Credit risk**

The Fund 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 entity'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 entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
<b>At 30 June 2020</b>				
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances				
<b>Total</b>				
<b>At 30 June 2021</b>				
Receivables from exchange transactions				

**HOMA BAY MUNICIPAL BOARD**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

Receivables from non exchange transactions	0	0	0	0
Bank balances	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**HOMA BAY MUNICIPAL BOARD**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due from N/A

The board of trustees sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**b) Liquidity risk management**

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
<b>At 30 June 2019</b>				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Employee benefit obligation	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2018</b>				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Employee benefit obligation	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**HOMA BAY MUNICIPAL BOARD**

**Reports and Financial Statements**

**For the year ended June 30, 2021**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c) Market risk**

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity 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 entity'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 Fund'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 entity's exposure to market risks or the manner in which it manages and measures the risk.

**i. Foreign currency risk**

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

		<b>Other currencies</b>	<b>Total</b>
	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
<b>At 30 June 2019</b>			
Financial assets	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors/ receivables			
<b>Liabilities</b>			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	<b>0</b>	<b>0</b>	<b>0</b>

**HOMA BAY MUNICIPAL BOARD**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**  
**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.

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	KShs	KShs	KShs
<b>2020</b>			
Euro	10%	0	0
USD	10%	0	0
<b>2019</b>			
Euro	10%	0	0
USD	10%	0	0

**ii. Interest rate risk**

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

*Management of interest rate risk*

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

*Sensitivity analysis*

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (2020: KShs xxx ). A rate

**HOMA BAY MUNICIPAL BOARD**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx  
 (2019 – KShs xxx)

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**d) Capital risk management**

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

	2020/2021	2019/2020
	KShs	KShs
Revaluation reserve	0	0
Revolving fund	0	0
Accumulated surplus	0	0
<b>Total funds</b>	<b>0</b>	<b>0</b>
Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/(excess cash and cash equivalents)	0	0
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

**HOMA BAY MUNICIPAL BOARD**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

**13.7 NOTES TO THE FINANCIAL STATEMENTS**

**1. Public contributions and donations**

Description	2020/2021	2019/2020
	KShs	KShs
Donation from development partners	122,112,981	119,361,500.00
Contributions from the public	-	-
<b>Total</b>	<b>122,112,981</b>	<b>119,361,500</b>

**2. Transfers from County Government**

Description	2020/2021	2019/2020
	KShs	KShs
Transfers from County Govt. – operations	4,000,000.00	10,200,000
Payments by County on behalf of the entity	-	-
<b>Total</b>	<b>4,000,000.00</b>	<b>10,200,000</b>

**4. General expenses**

Description	2020/2021	2019/2020
	KShs	KShs
Consumables	400,000	-
Electricity and water expenses	71,000.00	-
Domestic travel and subsistence	1,500,000	-
Foreign travel and subsistence	1,200,000.00	-
Training expenses	500,000	-
Printing and stationery	28,000.	-
Telecommunication	248,000	-
Bank Charges	12,990	-
Hospitality	620,223	-
<b>Total</b>	<b>3,380.223.60</b>	<b>-</b>

13.8 Finance costs – CONSTRUCTION  
 OF MUNICIPAL MARKET

Description	2020/2021	2019/2020
Current account	81,583,282.27	18,073,003.00
Total cash and cash equivalents	81,583,282.27	18,073,003.00

6. Cash and cash equivalents

Description	2020/2021	2019/2020
Construction of the municipal market	41,066,266.27	18,073,003.00
	41,066,266.27	18,073,003.00

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

Financial institution	Account number	KShs	2020/2021	2019/20
(c) Current account				
KCB - Kshs	KCB,1247953181	40,446,486.87		17,722,285.00
Equity – Kshs.	Equity Bank, 0980279269135	807,230.40		350,718.00
Sub-total		41,066,266.27		18,073,003.00
Grand total		41,066,266.27		18,073,003.00