

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF



THE AUDITOR-GENERAL

ON

WOTE MUNICIPALITY

**FOR THE YEAR ENDED
30 JUNE, 2024**

PAPERS LAID	
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WOTE MUNICIPALITY
County Government of Makueni

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2024

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

County Government of Makueni
Wote Municipality
Annual Report and Financial Statements for the year ended June 30, 2024

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1 Acronyms and Definition of Key Terms

A. Acronyms

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

B. Definition of Key Terms

Fiduciary Management - Members of Management directly entrusted with the entity's financial resources.

Comparative Year- Means the prior period.

2 Key Entity Information and Management

a) Background information

Wote Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011(amended 2019) and Cities and Municipal Charter on (29 June 2018). The Municipality is under the County Government of Makueni and is domiciled in Kenya.

The Municipality includes the entire Wote/Nziu Ward, which has market centers such as; Wote, Nziu, Bosnia, Nthangu, Watuka, and any other market within the ward; market centers in muvau kikumini ward such as Kikumini, Ngosini East, Ngosini West, Makutano, Kaseve, Mulaani, Kasarani, Senda, Mandoi, Kilisa, Kangondi, Kitonyoni, Itaa, Mutulani, Kithiani, Beach, Ngutwa, Nyunzu and any other market within the ward; part of Kathonzwi Ward, which include towns such as Kangondi, Kavingoni, and Kateiko markets; part of Ukia Ward: Kyau, Ivumbuni, Kilala, Itangini, Kaumoni, and Ukia Junction; and part of Waia/Kako Wards: Kako, Uviluni, Mituvi, Kandulyu, and Kyaluma.

b) Principal Activities

Vision.

A World class Dynamic Municipality with a high quality of life

Mission.

To enhance the livelihoods of each household through intégration of socio – economic development and of environmental protection for inclusive, effective and efficient service delivery.

Mandate

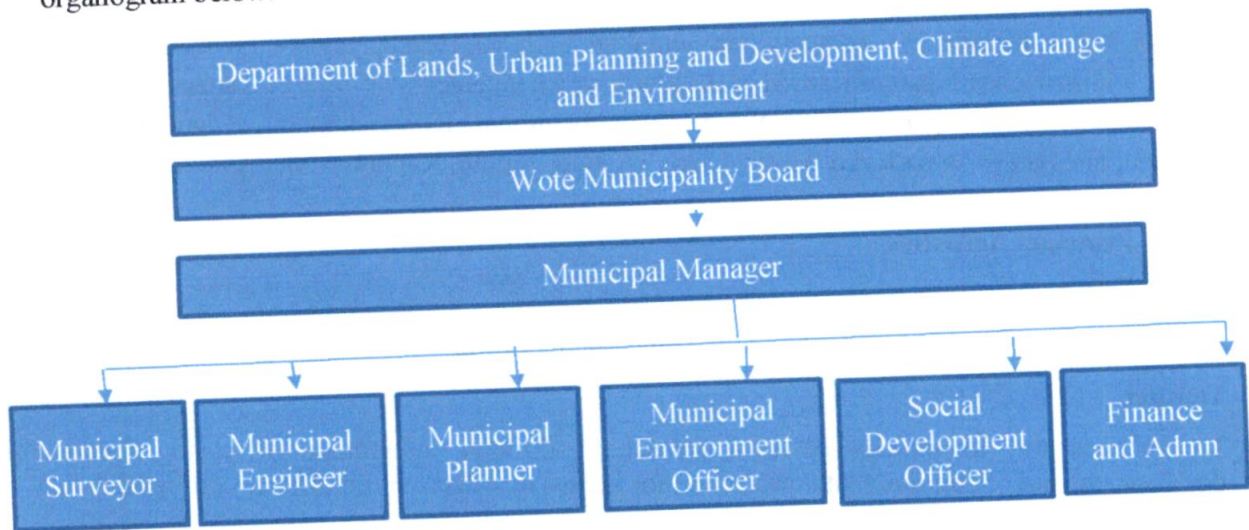
The municipality performs the following functions as per the approved municipal charter.

- 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 municipality;
- r) Any other functions as may be delegated by the County Executive Committee.

c) Key Management

The City/Municipality’s management is under the following key organs as presented in the organogram below.



d) Fiduciary Management

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

Ref	Position	Name
1	Municipal manager	Everlyn Mutua
2	Accountant	Shadrack Makau
3	Supply chain officer	Keziah Ngina
4	Municipal engineer	Samuel Manthi
5	Municipal surveyor	Dominic Muthama

e) Fiduciary Oversight Arrangements

The following were the key fiduciary oversight arrangements

- Makueni County Assembly; Enacted the various legislation and oversight required, approval of Municipality budget(s) and Appropriation Bills and oversight of Municipality projects.
- Controller of Budget; Provided the required guidelines in budget execution, processed requisition for funds and provided oversight in budget implementation.
- National Treasury; Processed exchequer funds, provided technical support and quality review of the financial statements.
- Wote Municipality Board Audit Committee; Reviewed the operations of the Municipality to safeguard the internal controls of the Municipality's financial operations.
- Public Sector Accounting Standards Board; Developed the financial reporting templates and guidance on the accounting standards to be adopted by the Municipality.

f) Registered Offices

P.O. Box 78-90300
Red dot Plaza
Wote Machakos Road
Makueni, Kenya.

g) Contacts

Telephone: (+254) 721282784
E-mail: wote.municipality@makueni.go.ke
Website: www.makueni.go.ke

h) Bankers

Central bank of Kenya
Nairobi



i) Independent Auditor


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



j) Principal Legal Adviser

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

3 Municipality Board

Serial No.	Name	Details of qualifications and experience
1	<p>Everlyne Mulewa Kimuli</p> 	<p>Municipal Board Chairperson -Independent Member</p> <p>AGE: 41 years</p> <p>Academic qualification and experience.</p> <p>Masters of arts in project planning and management- university of Nairobi 2022, Bachelor of science in IT and management- Maseno university 2014 and Diploma in database management- infotech college 2009.</p> <p>Seasoned IT professional with over 15 years of experience in planning, developing and implementing large scale software projects across fast-paced environment both in public and private organisation.</p> <p>Expertise in project management, quality assurance, strategic planning and administration, software development and testing, web development, monitoring and evaluation, business development and customer relationship management.</p> <p>Professional affiliation/membership.</p> <p>Information systems audit and control association (ISACA)</p> <p>Professional training</p> <p>Project management certification, Information technology infrastructure library, and Information certified software tester/international software testing quality board.</p>
2	<p>Daniel Kisyang'a</p> 	<p>Municipal Board Vice Chairperson and the Chairperson of the human resource and administration committee-Independent Member</p> <p>He is aged 66 years.</p> <p>Academic qualification and experience</p> <p>He pursued Higher Diploma in Human Resource Management from Kenya Polytechnic in 2006, Diploma in Human Resource Management from University of Nairobi in 2005 and Personnel Management and Industrial Relations at the University of Nairobi in 2003.</p>

		He is a Retired Public Servant wef Sep 2015 specialized in Educational Management and Public Administration, formerly working as the County Human Resource Officer (TSC) in charge of Nairobi County.
3	Benjamin Wambua Mutua 	Member of the Board and Chairperson of finance and general purpose committee-Independent Member He is aged 39 years and holds Master of Business Administration (MBA) -The University of Nairobi, Bachelor's degree in Education (Bed) -The University of Nairobi and Diploma in Business Management (Accounting and Finance) He has over 15 years in Management and Public Service
4	Angela Kiamba 	Independent Board member She is aged 28 years She holds a Master's of Science degree in Agriculture (Crop Science)- Lukenya University and Bachelor of Science in General Agriculture-Egerton University. She has over 7 years of experience in the Agriculture sector
5	Paul Maundu Mutua 	Independent Board Member and Chairperson of technical and strategy committee He is aged 48 years. He holds a diploma in electrical engineering Certificate renewable energy (solar) He is a member of the Energy regulatory authority (A2) and National construction authority (NCA1)
6	Benjamin Masungwa 	Independent Board Member and Chairperson of audit, risk and compliance committee. Age: 30 Years Academic Qualification and experience BSc. Actuarial science. He has experience in data & risk analysis and project management.



7	<p>Romeo Ndeveni Nguuti</p> 	<p>Independent Board Member Age: 40 years Academic qualification and experience Diploma in Business Management Studying Bachelor of development studies at Management University of Africa</p>
8	<p>Jackson Charo Daudi</p> 	<p>Executive Board Member-Chief Officer Lands and Urban Planning Age:37 years Academic qualification and experience Bachelor's degrees in surveying. Over 10 years' experience in survey and planning</p>
9.	<p>Felistus Kamene Mutune</p> 	<p>Executive Board Member- Chief Officer Governance Age: 34 years. She holds a Bachelor's degree in linguistics, media and communication and currently undertaking masters in gender and development studies. Felistus worked as a media relations officer in the senate of republic of kenya, Executive office administrator in the office of the senate minority whip and has a Wealth of experience in communication, office administration and management.</p>
10.	<p>Everlyn Mutua</p> 	<p>Ex-Official Board Member She is the Municipal Manager and serves as the Secretary to the Board. She is 46 years old. She holds a Master's Degree in Educational planning and Bachelor of Education Arts Degree (Business and Economics) from The University of Nairobi. She attended the Leadership, Management and Governance in Kenya School of Government (KSG).</p>

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		<p>Evelyn has over 15 years of work experience in public Sector; 11 years as a teacher with Teachers Service Commission (TSC), 5 years as a Sub County Civic Education Coordinator and 4 years as a Sub County Administrator with Makueni County</p>
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4 Key Management Team

S/ No	Name	Details of qualifications and experience
1.	<p>Everlyn Mutua Municipal Manager</p> 	<p>Evelyn serves as the Municipal Accounting officer. She holds a Master's Degree in Educational planning and Bachelor of Education Arts Degree (Business and Economics) from The University of Nairobi.</p> <p>She attended the Leadership, Management and Governance in Kenya School of Government (KSG).</p> <p>Evelyn has over 15 years of work experience in public Sector; 11 years as a teacher with Teachers Service Commission (TSC), 5 years as a Sub County Civic Education Coordinator and 4 years as a Sub County Administrator with Makueni County</p>
2.	<p>Shadrack Makau</p> 	<p>He serves as the Municipal accountant and holds a Bachelors of Commerce – Finance option and CPA(K).</p> <p>He has over ten years of experience in finance both in private and public sectors.</p>

5 Municipality Board Chairperson's Report

Wote Municipality was established through the Municipal Charter that was approved by the County Assembly of Makueni in June 2018 and assented to by The County Governor in line with The Urban Areas and Cities Act (UACA) of 2011(Amended 2019).

Over the years the municipality has transformed and grown to a vibrant town with huge economic potential. This growth is attributed to numerous infrastructural developments that have been undertaken within the municipality. During the Financial year 2023/2024, the board was able to implement the following projects;

- i. Installation of cold room and a freezer at Mukuyuni modern market.
- ii. Improvement of Wote town parking cabro paving along Ngooni hyper to Kapeo petrol station phase two.
- iii. Construction of Kathonzweni modern toilet
- iv. Opening and unclogging works at Wote clothes market

To guide on the development trajectory of the municipality the board developed the Wote municipality 2023-2028 strategic plan.

The board is mandated to perform different function as per the municipal charter. During the financial year the board was able to;

- i. Prepare annual budget estimates for the next financial year. The estimates were submitted to county treasurer for consideration and final submission to county assembly for approval.
- ii. Oversee implementation of different projects to completion.
- iii. Undertake public participation fora to gather views on future development.
- iv. Approve the Wote municipality service charter.
- v. Collect 123,589,315 as revenue against a target of 100M as set out in the performance contract.
- vi. Organise a market cleaning exercise at Kathonzweni town in efforts to manage waste within the town and promote safe environment for business
- vii. Maintain floodlights and streetlights within the municipality.

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Inadequate budget allocation to the municipality is a major challenge during implementation of different projects and programme. The board will seek for external resources and push for an increment of the county allocation to the municipality during the budgeting period.

During the financial year, the term of service for the first municipal board came to an end. A new board was appointed by H.E. the governor to serve for the next five years. Key staffs were recruited to strengthen the technical capacity of the municipality, this included the municipal manager, municipal engineer, municipal planner and a social development officer.

In conclusion, the board will strive to undertake impactful projects that can transform the face and the economy of the municipality. This will include establishment of green spaces, improvement of roads, and construction of markets among other projects. To achieve this, board may have to seek for external funding through proposals and also create an enabling environment that can attract investment and investors.



The kathonzweni modern public toilet image


Everlyne Kimuli
Chairperson of the Municipality

6 Report of the Municipality Manager

Wote Municipality was established through the Municipal Charter that was approved by the County Assembly of Makueni in June 2018 and assented to by The County Governor in line with The Urban Areas and Cities Act (UACA) of 2011(Amended 2019). The Municipality hosts the County headquarters and covers sections of Makueni, Kaiti, and Mbooni Sub-Counties. It covers an approximate area of 1082 Square Kilometers.

Through a gazette notice NO.11269, the county government of Makueni transferred 13 function from departments to Wote Municipality. This included all the resources performing the said functions i.e. staffs, assets and budgets.

In FY 2023/2024, the municipality was allocated a total budget of ksh 64,072,444. The total expenditure for Wote municipality in FY 2023/24 was 63,740,305 which translated to an absorption rate of 99%. This was the highest budget absorption across the county which translates to improved service delivery by the municipal.

During the financial year 2023/2024, the municipality implemented numerous projects to completion. Below table indicates all the projects implemented.

FY	Project	Project cost	Status
2023/2024	Proposed cold room and freezer installation at Mukuyuni business centre	4,500,000.00	<ul style="list-style-type: none"> • Payment of 4.3M done. • Cold room complete. • Advertised and leased to a group to run
	Proposed improvement of wote town parking cabro paving along ngooni hyper to kapeo petrol station phase 2.	2,988,264.40	<ul style="list-style-type: none"> • Payment of 2,988,264.40 done. • Project complete and in use • Parking charges done at rate of ksh 100 hence value for money. • Monthly collection of 15,000 on fees
	Construction of kathonzwi modern toilet	1,980,545.60	<ul style="list-style-type: none"> • Project complete and in use • leased to a group to run for sustainability • Payment done
	Opening and unclogging works at Wote clothes market	1,196,192.00	<ul style="list-style-type: none"> • Payment done • Complete and in use

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The analysis above indicates that all the projects are complete and in use, some generating revenue and others leased to community based organization to run hence a source of employment. The analysis is a clear indicator that there was value for money.

Financial Year 2024/2025 Project/Programs

In the financial year 2024/25 the municipality has been allocated Kshs. 117,545,616 projects and programs proposed to be undertaken are as shown below.

The following projects shall be undertaken in FY 2024/2025.

S/No	Project	Cost
1.	Cabro paving of Kapeo to cooperative	10,000,000
2.	Erection of floodlight at Bangladesh	3,000,000
3.	Construction of ablution block at Kalamba	2,300,000
4.	Construction of pit latrine at Mituvu and Ikalyoni	2,000,000
5.	Drainage improvement and Murruming of Old slaughter to Kwa Kitindo Road	4,000,000
6.	Renovation of old Mukuyuni Marikiti market	1,000,000

Notable programmes to be undertaken by the Municipality in FY2024/2025 include;

S/No	Programme	Cost
1.	Enforcement of Municipal development plans and development control at Kilala and Kalamba	500,000
2.	Profiling of nature based enterprises and risk analysis	700,000
3.	Environment administration, coordination and governance	800,000
4.	Promotion regulation and provision of refuse collection and solid waste management services	22,216,000
5.	Electricity bills	21,500,000
6.	Streetlight maintenance	1,400,000
7.	Green park operation and maintenance	1,400,000
8.	Development of ERP system.	3,000,000
9.	Citizen fora engagement.	500,000
10.	Climate change adaptation initiative-greening programme	1,500,000

Challenges

The Municipality has experienced the following key challenges;

1. Inadequate land for infrastructural facilities
2. Inadequate financial resources
3. Delays in the disbursement of funds from the exchequer
4. Inadequate technical staff to implement municipality projects
5. Inadequate staff capacity-building fora
6. Lack of adherence to town plans
7. Absence of solid waste management policy
8. Lack of sewerage system

Risk Management Strategies.

The municipality like any other government entity/agency may face a number of risks during planning, project identification, implementation and the general management of the municipality. Some of the risks and the mitigation strategies are highlighted as shown below.

S/No.	Risks	Mitigation strategies
1.	Technological changes	Investment in technology foresight & monitoring emerging technologies
2.	Senior Management turnover	Reward and recognize employees
3.	Stakeholder Conflict	Open communication
4.	Inadequate resources	Prioritize activities Budget allocation Optimization of Processes
5.	Public demand shifts	Leverage public data and data analytics
6.	Public Preferences changes	Undertaking regular public fora
7.	Regulatory Changes	Keeping track of regulatory updates Bridge the gap in policy comprehension
8.	Political risk	Collaboration and Synergy
9.	Organizational change	Leverage change management

Progress since Establishment of the Municipality.

Over the years the municipality has transformed and grown to a vibrant town with huge economic potential. Since inception there has been heavy investment on infrastructure development. This includes; construction of Wote green Public Park, improvement of Malikiti vegetable market,

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upgrading of road to bituminous standard, installation of 27 solar powered floodlights, construction of a modern market at Mukuyuni. These investments have not only transformed the face of the municipality but also resulted to employment opportunities, improved livelihood, conducive business environment among other impacts.

The municipality has also developed key planning and policy documents. This includes

- Integrated development plan 2021-2025
- Spatial plan 2021-2030
- Urban economic plan
- Solid waste management policy (Draft)

Projects Implemented By Municipality since Its Establishment (County Allocation)

Project	Scope	Cost	Comment
Fencing of Mukuyuni stockyard	<ul style="list-style-type: none"> • Chain link fencing. • Gate installation 	500,000	<ul style="list-style-type: none"> • Complete. • Awaiting construction of a proposed stockyard
Repair of Wote green park water tank	<ul style="list-style-type: none"> • Repair works 	1,000,000	<ul style="list-style-type: none"> • Complete and in use • Tank used to supply water in the green park
Municipal office partitioning	<ul style="list-style-type: none"> • Partitioning of the offices 	1,000,000	<ul style="list-style-type: none"> • Complete and in use • Offices occupied by staff
Proposed cold room and freezer installation at Mukuyuni business centre	<ul style="list-style-type: none"> • Cold room and freezer installation. 	4,500,000	<ul style="list-style-type: none"> • Complete and in use • Leased out to a CBO to run
Proposed improvement of Wote town parking cabro paving along Ngooni hyper to Kapeo petrol station phase 2.	<ul style="list-style-type: none"> • Cabro paving of parking lots • Drainage works • Culvert installation • Benches installation • Greening • Marking of parking lots 	2,988,264.40	<ul style="list-style-type: none"> • Complete and in use • Vehicles parking charged a parking fee of ksh 100

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Project	Scope	Cost	Comment
Construction of Kathonzweni modern toilet	<ul style="list-style-type: none"> • Construction of 6 no toilet with provision for PWD. • Erection of tank. • Electrical works • Construction of Septic and soak pit. 	1,980,545.60	<ul style="list-style-type: none"> • Complete and in use • Leased out to a group to operate
Opening and unclogging works at Wote clothes market	<ul style="list-style-type: none"> • Opening and construction of drainage channels 	1,196,192	<ul style="list-style-type: none"> • Complete and in use

Projects Implemented By Municipality since Inception (Donor Funded)

Project	Scope	Cost	Comment
Improvement of Wote malikiti vegetables market	<ul style="list-style-type: none"> • Renovation of the old market shade. • Cabro paving of parking lots • Cabro paving of Malikiti access roads • Erection of Floodlight • Construction of powerhouse • Solar lighting • Installation of water tanks • Construction of waste collection chambers • Construction of Market office • Construction of drainage channels • Greening aspect. 	45,846,646.9	<ul style="list-style-type: none"> • Complete and in use • market has been in operation • positive feedback from business operators
Construction of wote green public park	<ul style="list-style-type: none"> • Construction of eateries • shops and stalls • amphitheatre • Children playing ground • Construction of an ICT hub • Landscaping • Ablution blocks. 	82,095,043.6	<ul style="list-style-type: none"> • Complete and in use • Has been widely used by youths to develop talent.

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Project	Scope	Cost	Comment
			<ul style="list-style-type: none"> • Job opportunities created. • IT learning from the ICT hub.
Construction of proposed Wote town roads upgrade to bituminous and concrete block paving standards	<ul style="list-style-type: none"> • Upgrading of road to bitumen standard • Cabro paving of cooperative bank, Malikiti access roads. • Erection of streetlights • Construction of drainage channels • Construction of walkways • Erection of floodlight at Malawi • Greening aspect 	74,430,009.1	<ul style="list-style-type: none"> • Complete and in use • Completely opened up wote town • An alternative route to access different institution within wote town.
Proposed supply, testing, training and commissioning of twenty-seven (27) solar powered high mast flood lights on selected urban centres within Wote Municipality	<ul style="list-style-type: none"> • Installation of panels • Construction of powerhouse hosting batteries, controllers and inverter. • Erection of the mast 	59,621,135.5	<ul style="list-style-type: none"> • Complete and in use • Enhanced security • Increased business operating hours
Mukuyuni Modern Market	<ul style="list-style-type: none"> • Construction of 56 units (ground floor) and 72 units in the first floor • Construction of a drive through with an exit and entrance • Offloading bay • Construction of garbage collection points 	40,531,878.80	<ul style="list-style-type: none"> • Complete and in use • Conducive business environment • Created job opportunities

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Project	Scope	Cost	Comment
	<ul style="list-style-type: none">• Construction of cold room• Construction of ablution block• Construction of a septic tank• Rain water harvesting		



**Everlyn Mutua
Municipality Manager**

7 Statement of Performance against Predetermined Objectives for the FY

The key development objective of the Wote Municipality in the Annual Development plan for FY 2023/24 is as discussed below.

Urban planning and infrastructure development

Urban centres are the development nodes and centres of growth in the county. Investment in the urban areas will stimulate growth leading to growth of business, employment creation and increased revenue generation. In an effort to establish facilitative urban infrastructure for socio-economic transformation, the municipality will:

- i. Enhance physical planning by preparing and implementing land use plans for major
- ii. urban areas;
- iii. Survey and issue title deeds to plot owners in the major urban areas;
- iv. Ensure development control through compliance to approved urban land use plans;
- v. Support industrialization through zoning and establishing incentive-based relationship
- vi. with investors;
- vii. Collaborate with national government agencies, development partners and private investors to develop urban infrastructure in the Municipality
- viii. Facilitating collection of solid waste for markets and support cleaning;
- ix. Establish 10 functional waste transfer stations
- x. Develop and maintain one sanitary landfill;
- xi. Fencing of two dumpsites; and
- xii. Constructing a Decentralized Treatment Facility (DTF) in Wote town.

Below is the progress on attaining the stated objectives.

Program	Objective	Outcome	Outputs	Indicator	Performance
Urban Infrastructure Development	To promote urbanization through the provision of urban infrastructure	Improved urban quality of life	Approved development plans	No of approved development plans implemented	0 (Function performed by the mother department.)
			Improved solid waste management	No of transfer station managed established	11 No skip bins
			Cabro paved parking zones	Meters of parking zones established	300M ² Cabro paved with drainage structures

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				and cabro paved in square meters	
			Improved municipal street lighting	No of solar powered high mast floodlights installed	28 masts installed in different markets within the municipality
			Improved sanitation	No of modern toilets constructed	1 modern toilet at kathonzwi constructed

8 Corporate Governance Statement

a. Process of appointment and removal of Board members.

The appointment of County Municipalities Board members is conducted through a transparent, merit-based selection process. The process involves: 4 members of the board of the municipality are appointed through a competitive process by the County Executive Committee member and approved by the county assembly, ensuring the candidates meet the necessary qualifications and ethical standards. 5 members of the board are nominated by the following; An umbrella body representing the professional association in the area, an association representing the private sector in the area, A cluster representing the registered association of the informal sector in the area, and An association of the municipality.

The representative bodies nominate 3 members to the Board and County Executive Committee Member appoints one to represent each body and vetted by County Assembly. The appointment considers gender equity, and representation of persons with disability, youth, and marginalized groups. The term of members is five years on a part-time basis and eligible for renewal for a further one term.

Board members can be removed for reasons such as without reasonable cause, the member is absent from three consecutive meetings of the board or committee of the board of the municipality within one financial year, declared or becoming bankrupt or insolvent, underperformance because of mental or physical infirmity, resignation in writing to the Governor, or any other grounds specified by Wote Municipal Charter. The removal process is conducted through a formal procedure that includes an investigation, a hearing, and a final decision by the appropriate County Authorities.

b. Roles and functions of the Municipality Board members,

Board members are responsible for providing strategic leadership and governance to the municipalities within the county. Their roles include:

- i) Ensuring the provision of services to Municipality residents
- ii) Impose such fees, levies, and charges as may be authorized by the county government for the delivery of services by the municipality
- iii) Ensure the implementation and compliance with policies affecting the municipality formulated by both the national and county government
- iv) Make by-laws or make recommendations for issues to be included in by-laws
- v) Ensure the participation of the residents in decision-making, in the board's activities and programs
- vi) Oversee the affairs of the municipality
- vii) Develop or adopt policies, plans, strategies and programmes and set targets for service delivery
- viii) Control land, land sub-division, land development and zoning by public and private sectors for any purpose.
- ix) promote and undertake infrastructural development and services within the municipality as delegated by the county executive committee of the government of Makueni

- x) Develop and manage schemes including site development in collaboration with the relevant national and county agencies
- xi) Promote constitutional values and principals

c. Induction and training, Municipality Board members and member's performance,

Upon appointment, Board members undergo an induction program that introduces them to their roles, responsibilities, and the operational framework of the county municipalities. Continuous professional development is offered through training programs that keep members informed of new governance practices, legislative changes, and emerging urban development challenges.

The performance of Board members is periodically evaluated through a structured process. This evaluation considers their participation in board activities, meeting attendance, contributions to decision-making, and adherence to ethical standards.

d. Number of Municipality Board meetings held and the attendance to those meetings by members,

The board of the municipality holds its sitting to transact the business the business of the board once every quarter. The chairperson of the board of the municipality may, and upon request in writing by at least one-third of the members of the board of the municipality convene a special meeting to transact any urgent business of the board of the municipality.

Members are expected to maintain a high level of attendance, and attendance records are kept and reviewed during performance evaluations. Persistent absenteeism may be addressed through disciplinary actions as outlined in the Wote Municipal Charter.

During the financial year ended June 30, 2024 the board held Four (4) full board meetings and Two (2) special board meetings.

e. Succession plan,

A succession plan is established to ensure leadership continuity within the County Municipalities Board. According to Wote Municipal Charter and Urban and Cities Act, outlines how to identify potential successors for key positions and outlines the steps for their development and eventual transition into the vacant roles. This approach minimizes disruptions in governance and ensures the board's long-term effectiveness.

f. Existence of a service charter,

The County Municipalities Board operates under a service charter that clearly outlines the standards of service delivery expected from the municipalities. This charter serves as a contract between the Municipality and the residents, ensuring accountability, transparency, and a commitment to meeting the needs of the community.

g. Conflict of interest,

According to UACA Regulations 3.12.3, a member of the Board of the City who has a conflict of interest on a matter before the Board shall declare the same ahead of the meeting and shall not be eligible to vote on that particular issue. There were no declared conflict of interests by the board members during the financial year.

h. Board remuneration,

The board of the municipality shall not be entitled to a salary. However, members of board shall be paid such allowances as provided for by Salaries and Remuneration Commission. Remuneration is structured to reflect the responsibilities and workload of board members while ensuring that it is fair, transparent, and aligned with public service standards.

i. Ethics and conduct as well as governance audit undertaken if any

Board members are bound by a code of ethics and conduct, which emphasizes integrity, transparency, accountability, and adherence to the law. This code ensures that members act in a manner that upholds public trust and the board's reputation.

Governance audits may be conducted periodically to assess the effectiveness of the board's governance practices. These audits help identify areas for improvement, ensuring that the board operates in accordance with best practices and fulfils its mandate effectively.

This framework ensures that the County Municipalities Board operates with integrity, efficiency, and a focus on delivering quality services to the community.

9 Management Discussion and Analysis

**a. On the operational and financial performance of the Municipality during the period,
Development Expenditure Performance**

The municipality spend Kshs 15,060,929 on development activities out of development budget of Kshs 15,091,169 translating to 99 percent absorption rate. The project implementation status is as shown in the table below;

Wote Municipality Development Expenditure and Project Status

Ward	Expenditure item	FY 2023/24 Supplementary Budget Estimates (2)	Expenditure as at 30th June 2024	Absorption Rate	Status
Wote Municipality	IDA (World Bank) credit: Kenya Urban Support Project(KUSP) - Urban Development Grant (UDG)	6,669,716	6,668,427	99%	Complete
Wote Municipality	Cabro paving of Wote Township parking zones	3,000,000	2,988,264	99%	Complete
Wote Municipality	Construction of modern toilets in Kathonzweni towns	1,980,546	1,980,546	100%	Complete
Wote Municipality	Erection of perimeter wall at Kingutheni Dumpsite	1,541,500	1,541,500	100%	Not Started
Wote Municipality	Opening and unclogging of drainage systems	1,196,192	1,196,192	100%	Complete
Wote Municipality	Development and enforcement of Municipal Plans and Development control	500,000	484,000	97%	Complete
Wote Municipality	IDA (World Bank) credit: Kenya Urban Support Project (KUSP)- Urban Institutional Grants (UIG)	203,215	202,000	99%	Complete

b. Municipality's compliance with statutory requirements,

During the last financial year, Wote Municipality made significant progress in its compliance with statutory requirements and corporate governance practices, with a strong focus on improving environmental management and sustainability. Here is a summary of key achievements:

Urban Planning and Land Use: The municipality adhered to statutory urban planning frameworks, ensuring that developments were aligned with approved town plans. The overall urban development followed structured guidelines, promoting organized growth and efficient land use.

Environmental Regulations: The municipality made notable strides in environmental management, particularly through enhanced efforts in waste reduction and pollution control. Despite the absence of a formal solid waste management policy, significant initiatives were launched to improve waste collection and disposal systems, which resulted in cleaner urban areas. Environmental impact assessments were conducted for key projects, ensuring that development was balanced with the protection of natural resources. The municipality also engaged in tree planting activities and promoted green initiatives, contributing to an overall improvement in urban sustainability and environmental health.

Public Health and Sanitation: the municipality prioritized public health by initiating interim sanitation projects such as unclogging and opening of drainage systems. Plans are underway to address the sewerage infrastructure gaps, with a focus on improving compliance with public health standards in the coming financial year.

Financial Accountability and Procurement: Financial management within the municipality was in line with the Public Procurement and Disposal Act, ensuring that public funds were used transparently and effectively. The municipality maintained compliance by conducting thorough financial audits and submitting all necessary reports to oversight bodies on time.

Building Codes and Safety Standards: The municipality successfully adhered to national and county building codes, ensuring that all infrastructure projects were safe, compliant, and met quality standards. Regular site inspections were carried out to uphold safety and compliance, with no significant incidents of non-conformance.

Corporate Governance: The municipality demonstrated strong adherence to corporate governance principles, particularly in accountability and transparency. Municipal board and committee meetings were held regularly, with proper documentation and stakeholder input. The management of sitting allowances for board and committee members was done in compliance with regulations, while efforts to enhance community participation in decision-making processes were ongoing.

c. Major risks facing the Municipality, material arrears in statutory and other financial obligations.

The department faces several risks that could significantly hinder the successful implementation of municipal projects. One of the primary risks is inadequate land for infrastructural development, which restricts opportunities for expansion and the provision of critical services. Without sufficient land, future projects may face delays or be compromised in scope and effectiveness.

Another substantial risk is the inadequate financial resources and delays in the disbursement of funds from the exchequer. These financial challenges could slow down ongoing projects, limit the initiation of new ones, and potentially lead to unfinished developments, undermining the department's long-term goals.

The lack of sufficient technical staff poses another risk, as it limits the department's ability to implement projects efficiently. Without the necessary expertise, projects may experience delays, reduced quality, or failure to meet technical standards.

Further compounding these risks is the lack of adherence to town plans, which can result in disorganized urban growth and make it difficult to manage urban infrastructure effectively. This risk threatens the overall vision of structured development.

Finally, the lack of a sewerage system increases the risk of poor sanitation, which could negatively affect public health and the environment. Without a structured approach to waste disposal, urban areas may face challenges in maintaining cleanliness and preventing pollution.

10. Environmental and Sustainability Reporting

Wote Municipality is anchored under the derivative “A world-class dynamic municipality with a high quality of life” and endeavours to achieve this by enhancing the livelihoods of each household through the integration of socioeconomic development and environmental protection for inclusive, effective, and efficient service delivery. This is anchored under the core values: Integrity, Efficiency, Innovation, and Inclusiveness. To promote coherence in service delivery, the development sectors include; urban economy, urban infrastructure and services, urban housing, urban planning, urban environment, urban agriculture, urban disaster and risk management, urban land, urban governance, and urban finance.

a. Sustainability strategy and profile

Wote Municipality recognizes the aptitude of Environmental and Social Governance in promoting sustainable development. The Municipality is committed to promoting institutional strengthening and policy development guided by integrated development planning which is cognizance of the existing conditions, problems, and resources available for development.

The Municipality supports the dynamism of ecological, human, and economic health components to achieve sustainability, and has invested in promoting urban forestry, establishing green spaces, Climate-resilient infrastructure, technical capacity building, and enhancement of skills, building partnerships, Sustainable waste management, and community engagement for sustainable urban development.

Key challenges in the sustainability of the waste management sector include inadequate financial resources and low political buy-in. The transition from waste dumping to more resilient approaches including Material Recovery Facilities (MRFs) remains strained, attributed to the mentioned factors, capital intensiveness of the technology, and low investor uptake. The Municipality is leveraging on strategic partnerships to advocate and champion sustainable practices across all sectors.

b. Environmental performance Governance and compliance

This has been enhanced through the development of the Integrated Development Plan 2021- 2025, the Strategic Plan 2023-2027, Municipal Charter, and the draft sustainable solid waste policy, 2024.

To promote sustainable development and enhance sustainability, Wote Municipality has; -

i. Climate change mainstreaming:

- Enhancement of public transport through the provision of 800 Metres of Non-Motorized Transport infrastructure (NMTs)
- Promotion of clean energy; Installation of 28No. solar-powered high mast flood lights contributing to climate change mitigation and improving security measure of community members thus extending working hours especially at night, boosting the local economy and enhancing livelihoods

ii. Promotion of public sanitation, and hygiene:

- Construction of Kathonzweni market toilet which has contributed to reduction in open defaecation cases and minimization of prevalence to water borne diseases emanating from E-Colli bacterial washed away into waste bodies during rainy season
- Town and market cleaning; Undertaking clean up and garbage collection in 35No. markets, engagement of 150 casuals has promoted compliance to Article 42 of the Constitution of Kenya, 2010. Further, engaging vulnerable groups (Youth, Women, PWDs) has enhanced inclusivity in boosting community livelihoods.

c. Employee welfare

Wote Municipality recognizes the role of staff in effective and efficient service delivery. Employees are recruited on a merit-based approach through a competitive process by the Makueni County Public Service Board. The various labour legislations in handling the County Public Service while hiring and handling staff to enhance objectiveness, Equity and Fairness. They include: The County Government Act 2012, the Employment Act 2012 and the Constitution of Kenya, 2010. Makueni County Human Resource Policies and Procedures Manual 2017 which guides the Human Resource practices in the County including stakeholder engagements and continuous improvement.

To improve employee capacities, Staff Performance Appraisals (SPAs) and signed and evaluated each financial year, the appraisals have a segment for staff training needs. In addition, the Municipality undertakes a staff training needs assessment to evaluate progress and equity in staff capacity building.

Measures to promote and enhance employee's safety in the work place as a compliance measure with the Occupational Safety and Health Act of 2007, (OSHA) include: installation of a fire extinguisher and a designated fire assembly point, anti-slip floors, a first aid kit, well fitted electric sockets to prevent shocks, Personal Protective Equipment's (PPEs) for market cleaners, a full time security guard and A lift to ease service delivery for clients and staff who are unable to use the staircase. Employee benefits are also provided timely through medical cover and WIBA.

d. Market place practices

To promote fairness in the market place, Wote Municipality has put focus in the following aspects;

i. Responsible competition practice.

In leu of corruption prevention, posters of "corruption free zone" are placed in the Municipal offices and signboards in all contracted projects to create awareness on corruption prevention. The Municipality publicizes all tenders and list of registered suppliers. A Complaints register is kept in the office, to report any malpractices. These measures have promoted a culture of accountability and ethical practices.

ii. Responsible Supply chain and supplier relations

Wote Municipality enhances access to government opportunities for every interested supplier by publishing tenders which gives an opportunity to the general public to access procurement opportunities. The Municipality further communicates the outcome of the advertised tenders to every bidder who applied by disclosing who was awarded and why a certain bidder was not successful.

The Municipality ensures that a minimum of 30% of the Municipal procurable budget is reserved to the Youth, Women, PWDs and other disadvantaged groups while 20% of procurable budget is reserved for contractors who are residents of Makueni County. This forms part of empowering our suppliers and guaranteeing procurement opportunities.

iii. Stewardship of goods and services

The Municipality has continued to implement consumer protection programme aiming at safeguarding the business owners and promoting fair trade practices through Inspection of weights and measures to ensure guaranteed quantity and quality of products in the markets.

iv. Community Engagements

A participatory approach is used to engage members of the public are in open discussions, targeted groups or general barazas as their citizenry right in partaking in the development agenda.

The Municipality undertakes quarterly citizen engagement forums to document views, opinions and concerns its citizens, create awareness and give feedback on projects/ programs implementation. The citizen forums create a baseline for developing the Municipal Annual Investment Plan.

11. Report of the Municipality Board Members

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

Principal activities

The principal activities of the Municipality are;

- 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 municipality;
- r) Any other functions as may be delegated by the County Executive Committee.

Performance

The performance of the Municipality for the year ended June 30, 2024 are set out on page 1 of the Financial Statement.

Board Members

The members of the Board who served during the year are shown on page vii to ix.

The term of service for previous board expired and a new board was appointed. The membership is as shown in page vii to ix.

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



**Everlyn Mutua
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 Municipal manager is responsible for preparing and presenting the Municipality's financial statements, which give a true and fair view of the state of affairs of the City/Municipality for and 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 City/Municipality, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Municipal 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 Municipal Manager believes that the financial statements give a true and fair view of the state of the Municipality's transactions during the financial year ended June 30, 2024, and the financial position as at that date.

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

In preparing the financial statements, the Municipal Board has assessed the Fund's ability to continue as a going concern. Nothing has come to the attention of the Wote 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 Wote Municipality financial statements were approved by the Board on 9th August 2024 and signed on its behalf by:



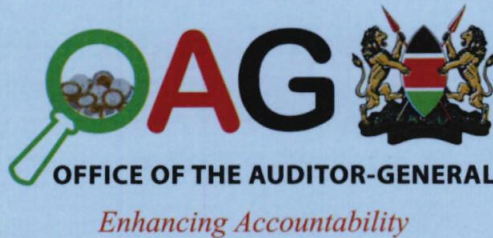
Everlyne Kimuli
Chairperson of the Board



Everlyn Mutua
Municipal Manager

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
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 WOTE MUNICIPALITY FOR THE YEAR ENDED 30 JUNE, 2024

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 Wote Municipality set out on pages 1 to 37 which comprise of the statement of financial position as at 30 June, 2024

Report of the Auditor-General on Wote Municipality for the year ended 30 June, 2024

and the statement of profit or loss and other comprehensive income, statement of changes in equity, 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 Wote Municipality as 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 Urban Areas and Cities Act, 2011, the County Governments Act, 2012, and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Expenditure

The statement of financial performance and as disclosed in Note 12 to the financial statements reflect use of goods and services amount of Kshs.47,178,004 which includes other operating expenses totalling Kshs.22,218,844.

1.1 Valuation of Assets

Review of payment vouchers revealed that the operating expenses include allowances totaling Kshs.1,596,700 in respect to Valuation of assets for the Makueni County Fruit and Development Authority and Makueni Integrated Grain Value Addition Plant. However, Management did not provide signed valuation reports for audit review.

1.2 Engagement of Casuals

Included in the operating expenses is Kshs.17,807,377 for casual wages for market cleaning services and revenue collection at Wote Municipality. However, documents on need assessment to determine the number of casual workers that were to be engaged for the cleaning service and approval by the County Public Service Board were not provided for audit review.

In the circumstances, the accuracy of other operating expenses totalling Kshs.22,218,844 could not be confirmed.

2. Unconfirmed Property, Plant and Equipment Balance

The statement of financial position and as disclosed in Note 24 to the financial statements reflect property, plant and equipment (PPE) balance (cost) of Kshs.13,597,428. Review

of the financial records revealed that the Municipality did not have an approved depreciation policy.

In the circumstances, the accuracy of property, plant and equipment balance of Kshs.13,597,428 could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

The Directors are responsible for the other information set out on pages iii to xxxiv which comprise of Key Entity Information, City/Municipality Board, Key Management Team, Chairman's Report, Report of the Municipal Manager, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Municipality Board Members and Statement of Management Responsibilities. The other information does not include the financial statements and my audit report thereon.

In connection with my audit on the Municipality's, 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 effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Failure to Open a Bank Account

Review of Municipality records revealed that the Municipality had not opened and operated a bank account in its name. This contravenes Section 179(1) of the Public Finance Management Act, 2012 which requires that an urban area or city to open and maintain a bank account in the name of the Urban Area.

In the circumstances, Management was in breach of law.

2. Failure to Prepare Financial Statements

Review of records and systems revealed that Wote was conferred the status of Municipality and granted a Charter on 29 June 2018. In addition, the Municipality Board Members were appointed on 30 November 2018 and the reporting template for municipalities' reporting was developed in the year 2021/2022. However, the Municipality did not prepare financial statements for two (2) financial years from 2021/2022 to 2022/2023. This contravenes the requirements of Section 164(3) of the Public Financial Management Act, 2012 which provides for preparation of financial statements in respect of the entity.

In the circumstances, Management was in breach of law.

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

Basis for Conclusion

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

Responsibilities of the Management and Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

31 December, 2024

*County Government of Makueni
Wote Municipality
Annual Report and Financial Statements for the year ended June 30, 2024*

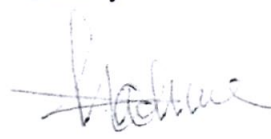
14. Statement of Financial Performance for The Year Ended 30 June 2024.

Revenue from non-exchange transactions			
Transfers from the County Government	6	50,146,325	-
Public contributions and donations	7	-	-
Levies Fines and Penalties	8	-	-
Other revenues (Specify)	9	-	-
		50,146,325	-
Revenue from exchange transactions			
Interest income	10	-	-
Miscellaneous Income	11	-	-
		-	-
Total revenue		50,146,325	-
Expenditure			
Use of goods and services	12	47,178,004	-
Staff costs	13	-	-
Board expenses	14	1,488,234	-
Finance costs	15	-	-
Depreciation and amortization	16	-	-
Repairs and maintenance	17	1,480,087	-
Total expenses		50,146,325	-
Other gains/losses			
Gain/loss on disposal of assets	18	-	-
Surplus/(deficit) for the period		-	-

The notes set out on pages 41 to 71 form an integral part of these Financial Statements. The entity financial statements were approved on 9th August 2024 and signed by:


Everlyne kimuli
Board Chairperson


Everlyn Mutua
Municipality Manager


CPA Shadrack Makau
Municipal Accountant
ICPAK M/No 16809

*County Government of Makueni
Wote Municipality
Annual Report and Financial Statements for the year ended June 30, 2024*

15. Statement of Financial Position as at 30 June 2024

Description			
Assets			
Current assets			
Cash and cash equivalents	19	-	-
Receivables from exchange transactions	20	-	-
Receivables from non-exchange transactions	21	-	-
Prepayments	22	-	-
Inventories	23	-	-
Total current assets		-	-
Non-current assets			
Property, plant, and equipment	24	13,597,428	-
Intangible assets	25	-	-
Total Non-current Assets		-	-
			-
Total assets (A)		13,597,428	-
Liabilities			
Current liabilities			
Trade and other payables	26	-	-
Refundable deposits from customers	27	-	-
Provisions	28	-	-
Borrowings	29	-	-
Employee benefit obligations	30	-	-
Deferred Income	31	-	-
Social Benefits	32	-	-
Total current liabilities		-	-
Non-current liabilities			
Provisions	28	-	-
Borrowings	29	-	-
Non-current employee benefit obligation	30	-	-
Deferred Income	31	-	-
Social Benefits	32	-	-
Total liabilities (B)		-	-
			-

County Government of Makueni
Wote Municipality
Annual Report and Financial Statements for the year ended June 30, 2024

Description	FY 2023/2024		NA
	Note	Ksh	
Net Assets (A-B)		13,597,428	-
Represented by:			
Capital/Development Grants/Fund		13,597,428	-
Reserves		-	-
Accumulated surplus		-	-
Net Assets/Equity		13,597,428	-

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 9th August 2024 and signed by:



Everlyne kimuli
Board Chairperson



Everlyn Mutua
Municipality Manager



CPA Shadrack Makau
Municipal Accountant
ICPAK M/No 16809

16. Statement of Changes in Net Assets for the Year Ended 30 June 2024

Description	Capital Development Grants/Fund	Revaluation Reserve	Accumulated Surplus	Total
		Kshs.	Kshs.	Kshs.
Bal as at 1 July 2022	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Funds received during the year	-	-	-	-
Revaluation gain/loss	-	-	-	-
Bal as at 30 Jun 2023	-	-	-	-
Bal as at 1 July 2023	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Funds received during the year	13,597,428	-	-	13,597,428
Revaluation gain/loss	-	-	-	-
Balance as at 30 June 2024	13,597,248	-	-	13,597,428

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

Description	Note	30 June 2024	
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government		50,146,325	-
Public contributions and donations		-	-
Interest received		-	-
Miscellaneous receipts (Specify)		-	-
Total Receipts		50,146,325	-
Payments		-	-
Use of goods and services		(47,178,004)	-
Staff costs		-	-
Board expenses		(1,488,234)	-
Repairs and Maintenance		(1,480,087)	-
Total Payments		(50,146,325)	-
Net cash flows from operating activities	33	-	-
		-	-
Cash flows from investing activities		-	-
Purchase of PPE & intangible assets		(13,597,428)	-
Proceeds from sale of PPE		-	-
Net cash flows used in investing activities		(13,597,428)	-
		-	-
Cash flows from financing activities		-	-
Receipts from Capital grants		13,597,428	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		13,597,428	-
Net increase/(decrease) in cash & cash equivalents		-	-
Cash And Cash Equivalents At 1 July	19	-	-
Cash And Cash Equivalents At 30 June	19	-	-

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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	Percentage
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	B	c=(a+b)	D	e=(c-d)	f=d/c
Revenue		Kshs.	Kshs.	Kshs.	Kshs.	
Transfer from County Government - Recurrent	34,277,870	14,703,405	50,461,990	50,146,325	315,665	99%
Transfer from County Government - Development	15,000,000	91,169	13,610,454	13,597,428	13,026	99%
Interest income	-	-	-	-	-	
Miscellaneous income (specify)	-	-	-	-	-	
Total Revenue	49,277,870	14,794,574	64,072,444	63,743,753	328,691	99%
Expenses						
Use of goods and services	41,277,870	6,184,120	47,461,990	47,178,005	283,985	99%
Board expenses	1,500,000	-	1,500,000	1,488,234	11,766	99%
Staff Costs	-	-	-	-	-	
Repairs and Maintenance	1,500,000	-	1,500,000	1,480,087	19,913	99%
Total Expenditure	44,277,870	6,184,120	50,461,990	50,146,325	315,665	99%
Surplus for the period	-	-	-	-	-	
	-	-	-	-	-	
Capital Expenditure	5,500,000	8,110,454	13,610,454	13,597,428	13,026	99%

19. Notes to the Financial Statements

1. General Information

Wote Municipality is established by and derives its authority and accountability from Urban areas and Cities Act. The Municipality is under the Makueni County Government and is domiciled in Kenya.

The Municipality principal activity is to improve urban quality of life.

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the 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 2024.**

There are no new standards effective in the financial year ended 30th June 2024.

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.**

Standard	Effective date and impact:
IPSAS 43: Leases	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45: Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the</p>

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	infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year.

4. Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services, and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the municipality and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have 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 2024/25 was approved by the County Assembly on 27th June, 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Municipality upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Municipality, recorded additional appropriations of Ksh 14,794,574 on 8th 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 section 18 of these financial statements.

c) Property, plant and equipment

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

d) Intangible assets

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

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 entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the municipality financial statements.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held

within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The 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 entity recognizes a loss allowance for such losses at each reporting date.

Financial liabilities

Classification

The 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 City/Municipality.

g) Provisions

Provisions are recognized when the City/Municipality has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the City/Municipality expects 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 needs of society as a whole. The entity recognises a social benefit as an expense for the social benefits scheme

at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

i) Contingent liabilities

The Municipality does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

j) Contingent assets

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

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

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.

n) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are

reported in the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

o) Borrowing costs

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

p) Related parties

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

q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

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.

The City/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.)

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.

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Notes to the Financial Statements

6. Transfers from the County Government

Description	FY 2023/24	N/A
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	-	-
Payments by County on behalf of the County	50,146,325	-
Grants receivable from the county government.	-	-
Total	50,146,325	-

(a) Transfers from County Government entities (Categorized)

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

7. Public Contributions and Donations

Description	FY 2024/25	N/A
	Kshs.	Kshs.
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

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8. Levies, Fines and penalties

Description	FY 2023/24	N/A
	Kshs.	Kshs.
Levies	-	-
Fines	-	-
Penalties	-	-
Others (indicate and specify)	-	-
Total	-	-

9. Other Revenues from Non-Exchange Transactions

Description	FY 2023/24	N/A
	Kshs.	Kshs.
Transfers from other government entities	-	-
Others (indicate and specify)	-	-
Total	-	-

10. Interest income

Description	FY 2023/24	N/A
	Kshs.	Kshs.
Interest income from investments	-	-
Interest income on bank deposits	-	-
Others (Specify)	-	-
Total interest income	-	-

11. Miscellaneous income

Description	FY 2023/24	N/A
	Kshs.	Kshs.
Income from sale of tender documents	-	-
Others (specify)	-	-
Total other income	-	-

12. Use of Goods and Services

Description	FY 2023/24	N/A
	Kshs.	Kshs.
Utilities, supplies and services	7,564,646	-
Communication, supplies and services	138,000	-
Domestic travel and subsistence	6,494,880	-
Foreign travel and subsistence	-	-
Printing, advertising, supplies & services	-	-
Rent and rates	1,536,839	-

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Description	FY 2023/24	N/A
	Kshs.	Kshs.
Training expenses	996,996	-
Hospitality supplies and services	815,850	-
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	971,600	-
Fuel, oil and lubricants	1,200,000	-
Other operating expenses	22,218,844	-
Routine maintenance – vehicles and other equipment	-	-
Routine maintenance – other assets (Green park and Streetlights)	4,860,550	-
Contracted Professional Services	379,800	-
Audit fees	-	-
Hire of Transport, equipment etc	-	-
Bank Charges	-	-
Social Benefit expenses	-	-
Total	47,178,004	

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.

13. Staff costs

Description	FY 2023/24	N/A
	Kshs.	Kshs.
Salaries and wages	-	-
Staff gratuity	-	-
Social security contribution	-	-
Other staff costs (Specify)	-	-
Total	-	-

14. Board expenses

Description	FY 2023/24	N/A
	Kshs.	Kshs.
Chairman/Members' Honoraria	-	-
Sitting allowances	1,173,186	-
Medical Insurance	-	-
Induction and Training	-	-
Travel and accommodation	315,048	-
Conference Costs	-	-
Other allowances (Specify)	-	-
Total	1,488,234	-

15. Finance costs

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Description	FY 2023/24 KShs	N/A KShs
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
Total	-	-

16. Depreciation and amortization

Description	FY 2023/24 KShs	N/A KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	-	-

17. Repairs and Maintenance

Description	FY 2023/24 KShs	N/A KShs
Property- Buildings	-	-
Office equipment	-	-
Furniture and fittings	-	-
Motor vehicle expenses	996,087	-
Maintenance of civil works – Roads	484,000	-
Total repairs and maintenance	1,480,087	

18. Gain/(loss) on disposal of assets

Description	FY 2023/24 Kshs.	N/A Kshs.
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

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19. Cash and cash equivalents

Description	FY 2023/24	N/A
	Kshs.	Kshs.
Fixed deposits account	-	-
On – call deposits	-	-
Current account	-	-
Others(specify)	-	-
Total cash and cash equivalents	-	-

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

Financial institution	Account number	FY 2023/24	N/A
		Kshs.	Kshs.
a) Fixed deposits account			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
Sub- total		-	-
b) On - call deposits		-	-
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) Current account		-	-
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
Sub- total		-	-
d) Others(specify)		-	-
Cash in transit		-	-
Cash in hand		-	-
Mobile Money		-	-
Sub- total		-	-
Grand total		-	-

20. Receivables from exchange transactions

Description	FY 2023/24	N/A
	Kshs.	Kshs.
Current Receivables		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total Current receivables (a)	-	-
	-	-
Non-Current receivables	-	-
Service, water and electricity debtors	-	-

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Other exchange debtors	-	-
Less: impairment allowance	-	-
Total Non- current receivables (b)	-	-
Total	-	-

Ageing analysis for Receivables from exchange transactions

Description	FY 2023/24		N/A	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

21. Receivables from Non-Exchange transaction

Description	FY 2023/24		N/A	
	Kshs.		Kshs.	
Transfer from County Executive	-	-	-	-
Transfer from – Fund	-	-	-	-
Total	-	-	-	-

Ageing analysis for Receivables from non-exchange transactions

Description	FY 2023/24		N/A	
	Kshs		Kshs	
	FY 2023/24	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

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22. Prepayments

Description	FY 2023/24	N/A
	Kshs.	Kshs.
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(specify)	-	-
Total	-	-

23. Inventories

Description	FY 2023/24	N/A
	Kshs.	Kshs.
Stationery	-	-
Consumables	-	-
Other inventories(specify)	-	-
Total inventories at the lower of cost and net realizable value	-	-

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24. Property, Plant and Equipment

Description	Building	Furniture and fittings	Computers	Other civil works	Equipments	Street Lights	Trees
	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 1 July 2023	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-
As at 30 th June 2023	-	-	-	-	-	-	-
Additions for the year	2,778,050	464,000	299,999	5,378,157	4,310,000	367,222	13,597,428
Disposals for the year	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-
As at 30 th June 2024	2,778,050	464,000	299,999	5,378,157	4,310,000	367,222	13,597,428
Depreciation and impairment							
At 1 July 2023 (previous year)	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-
As at 30 June 2023	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-

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Description	Building	Furniture and fittings	Computers	Other civil works	Equipments	Street Lights	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Disposals for the year	-	-	-	-	-	-	-
Impairment for the year	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-
As at 30 th June 2024	-	-	-	-	-	-	-
NBV as at 30 th Jun 2023	-	-	-	-	-	-	-
NBV as at 30th Jun 2024	2,778,050	464,000	299,999	5,378,157	4,310,000	367,222	13,597,428

Notes:

- Wote Municipality adopted the County Executive's Assets and Liabilities Policy which indicates the depreciation rates and the useful life of different categories of assets.
- There were no depreciation charged in the year of acquisition.

25. Intangible assets

Description	FY 2023/24	N/A
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

26. Trade and other payables from exchange transactions

Description	FY 2023/24		N/A	
	Kshs.		Kshs.	
Trade payables	-		-	
Retentions	-		-	
Accrued expenses	-		-	
Other payables (Specify)	-		-	
Total trade and other payables	-		-	
Ageing analysis:	FY 2023/24	% of the Total	N/A	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

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27. Refundable deposits from customers

Description	FY 2023/24		N/A	
	Kshs.		Kshs.	
Rent deposits	-		-	
Others (specify)	-		-	
Total	-		-	
Ageing analysis:	FY 2023/24	% of the Total	N/A	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

28. Provisions

Description	FY 2023/24		N/A	
	Kshs.		Kshs.	
Balance at the beginning of the year	-		-	
Additional Provisions (Specify)	-		-	
Provision utilised	-		-	
Balance at the end of the year	-		-	
Current Portion of provision	-		-	
Long term portion of provision	-		-	
Total Provisions	-		-	

29. Borrowings

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

Description	FY 2023/24		N/A	
	Kshs.		Kshs.	
Short term borrowings (current portion)	-		-	
Long term borrowings	-		-	
Total	-		-	

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Description	FY 2023/24	N/A
	Kshs.	Kshs.
Balance at beginning of the period	-	-
Borrowings during the year	-	-
Repayments of borrowings during the period	-	-
Balance at end of the period	-	-

The table below shows the Distribution of borrowings:

Description	FY 2023/24	N/A
	Kshs.	Kshs.
Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
Total balance at end of the year	-	-

30. Employee Benefit Obligations

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

31. Deferred Income

Description	FY 2023/24	N/A
	Kshs	Kshs
National/County Government	-	-
International Funding Bodies	-	-
Public Contributions and Donations	-	-
Total Deferred Income	-	-

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The deferred income movement is as follows:

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

Analysed as:

Description	Amount
	Kshs
Current	-
Non- Current	-
Total	-

32. Social Benefit Liabilities

Description	FY 2023/24	N/A
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
PWD benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

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33. Cash generated from operations

Description	2024	2023
Surplus/ (deficit) for the year before tax	-	-
Adjusted for:	-	-
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Working Capital adjustments	-	-
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
Net cash flow from operating activities	-	-

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34. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	FY 2023/24	N/A
	Kshs.	Kshs.
Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

Description	FY 2023/24	N/A
	Kshs.	Kshs.
Board Members	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	FY 2023/24	N/A
	Kshs.	Kshs.
Due from parent Ministry	-	-
Due from County Government	-	-
Due from County Assembly	-	-
Total	-	-

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e) Due to related parties

Description	FY 2023/24	N/A
	Kshs.	Kshs.
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Due to County Assembly	-	-
Total	-	-

35. Contingent liabilities

Contingent liabilities	FY 2023/24	N/A
	Kshs.	Kshs.
Court case xxx against the entity	-	-
Bank guarantees	-	-
Total	-	-

36. Contingent Assets

Contingent liabilities	FY 2023/24	N/A
	Kshs.	Kshs.
Court case xxx against the entity	-	-
Others Specify	-	-
Total	-	-

37. Financial risk management

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

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

I. Credit risk

The City/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 assessments 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 City/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 City/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.
At 30 June 2024				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2023				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

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

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uncollectible amounts that the City/Municipality has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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

II. Liquidity risk management

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

The table below represents cash flows payable by the City/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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 Jun 2024				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 Jun 2023	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

III. Market risk

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

IV. Foreign currency risk

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

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

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

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs.	Kshs.	Kshs.
2024			
Euro	10%	-	-
USD	10%	-	-
2023		-	-
Euro	10%	-	-
USD	10%	-	-

V. Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the 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 City/Municipality's capital risk management is to safeguard the City/Municipality's ability to continue as a going concern. The City/Municipality capital structure comprises of the following City/Municipality:

Description	FY 2023/24	N/A
	Kshs.	Kshs.
Revaluation reserve	-	-
Capital/Development Grants/City/Municipality	-	-
Accumulated surplus	-	-
Total Funds	-	-
	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

38. Program for Results (PforR) Disclosure

This disclosure note is for entities that are implementing Programs for Results (PforR). Implementing entities are required to make disclosures in accordance with their respective financing agreements. The disclosure should capture the program's goal and expenditures designated in the expenditure framework.

Name of the PforR: N/A	
Financing Partners: N/A	
Purpose of the PforR: N/A	
Expenditure Details	
Amount in Kshs	
Cumulative actual expenditures for the previous years	-
Actual expenditure in the current financial year.	-
1. Employee Cost	
2. Use of goods and Services	
3. Grants and Subsidies	
4. Building of ECDE facilities	
5. Others (specify)	
Sub-total	
Cumulative Actual Expenditures to date	-

39. Appendices

