

REPUBLIC OF KENYA



*Enhancing Accountability*

# REPORT

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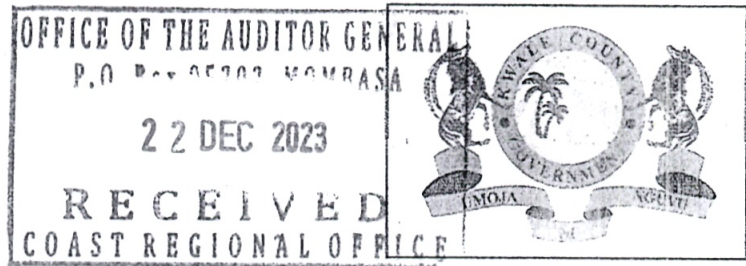
**THE AUDITOR-GENERAL**

ON

**KWALE MUNICIPALITY**

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

PAPERS LAID	
DATE	21/8/2024
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# KWALE MUNICIPALITY

*County Government of Kwale*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2023**

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

*County Government of Kwale*

*Kwale Municipality*

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

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**1. Acronyms & Glossary of Terms**

**a. Acronyms**

EACC	Ethics and Anti-Corruption Commission
FY	Financial Year
ICPAK	Institute of Certified Public Accountants of Kenya
KCB	Kenya Commercial Bank
Kshs	Kenya Shillings
KUSP	Kenya Urban Support Program
UDG	Urban Development Grant

**b. Glossary of Terms**

Fiduciary Management	Key management personnel who have financial responsibility in the entity.
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## 2. Key Entity Information and Management

### a) Background information

Kwale 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 20<sup>th</sup> February 2019. The Municipality is under the County Government of Kwale and is domiciled in Kenya.

### b). Principal Activities

The Diani Municipality as indicated in the Urban Areas and Cities Act 2011, the County Governments Act 2012, and the municipal charter has the following mandates,

- a) Solid Waste Management
- b) Infrastructural Development
- c) Recreational Facilities and Green Spaces
- d) Animal Control and Welfare
- e) Resource Mobilisation

### Vision

Excellence in environmentally friendly municipal management practices.

### Mission

To be a competitive municipality that excels in environmentally friendly management practices that support sustainable economic improvement through provisions of quality, equitable and efficient municipal services to the residents.

### Core Values

The Municipality of Kwale upholds integrity, efficiency and effectiveness, accountability and transparency, inclusivity, creativity and innovation, and customer-centric as its values.

The board's core objectives include;

The functions of the municipality as provided for in the charter are: —

- 1) Promotion, regulation and provision of refuse collection and solid waste management services
- 2) Construction and maintenance of urban roads and associated infrastructure.
- 3) Construction and maintenance of storm drainage and flood controls.
- 4) Construction and maintenance of walkways and other non-motorized transport infrastructure.
- 5) Construction and maintenance of street lighting.
- 6) Construction maintenance and regulation of traffic controls and parking facilities.
- 7) Construction and maintenance of bus stations and taxi stands.
- 8) Construction and maintenance of recreational parks and green spaces.
- 9) Promotion, regulation and provision of animal control and welfare

10) Any other functions as may be delegated by the County Executive Committee.

c) Key Management

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

- Board of Management
- Accounting Officer/Municipality Manager

d) Fiduciary Management

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

Ref	Position	Name
1	Municipality Manager	Mwanawani Sheti
2	Accountant	Marago Filex
3	Procurement officer	Peter Kugomba

**e) Fiduciary Oversight Arrangements**

The key fiduciary oversight arrangements includes:

- i) Audit and Risk Management Committee

We have a strong independent internal audit section under the headship of a director.

- ii) County Assembly committees

There is established a county assembly audit committee serving as an oversight for the operations of the municipality.

- iii) Committees of the Senate

**f) Registered Offices**

P.O. Box 4,

Kwale County Head Office

Likoni – Kinango Road

Kwale, KENYA

**g) Contacts**

Telephone: (254)

E-mail: [info@kwale.go.ke](mailto:info@kwale.go.ke)

Website: [www.kwale.go.ke](http://www.kwale.go.ke)

**h) Bankers**

1. KCB Bank

Po Box 43-80403

Kwale, Kenya

2. Central Bank of Kenya

Haile Selassie Avenue

Po Box 60000

City Square 00200

NAIROBI KENYA

**i) Independent Auditor**

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**j) Principal Legal Adviser**

The Attorney General

State Law Office



Harambee Avenue




P.O. Box 40112



City Square 00200


Nairobi, Kenya

3. Municipality Board




Serial No.	Name	Details of qualifications and experience
1		<p><b>Name: Seif Rocky Bendera</b>  <b>Date of Birth: 3<sup>rd</sup> February 1953</b>                      In 1993, he went to the University of London to do Teachers Advisory Management. He also did Post Graduate Diploma of Education before undertaking Master's in Education Degree.                      He was given a Medal (Head of State Commendation) –HSC by President Kibaki because of his outstanding performance in the community.                      Bendera has also worked as a Project Manager Kenya Schools Improvement Project under the Aga Khuaryan Foundation.                      He was a Director Kenya Maritime Authority for 6 years.                      The trustee is an independent director.</p>
2		<p><b>Name: Bakari Nasoro Mwabudzuma</b>  <b>Date of Birth: 15<sup>th</sup> September 1952</b>                      He is a retired teacher. He holds a special Diploma in teaching (KISWAHILI).                      He:                      I. Has an experience of 35 years in teaching both in primary level (8 years) and secondary level (27years).                      II. Has a certificate in Guidance and Counselling from UON.                      The trustee is an independent director.</p>

3		<p><b>Name: Anastasia Kanga Stephen</b> <b>Date of Birth: 25th October, 1970</b></p> <p>She is a renowned Educationist with 20 years of experience in Special Schools and Learners with Disabilities. She holds a B.ED Honors degree in Special Education from the Kenyatta University and a Diploma, Special Education from the Kenya Institute of Special Education (KISE).</p> <p>M/s Anastasia is a member of the South Coast Residents Association; a Neighborhood Organization and voice of the Residents. The trustee is an independent director.</p>
4		<p><b>Name: Salim Said Mwayogwe</b> <b>Date of Birth: 1<sup>st</sup> January, 1960</b></p> <p>He went to Kwale Primary School and Taru Secondary School.</p> <p>He is a trained teacher at Kericho T.T.C Has a diploma in ECD.</p> <p>Currently, he is Chairman KNCCI, Chairman Mwaluganje Elephant Sentuary and a businessman at Kwale.</p> <p>The trustee is an independent director.</p>
5		<p><b>Name: Mishi Koba</b> <b>Date of Birth: 11th April, 1985</b></p> <p>She holds a Diploma in Hairdressing and beauty. She is a member of Kwale Line SACCO and a prominent business lady.</p> <p>She is also a Director of County Classic boutique and SPA</p> <p>The trustee is an independent director.</p>

6		<p><b>Name: Saumu Beja Mahaja</b> <b>Date of Birth: 16<sup>th</sup> April 1989</b></p> <p>She has a Master's degree in Environmental Studies Community Development and a Bachelor of Environmental Science from Kenyatta University.</p> <p>Her Professional Trainings and Certification include;</p> <ul style="list-style-type: none"><li>o Project Planning and Management Training by East African Institute of Certified Studies</li><li>o Geo-Spatial Database Development and Management Training at the Regional Centre for Mapping and Resource Development Nairobi</li><li>o Monitoring and Evaluation Training by East African Institute of Certified Studies</li></ul> <p>She is currently the County Executive Committee Member for Environment and Natural Resources For Kwale County.</p> <p>The trustee is an Executive Director.</p>
7		<p><b>Name: Neema Suya</b> <b>Date of Birth: 25<sup>th</sup> May, 1986</b></p> <p>Neema Suya is a highly skilled environmental scientist with over 10 years of experience in conservation work. She holds a Bachelor's Degree in Environmental Science with a comprehensive understanding of environmental systems and policies. She is also a conservation coach in by training and currently pursuing a Masters of Arts Degree in Governance and Leadership. Throughout her career, she has demonstrated a strong commitment to preserving and protecting natural resources. She has worked on numerous conservation projects with non-profit organizations. Her expertise in Policy advocacy analysis, environmental governance, conservation coaching, environmental assessment,</p>

		<p>environmental social safeguards, monitoring and mitigation has been invaluable in ensuring that these projects are carried out in an environmentally responsible manner.</p> <p>Neema has worked on projects ranging from habitat restoration, integrated water resources management, climate change adaptation, renewable energy, climate smart agriculture, intergenerational knowledge transfer, wildlife conservation, Nature Based Solutions to sustainable development and waste management. Her ability to work collaboratively with diverse stakeholders, including community members, government officials, private sector, religious leaders and Community Based Organizations, has helped her to achieve measurable successes in her conservation efforts</p>
8		<p><b>Name: Mwanawani Ramadhan Sheti</b>  <b>Date of Birth: 2nd February, 1986</b>  <u>Education and Professional Qualification.</u></p> <ul style="list-style-type: none"> <li>• Masters in Business Administration- Finance ;2010-2014 Kenyatta University</li> <li>• Bachelor of Education Science and Information Technology;2005-2009 Maseno University</li> <li>• Kenya Certificate of Secondary Education,(KCSE);2000-2003 Mama Ngina Girls High School</li> </ul> <p><u>Professional Training and Certification:</u></p> <ul style="list-style-type: none"> <li>• Certified Investment and Financial Analyst; Sec 3</li> <li>• Information Communication Technology.</li> </ul> <p><u>Professional Experience:</u>  Municipal Manager-Kwale Municipality Kwale County Government; Dec, 2018 to date  Fund Manager-Kilifi County Micro Finance Fund.  Kilifi County Government; Sep 2018-Nov 2018  Lecturer-School of Business and Economics, Finance Department.  Pwani University; Sep 2015-Sep 2018  The trustee is an executive director.</p>

4. Key Management Team

Serial No	Name	Details of qualifications and experience
1.		Name: Mwanawani Ramadhan Sheti Date of Birth: 2 <sup>nd</sup> February 1986  Position: Municipal Manager
3.		Name: Marago Filex Date of Birth: 5 <sup>th</sup> December 1975  Position: Municipal Accountant
4.		Name: Peter Gwende Kugomba Date of Birth: 1988  Position: Procurement officer

### 5. Municipality Board Chairperson's Report

Municipality of Kwale Board is composed of 8 members; four members of the Board of the Municipality appointed through a competitive process by the County Executive Committee and approved by the County Assembly and nominated members from the following backgrounds:

- i. An umbrella body representing professional associations in the Kwale.
- ii. An association representing the private sector in the Kwale.
- iii. A cluster representing registered associations of the informal sector in the Kwale.
- iv. A cluster representing registered neighbourhood associations in the Kwale.

The promulgation of the Constitution of Kenya, 2010 under Chapter 11 ushered Kenya into a new system of governance, replacing the centralised system with a devolved system of governance. The devolved system of governance consists of the National Government and 47 County Governments. Kwale Municipality is a child of the Kenya Urban Support Programme (KUSP) through the County Government of Kwale and the municipal charter of the municipality of Kwale.

Kwale Municipality has a board with a chairman. The municipality has technical committees through which it handles different sectorial issues. The committees are the Audit committee, Finance, economic and Human Resource Management committee, Technical and Strategy Committee, Investment trade and Environment committee. These committees help in structuring the municipality and aligning programs to respective committees. Each committee has a chair and they are as follows;

- Bakari Mwabudzuma -Chair Audit Committee
- Mishi Koba - Chair Technical and Strategy Committee
- Anastancia Kanga - Chair Finance, economic and Human Resources Management
- Salim Mwayogwe - Chair Investment, trade and Environment Committee

Kwale Municipality had a budget of Kshs. 79,699,428 with an actual realisation of Kshs. 22,996,596 and 4,759,157 on development and recurrent respectively. The development expenditure was on the Baraza park which is now complete.

#### Conclusion

FY 2022/2023 was a good year in general. Good progress was made and the momentum has been created to enable Kwale Municipality continue on a trajectory into progress. We appreciate the other county departments especially the department of Finance and their support when it comes to financial matters.

Kwale Municipality has seen timely payment of contractors and suppliers.

.....  
Name: Seif Rocky Bendera

Chairperson of the Board

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

It is with great pleasure that I present the Municipality of Kwale financial statements for the year ended 30<sup>th</sup> June 2023. The financial statements present the financial performance of the Municipality over the past year.

The promulgation of the Constitution of Kenya, 2010 under Chapter 11 ushered Kenya into a new system of governance, replacing the centralised system with a devolved system of governance. The devolved system of governance consists of the National Government and 47 County Governments. Kwale Municipality is a child of the Kenya Urban Support Programme (KUSP) through the County Government of Kwale.

### **Financing of the County Governments**

The Municipality received its funds from the county treasury being the share of county resources through the budgetary process.

### **Financial Performance**

#### **a) Revenue**

Kwale Municipality total budget was Kshs. 79,699,428 which was to be financed from Exchequer issues and the Urban Development Grant (UDG). However, actual financial resources available to finance the budget was Kshs. 39,242,778. The financial resources comprised of revoted prior year UDG Grants of Kshs. 31,054,953 (Closing balance 2021/22); current year UDG Grants received of Kshs. 2,339,916 and recurrent disbursements of Kshs. 5,847,909.

#### **b) Payments**

The total expenditure for the year amounted to KShs.27, 755,753 being kshs. 22,996,596 development and kshs. 4,759,157 on use of goods (recurrent expenditure).

#### **c) Cash flows**

In the FY 2022/2023, the Municipality experienced liquidity issues. This was as a result of untimely disbursement of funds by the County Treasury. As at the end of the financial year under review, we had unspent bank balances of Kshs. 11,487,024.

#### **d) Accounts receivables**

Imprest management is a critical area of focus in the Municipality. Our aim is to adhere to the PFM regulations on imprest management. We appreciate that we have no outstanding imprests as at 30<sup>th</sup> June, 2023.

#### **e) Trade Payables**

The Municipality did not have any trade payable as at 30 June 2023

#### **f) Fixed assets**

Kwale Municipality has financed roads and beautification projects, being assets acquired. Offices have been equipped among others. These forms the composition of the Municipality's assets which are well shown in the assets register.

### **Risk management strategy**

A risk is any event that, if it occurs, will have an effect on at least one organization's objective. Risks are, in the context of the municipality's Strategic Plan, factors which have a likelihood of influencing the implementation of projects and programs. The municipality has little influence over these risks. However, there is need to identify them and develop mitigation strategies for managing any negative effects that may result from occurrence of the risks. The Risk Analysis for the municipality in its strategic plan has grouped these risks into five categories namely: Strategic Risks; Organizational Risks; Operational Risks; Financial Risks; and Technological Risks

For each risk factor, the municipality has identified measures that it plans to put in place for mitigation. Risks are inevitable in the day-to-day operations of the municipality. The municipality has adopted risk sharing as a risk mitigation strategy.

The municipality staff have an insurance cover taking care of their medical bills and workman's compensation in case of injury while on duty. The municipality is continuously acquiring and owning assets. The future plan is to insure all assets thereby transferring the risks associated with the ownership and use of these assets.

#### Value for money

The concentration of activities in Kwale is within the shopping center, hence the choice of the beautification of the Baraza park which offers an ambience for relaxation. Projects undertaken by the Municipality are chosen through the public participation process as stipulated by the constitution of Kenya 2010. This being the case, the citizens realised value for money for the projects implemented.

Despite the notable achievements, we have experienced some challenges during the year. These include:

- i. Mobility problems due to lack of vehicles for the municipality.
- ii. Lack of staff. The municipality is still heavily dependent on the county government for such resources/facilities.
- iii. Over reliance on the county seconded staff to perform municipality functions.
- iv. Over reliance on revenue allocated by the county executive.

#### Conclusion

FY 2022/2023 was a good year in general which presented good progress of the Municipality. Continued commitment and dedication by staff contributed to the impressive results.



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Name: Mwanawani Ramadhan Sheti  
Municipality Manager

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

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

The key development objectives of Kwale Municipality as per the 2022-2023 plan are to:

- a) Entrench environmentally friendly solid waste management practises.
- b) Modernize urban roads and related furniture.
- c) Develop green spaces and recreational facilities.
- d) Facilitate management of animals within the municipality.
- e) Enhance the institutional capacity, strengthening and positioning of the municipality.
- f) Generate, mobilize and enhance efficiency in the utilization of financial resources.

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Entrench environmentally friendly solid waste management practises	To collaborate with other stake holders in friendly environmental practices	To create orderly solid waste disposal	Designated solid waste disposal areas	In the FY under review we have had well managed solid waste collection and disposal
Modernize urban roads and related furniture	To mobilise resources for urban roads infrastructure improvement	To have improved urban roads and related furniture	Number of roads improved	Improved road furniture on posta muadh road
Develop green spaces and recreational facilities	To provide a conducive environment for positive social interactions	A well-equipped recreational facility within the municipality	Increased number of residents using the facility	One recreational park (Kwale baraza park) done during the year under review

## 8. Corporate Governance Statement

### a. Process of appointment and removal of Board members.

The county governor shall, while considering the nominated members identified by the organizations specified, shall require the organizations to produce;

- (a) signed minutes as evidence of an accountable process of nomination;
- (b) evidence of compliance with statutory obligations;
- (c) vetting form to establish that the nominee has complied with the prescribed criteria for appointment as a member of the board.

A board of a municipality shall be appointed by the county governor with the approval of the county assembly. The administration committee members shall cease to be members if he/she;

- Is unable to perform the functions of the office by reason of mental or physical infirmity;
- Is declared or becomes bankrupt or insolvent;
- Is convicted of a criminal offence and sentenced to a term of imprisonment of six months or more;
- Resigns in writing to the County Governor;
- Without reasonable cause, absents for three consecutive meetings of the Board or Committee of the Board of the Municipality within one financial year;
- Is found guilty of professional misconduct by the relevant professional body;
- Is disqualified from holding a public office under the Constitution;
- Fails to declare his or her interest in any matter being considered or to be considered by the Board or Board Committees;
- Engages in any gross misconduct; or
- Dies.

### b. Roles and functions of the Municipality Board members,

- (a) Promotion, regulation and provision of refuse collection and solid waste management services;
- (b) Construction and maintenance of urban roads and associated infrastructure;
- (c) Construction and maintenance of storm drainage and flood controls;
- (d) Construction and maintenance of walkways and other non-motorized transport infrastructure;
- (e) Construction and maintenance of recreational parks and green spaces;
- (f) Construction and maintenance of street lighting;
- (g) Construction maintenance and regulation of traffic controls and parking facilities;
- (h) Construction and maintenance of bus stations and taxi stands;
- (i) Promotion, regulation and provision of animal control and welfare;

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

The administration committee members have so far satisfactorily undergone the following induction and trainings:

- K.U.S.P Induction
- Budget and Finance training
- Procurement and By-laws training
- Strategic plan formulation

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

All the four quarterly board meetings were held. Several other committees meetings were held. The municipality also conducted public fora meetings.

**e. Succession plan,**

When the Municipal Manager is temporarily disabled from acting as Municipal Manager or when the office of the Municipal Manager becomes vacant, the County Governor shall appoint a qualified person to be an Acting Municipal Manager. The County Governor shall inform the County Public Service Board of such appointment within seven (7) days. The Acting Municipal Manager shall have the authority and duties of the Municipal Manager, except that the Acting Municipal Manager may appoint or remove employees only with approval of the Board of the Municipality. An Acting Municipal Manager shall hold office for not more than six months.

**f. Existence of a service charter,**

There exists Kwale municipality service charter.

**g. Conflict of interest,**

There is a lack of clear designation and roles between county staff and Municipality staff.

**h. Board remuneration,**

The chairperson, vice chairperson and members of a board or town committee shall not receive a salary from the board or town committee but shall be paid such allowances and benefits as the county executive committee shall, with the approval of the county assembly, and on the advice of the Salaries and Remuneration Commission, determine.

9. Management Discussion and Analysis

A. The operational and financial performance of the Municipality Board during the period.

The municipality had a budget of kshs. 79,699,428 out of which kshs. 8,099,209 and kshs. 71,600,219 was for recurrent and development respectively. Actual expenditure amounted to Kshs.27,755,753 resulting to an absorption rate of 35%. Actual recurrent expenditure was Kshs.4,759,157 while Development expenditure was Kshs. 22,996,596 resulting to a recurrent budget absorption rate of 59% and Development budget absorption rate of 32% respectively.

Illustrated as;

Revenue classification	Revenue budget (KShs)	Actual (KShs)	Realisation (%)
Transfer from county treasury - Recurrent	8,099,209	4,782,885	59%
Transfer from county treasury - Development	71,600,219	22,996,596	32%
<b>Total</b>	<b>79,699,428</b>	<b>27,779,482</b>	<b>35%</b>

B. Entity's key projects or investments decision implemented or ongoing,

Item No.	Project/Activity Name	Name and Address of Contractor/Suppliers	Contract or Purchase Order No.	Brief Description of Goods, Works or Services	Total Value of Contract in Kshs	Project Status
1.	Beautification of baraza park in Kwale town, and repairs on posta to muadh road	Cadillac Trade link Ltd		Beautification, cabro works, parking ground, children play ground, culvert installation and drainage work	28,448,632.40	Comple

**C. The Municipality's compliance with statutory requirements**

The entity has by all standards endeavoured to comply with the existing laws affecting its operations such as: procurement laws, employment/appointments and termination of the same, tax laws, environmental among others.

The entity has been routinely audited by both the internal auditor and The office of the Auditor general since its inception as required by law.

It worth noting that during the previous audits, no fundamental issues have been raised by both the internal and the office of The Auditor general. This is therefore an indication that the affairs of the municipality are run in a fair way and in accordance with the existing governing legal framework.

**C. Major risks facing the Municipality**

The municipality in its strategic plan has identified the likely risks in different areas and also identified mitigation arrangements to be put in place. Some of the risks identified are illustrated in the table below;

S/No	Risk Context	Risks (Critical ones that are yet to be mitigated)	Risk Level	Mitigation
1.	Human Resources	<ul style="list-style-type: none"> <li>• Recruitment</li> <li>• Integrity and honesty</li> <li>• Skills and competence</li> <li>• Employee relations</li> <li>• Employee wellness</li> <li>• Employee retention</li> </ul> Occupational health and safety	Medium	Develop appropriate policies, guidelines and procedure manuals
2.	Litigation	Claims by employees, public service providers or third parties	Medium	Enhance legal compliance Sensitize employees on legal matters

3.	Information technology	<ul style="list-style-type: none"> <li>• Security of the ICT systems</li> <li>• Technology availability(uptime)</li> <li>• Applicability of infrastructure Integration/interface of systems</li> </ul>	High	Update and integrate IT systems and infrastructure
4.	Financial	<ul style="list-style-type: none"> <li>• Cash flow inadequacy</li> <li>• Financial loss</li> <li>• Wasteful expenditure</li> <li>• Budget allocation</li> <li>• Revenue collection</li> <li>• Increasing operational expenditure</li> </ul>	High	Adhere to the provisions of Public Financial Management Act
5.	Social environment	<ul style="list-style-type: none"> <li>• Communication channels</li> <li>• Cultural integration</li> <li>Entrenchment of value and ethics</li> </ul>	Medium	Develop and implement communication strategy
6.	Disaster recovery	<ul style="list-style-type: none"> <li>• Disaster Management Contingency planning</li> </ul>	High	Develop and implement disaster management policy

## 10. Environmental and Sustainability Reporting

Kwale Municipality exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on three pillars: putting the residents/Citizen first, delivering relevant goods and services, and improving operational excellence.

Kwale Municipality values its residents and strives to create a safe environment for their day to day activities. This is achieved through provision of goods such as roads, street lighting, drainage, walk ways among others, and services such development planning, street cleaning & garbage collection, security through partnership with the security agencies, etc.

Below is a brief highlight of our achievements in each pillar;

### 1. Sustainability strategy and profile

The top management especially the Accounting Officer makes reference to sustainable efforts, broad trends in political and macroeconomic factors affecting sustainability priorities, reference to international best practices and key achievements and failure.

The municipality partners well the county government of Kwale where it receives enormous support for its operations. The municipality being a resort city attracts much interest nationally and internationally thereby giving it no choice but to partner with all governmental and non-governmental sectors, local and international players so as to be alive to the realities and expectations of the world.

### 2. Environmental performance

This is one of the critical areas of the municipality's services. The municipality in collaboration with the Department of Environment and Public service and administration has successfully:

- i. Maintained a clean and friendly environment through community collaboration in cleanup exercises
- ii. Developed and implemented environmental awareness creation programs.
- iii. Developed Waste management policies.
- iv. Established measures to mitigate against water, air, noise and other forms of pollution.

### **3. Employee welfare**

Employee welfare is one area the municipality is yet to come up with the framework required. This is so because the municipality is still fully reliant on the county seconded staff for its operations. However, the following are ways through which employee welfare can be achieved;

- Having an optimal staff organization structure for effective and efficient public service delivery.
- Harmonization of job grading and remuneration through job evaluation and making recommendations to the Salaries and Remuneration Commission on remuneration, pensions and gratuities for county employees;
- Promotion of the National Values and Principles as espoused by Articles 10 and 232 of the Constitution of Kenya;
- Strengthening county public service in the management of county affairs by upholding the requirements of Chapter 6 of the Constitution on Leadership and Integrity by recruiting and developing able and competent personnel with the highest standards of integrity;
- Regular monitoring, evaluation and reporting on the extent to which the National Values and Principles referred to in Articles 10 and 232 of the Constitution are compiled within the county public service;
- Facilitate disciplinary control over persons holding or acting in public service officers and ensuring the staff code of conduct is adhered to by all county employees; and
- Promoting coherent, integrated human resource planning and budgeting and carrying out staff audits to discourage incidences of “ghost workers” and advise the county government on human resources development and management.

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

#### **Corruption Prevention**

The Municipality is committed to preventing corruption, unethical practices and promote standards and best practices in governance in all its activities.

To achieve this, the Municipality has:

- i. Participated in corruption perception surveys undertaken by the department of Public Services Training & Development and office of the County Secretary (CS) in order to establish the corruption perception index, using a standard survey tool developed by the EACC (20%).
- ii. Participation in undertaking the corruption risk assessment.
- iii. Implemented low key recommendations emanating from the corruption risk assessments reports and corruption risk mitigation plans (30%).
- iv. Undertaken the following activities in the department:
  - Published notices on ‘No corruption zone’ and pin them on strategic locations (10%).
  - Complied with the Procurement guidelines as stipulated in the Act (10%).
  - Established a gift register (10%).
  - Created awareness on the Leadership and Act by distributing print outs of the Act to all officers (10%).
- v. Submitted quarterly performance reports to EACC on the above using the prescribed reporting format. (10%).

**a) Responsible competition practice.**

The municipality endeavours to undertake its responsibility of quality service provision to the public. Street lighting, drainage construction and maintenance, beautification of the beaches and beach roads, cleaning and garbage collection are some of the services the municipality offers to the municipality dwellers at no cost.

The Municipality is committed to preventing corruption, unethical practices and promote standards and best practices in governance in all its activities.

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

A responsible supply chain is one that takes into account all of the social and environmental impacts throughout every step of the supply network. A growing number of companies are working to improve the ethical responsibility of their supply chains through open communication and transparency.

The municipality does its procurement processes in an open way and as prescribed and governed by the relevant legislation. Suppliers are treated responsibly, contracts honoured and payments done as per the contract terms.

**c) Responsible marketing and advertisement**

Customer-centric marketing has been a theme amongst marketing strategies for several years. Responsible marketing is an approach that ensures you're not only meeting customers' needs but also having a positive impact on them and the community you're both a part of. The municipality cannot exist without its customers for they are the reason for its existence. Public participation has continuously helped bridge the relationship between the municipality and its customers.

**d) Product stewardship**

Product stewardship is the act of minimizing the health, safety, environmental, and social impacts of a product and its packaging throughout all lifecycle stages, while also maximizing economic benefits. The municipality achieves this through mechanizing garbage collection, regular clean ups including drainage maintenance, maintenance of street lights and animal control among others.

**5. Community Engagements**

Through public participation the residents have played a role in decision making processes, participate in monitoring and evaluation, and demand for accountability from leaders and duty bearers and issue score cards for service delivery and performance. The citizenry development issues and priorities have been cascaded through developing County Annual Development Plans (CADP) that will implement this CIDP. There has been Introduction of sports competition award schemes & Establishment of functional talent centres for young people among others.

## 11. Report of the Municipality Board Members

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

### Principal activities

The principal activities of the Municipality are;

- a. Solid waste management services
- b. Construction and maintenance of urban roads and associated Infrastructure;
- c. Construction and maintenance of storm drainage and flood Controls;
- d. Construction and maintenance of walkways and other non-motorized Transport infrastructure;
- e. Construction and maintenance of recreational parks and green Spaces;

### Performance

The performance of the Municipality for the year ended June 30, 2023 are set out on pages 1.

### Board Members

The members of the Board who served during the year are shown on page vi to x. There were no changes in the Board during the financial year under review.

### Auditors

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

By Order of the Board

  
.....

Name: Mwanawani Ramadhan Sheti

Secretary of the Board

## **12. Statement of Management's Responsibilities**

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

The Municipality manager is responsible for the preparation and presentation of the Municipality's financial statements, which give a true and fair view of the state of affairs of the Municipality for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Municipality, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) Safeguarding the assets of the Municipality, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstance

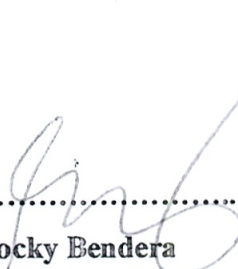
The Municipality Manager accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Urban Areas and Cities Act No. 13 of 2011. The Municipality Manager is of the opinion that the financial statements give a true and fair view of the state of Municipality's transactions during the financial year ended June 30, 2023, and the financial position as at that date.


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

In preparing the financial statements, nothing has come to the attention of the Municipality Manager to indicate that the Municipality will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Municipality's financial statements were approved by the Board on 28th September 2023 and signed on its behalf by:

.....  
  
Name: Seif Rocky Bendera  
Chairperson of the Board

.....  
  
Name: Mwanawani Ramadhan Sheti  
Accounting officer of the Board

# REPUBLIC OF KENYA

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

*Enhancing Accountability*

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

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Kwale Municipality set out on pages 1 to 44, which comprise the statement of financial position as at 30 June, 2023 and

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

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kwale Municipality as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Urban Areas and Cities Act, 2011 and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1 Presentation of Financial Statements**

The statement of comparison of budget and actual amounts for the year ended 30 June, 2023 reflects surplus for the period of Kshs.24,085,349. However, the statement of financial performance for the year ended 30 June, 2023 reflects surplus of Kshs.1,088,752 resulting to an unexplained variance of Kshs.22,996,597. Further, the statement also indicates final budgeted surplus of Kshs.71,600,219. However, review of the Kwale Municipality budget for the financial year 2022/23, revealed that the municipality did not budget for any surpluses during the year ended 30 June, 2023 and this resulted to a mis-statement of Kshs.71,600,219 in the final budget surplus amount.

In the circumstances, the completeness and accuracy of the financial statements could not be confirmed.

### **2 Unsupported Transfers from Other Government Entities**

The statement of financial performance for the year ended 30 June, 2023 shows transfers from other Government entities amount of Kshs.5,847,909. However, the schedule supporting the figure was not provided for audit purposes.

In the circumstances, the accuracy and completeness of transfers from the County Government amounting to Kshs.5,847,909 could not be confirmed.

### **3 Failure to Develop Property Plant and Equipment Depreciation Policy**

The statement of financial position as at 30 June, 2023 reflects Property, Plant and Equipment (PPE) amount of Kshs.59,247,642. However, the Municipality has not developed and adopted Property, Plant and Equipment depreciation policy.

In the circumstances, the completeness and accuracy of Property, Plant and Equipment balance of Kshs.59,247,642 could not be confirmed.

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

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects final receipts budget and actual amounts on comparable basis of Kshs.79,699,428 and Kshs.39,242,778 respectively, resulting to under-funding of Kshs.40,456,650 or 51% of the budget. Similarly, the Municipality expended Kshs.4,759,157 against an approved budget of amount of Kshs.79,699,428 resulting in under-expenditure of Kshs.3,340,052 or 41% of the budget. The under-funding and under-expenditure affected the planned activities and impact negatively on service delivery to the public.

My Opinion is however, not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matters**

#### **Unresolved Prior Year Issues**

In the audit report of the previous year, several issues were raised under the Basis for Qualified Opinion and under Report on Lawfulness and Effectiveness in Use of Public Resources. These issues remained unresolved contrary to the provisions of Section 149(2)(1) of the Public Finance Management Act, 2012 which require the Accounting Officers designated to try to resolve any issues resulting from an audit that remain outstanding.

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

### **Conclusion**

As required by Article 229(6) of the Constitution and based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Municipality Charter not aligned with the Urban Areas and Cities Act, 2011**

Paragraph 3.4 of the Kwale Municipality Charter requires that the Board of the Municipality shall be composed of nine members appointed by the County Executive Committee and approved by the County Assembly. However, Section 14(1) of the Urban Areas and Cities Act, 2011 (Amended in 2019) requires that the board of a Municipality shall consist of nine members appointed by the County Governor with the approval of the County Assembly.

Further, Paragraph 3.4.2 of the Municipality Charter requires that the composition of the Municipality Board shall be: (a) four (4) members of the Board of the Municipality who shall be appointed through a competitive process by the County Executive Committee and approved by the County Assembly; and (b) five (5) members of the Board who shall be nominated by umbrella bodies and appointed by the County Executive Committee with the approval of The County Assembly. However, Section 14 (2) of the Urban Areas and Cities Act, 2011 (Amended in 2019) stipulates that the composition of Municipality Board Members shall be: a) the County Executive member for the time being responsible for cities and urban areas or his representative; b) three members who shall be appointed by the county governor, with the approval of the County Assembly; c) four members who shall be nominated by an association and appointed by the County Governor, with the approval of the County Assembly; d) the chief officer responsible for urban development; and e) the municipal manager appointed under Section 28 who shall be the secretary of the board and an ex officio member of the board.

In the circumstances, the responsibility on appointment of board members and the composition of Board Members as required by the Kwale Municipality Charter was inconsistent with the provisions of the Urban Areas and Cities Act, 2011 (Amended in 2019).

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 Management and Municipality Board**

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

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

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

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

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

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions

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

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

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

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


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

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

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Municipality to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Municipality to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL


Nairobi

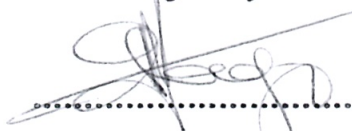
16 January, 2024

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

Description	Note	FY 2022-2023	FY 2021-2022
		Kshs.	Kshs.
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	5,847,909	33,347,055
Public contributions and donations	7	-	-
Levies Fines and Penalties	8	-	-
Other revenues ( <i>Specify</i> )	9	-	-
		<b>5,847,909</b>	<b>33,347,055</b>
<b>Revenue from exchange transactions</b>			
Interest income	10	-	-
Miscellaneous Income	11	-	-
		<b>5,847,909</b>	<b>33,347,055</b>
<b>Total revenue</b>			
<b>Expenditure</b>			
Use of goods and services	12	4,759,157	2,559,867
Staff costs	13	-	-
Board expenses	14	-	-
Finance costs	15	-	-
Depreciation and amortization	16	-	-
Repairs and maintenance	17	-	-
<b>Total expenses</b>		<b>4,759,157</b>	<b>2,559,867</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets	18	-	-
<b>Surplus/(deficit) for the period</b>		<b>1,088,752</b>	<b>30,787,188</b>

The notes set out on pages 7 to 46 form an integral part of these Financial Statements. The entity's financial statements were approved on 28<sup>th</sup> September 2023 and signed by:

  
 Name: Mwanawani Ramadhan Sheti  
 Municipality Manager

  
 Name: Marago Filex  
 Head of Finance  
 ICPAK M/No

## 15. Statement of Financial Position As At 30 June 2023

Description	Note	FY 2022-2023	FY 2021-2022
		Kshs.	Kshs.
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	19	11,487,024	31,054,953
Receivables from exchange transactions	20	2,044,957	-
Receivables from Non- exchange transactions	21	-	118,552,680
Prepayments	22	-	-
Inventories	23	-	-
<b>Total current assets</b>		<b>13,531,981</b>	<b>149,607,633</b>
<b>Non-current assets</b>			
Property, plant, and equipment	24	59,247,642	36,251,045
Intangible assets	25	-	-
<b>Total Non-current Assets</b>		<b>59,247,642</b>	<b>36,251,045</b>
<b>Total assets</b>		<b>72,779,622</b>	<b>185,858,678</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	26	2,044,957	-
Refundable deposits from customers	27	-	-
Provisions	28	-	-
Borrowings	29	-	-
Employee benefit obligations	30	-	-
Deferred Income	31	-	-
Social Benefits	32	-	-
<b>Total current liabilities</b>		<b>2,044,957</b>	<b>-</b>
<b>Non-current liabilities</b>			
Provisions	28	-	-
Borrowings	29	-	-
Non-current employee benefit obligation	30	-	-
Deferred Income	31	-	-
Social Benefits	32	-	-
<b>Total liabilities</b>		<b>2,044,957</b>	<b>-</b>

County Government of Kwale

Kwale Municipality

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

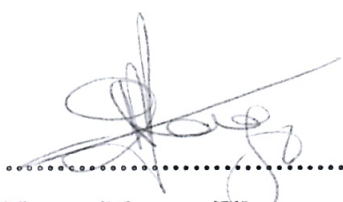
Description	Note	FY 2022-2023	FY 2021-2022
		Kshs.	Kshs.
Net assets		70,734,665	185,858,678
Capital/Development Grants/Fund		2,339,915	-
Reserves		-	-
Accumulated surplus		68,394,750	185,858,678
Total net assets and liabilities		70,734,665	185,858,678

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 28<sup>th</sup> September 2023 and signed by:



Name: Mwanawani Ramadhan Sheti  
Municipality Manager

Date:



Name: Marago Filex  
Head of Finance

ICPAK M/No

Date: 21/12/2023

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

Description	Capital/ Developmen t Grants/Fun d	Revaluatio n Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
Balance as at 1 July 2021	-	-	155,765,122	155,765,122
Surplus/(deficit) for the period	-	-	30,787,188	30,787,188
Funds Transferred during the year	-	-	(693,632)	(693,632)
Revaluation gain	-	-	-	-
Balance as at 30 June 2022	-	-	185,858,678	185,858,678
Balance as at 1 July 2022	-	-	185,858,678	185,858,678
Surplus/(deficit) for the period	-	-	1,088,752	1,088,752
Funds received during the year	2,339,915	-		2,339,915
Prior Year adjustment			(118,552,680)	(118,552,680)
Revaluation gain	-	-		-
Balance as at 30 June 2023	2,339,915	-	68,394,750	70,734,665

Prior Year adjustment relates to correction of an error on revenue recognition. Revenue was recognized when funds relating to prior years was received instead of reducing the receivables.

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

Description	Note	FY 2022-2023	FY 2021-2022
		Kshs.	Kshs.
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		5,847,909	2,208,576
Public contributions and donations		-	-
Interest received		-	-
Miscellaneous receipts ( <i>Specify</i> )		-	-
<b>Total Receipts</b>		<b>5,847,909</b>	<b>2,208,576</b>
<b>Payments</b>			
Use of goods and services		4,759,157	2,559,867
Staff costs		-	-
Board expenses		-	-
Finance costs		-	-
<b>Total Payments</b>		<b>4,759,157</b>	<b>2,559,867</b>
<b>Net cash flows from operating activities</b>	33	<b>1,088,752</b>	<b>(351,291)</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE & intangible assets		(20,951,640)	-
Transfer to County Retention Account		(2,044,957)	-
Proceeds from sale of PPE		-	-
<b>Net cash flows used in investing activities</b>		<b>(22,996,597)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Receipts from Capital grants		2,339,915	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
<b>Net cash flows used in financing activities</b>		<b>2,339,915</b>	<b>-</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>(19,567,929)</b>	<b>(351,291)</b>
Cash And Cash Equivalents At 1 July	19	31,054,953	31,406,244
Cash And Cash Equivalents At 30 June	19	11,487,024	31,054,953

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
<b>Revenue</b>		Kshs.	Kshs.	Kshs.	Kshs.	
Transfers from the County Government	48,053,825	31,645,603	79,699,428	39,242,778	40,456,650	49%
Public contributions and donations	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Miscellaneous income ( <i>specify</i> )	-	-	-	-	-	-
<b>Total Revenue</b>	<b>48,053,825</b>	<b>31,645,603</b>	<b>79,699,428</b>	<b>39,242,778</b>	<b>40,456,650</b>	<b>49%</b>
<b>Expenses</b>						
Use of goods and services	9,848,894	(1,749,685)	8,099,209	4,759,157	3,340,052	59%
Board expenses						
Staff Costs	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>9,848,894</b>	<b>(1,749,685)</b>	<b>8,099,209</b>	<b>4,759,157</b>	<b>3,340,052</b>	<b>59%</b>
<b>Surplus for the period</b>	<b>38,204,931</b>	<b>33,395,288</b>	<b>71,600,219</b>	<b>24,085,349</b>	<b>47,514,870</b>	<b>-</b>
<b>Capital Expenditure</b>	<b>38,204,931</b>	<b>33,395,288</b>	<b>71,600,219</b>	<b>22,996,597</b>	<b>48,603,623</b>	<b>29%</b>

**19. Notes to the Financial Statements**

**1. General Information**

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

Kwale Municipality's principal activity is to provide public services such as garbage collection, road infrastructure, street lighting, walk ways for pedestrians and non-motorised transport, among others.

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

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

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

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

**3. Application of New and revised standards (IPSAS)**

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

Standard	Effective date and impact:
<p><b>IPSAS 41: Financial Instruments</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social</p>

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Standard	Effective date and impact:
	<p>benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> </ul>

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Standard	Effective date and impact:
	<ul style="list-style-type: none"> <li>IPSAS 29: <i>Financial instruments: Recognition and Measurement</i> Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1<sup>st</sup> 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 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. Early adoption of standards

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

*(Notes to financial statements continued)*

**4. Significant Accounting Policies**

**a) Revenue recognition**

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

*Transfers from other government entities*

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

**ii) Revenue from exchange transactions**

*Interest income*

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

**b) Budget information**

The original budget for FY 2022/2023 was approved by the County Assembly on 30<sup>th</sup> June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Municipality upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Municipality recorded an increase in appropriations of kshs. 31,645,603 on 28<sup>th</sup> September 2023 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 J of these financial statements.

**c) Property, plant and equipment**

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

**d) Intangible assets**

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

*(Significant accounting policies continued)*

**e) Financial instruments**

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

A financial instrument is any contract that gives rise to a financial asset of one 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 cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

*(Significant accounting policies continued)*

**Subsequent measurement**

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

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An

estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

*(Significant accounting policies continued)*

**Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL).

**Financial liabilities**

**Classification**

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

**f) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

Raw materials: purchase cost using the weighted average cost method

Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Municipality.

*(Significant accounting policies continued)*

**g) Provisions**

Provisions are recognized when the Municipality has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the 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 need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

**i) Contingent liabilities**

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

*(Significant accounting policies continued)*

**j) Contingent assets**

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

**k) Nature and purpose of reserves**

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

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

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

**m) Employee benefits – Retirement benefit plans**

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

*(Significant accounting policies continued)*

**n) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported in the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**o) Borrowing costs**

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

**p) Related parties**

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

**q) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short-term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

*(Significant accounting policies continued)*

**r) Comparative figures**

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

**s) Events after the reporting period**

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorized for issue.

Two types of events can be identified:

(a) Those that provide evidence of conditions that existed at the reporting date (*adjusting events after the reporting date*); and

(b) Those that are indicative of conditions that arose after the reporting date (*non-adjusting events after the reporting date*).

The 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.) and the values rounded off to the nearest shilling.

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

The preparation of the Municipality's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

State all judgements, estimates and assumptions made.

**Estimates and assumptions.**

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

**Useful lives and residual values**

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

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

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Notes to the Financial Statements

6. Transfers from the County Government

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	5,847,909	33,347,055
Payments by County on behalf of the entity	-	-
Unconditional development grants	-	-
<b>Total</b>	<b>5,847,909</b>	<b>33,347,055</b>

(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	-	-	-	-	-
	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

7. Public Contributions and Donations

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Donation from development partners	-	-
Contributions from the public	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Notes to the Financial Statements

8. Levies, Fines and penalties

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

9. Other Revenues from Non-Exchange Transactions

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

10. Interest income

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

11. Miscellaneous income

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

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12. Use of Goods and Services

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Utilities, supplies and services	-	-
Communication, supplies and services	83,000	40,000
Domestic travel and subsistence	1,536,190	1,366,371
Foreign travel and subsistence	-	-
Printing, advertising, supplies & services	-	-
Rent and rates	544,379	-
Training expenses	120,640	-
Hospitality supplies and services	2,228,805	851,490
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	80,183	20,000
Fuel, oil and lubricants	-	-
Other operating expenses ( <i>Specify</i> )	118,640	-
Routine maintenance – vehicles and other equipment	-	-
Routine maintenance – other assets	16,700	-
Contracted Professional Services	-	-
Audit fees	-	-
Hire of Transport, equipment etc	-	263,290
Bank Charges	30,620	18,716
Social Benefit expenses*	-	-
<b>Total</b>	<b>4,759,157</b>	<b>2,559,867</b>

13. Staff costs

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

**Notes to the Financial Statements**

**14. Board expenses**

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

**15. Finance costs**

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
<b>Total</b>	-	-

**16. Depreciation and amortization**

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

Notes to the Financial Statements

17. Repairs and Maintenance

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

18. Gain/(loss) on disposal of assets

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Property, plant and equipment	-	-
Intangible assets	-	-
<b>Total</b>	-	-

19. Cash and cash equivalents

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Fixed deposits account	-	-
On – call deposits	-	-
Current account	11,487,024	31,054,953
Others( <i>specify</i> )	-	-
<b>Total cash and cash equivalents</b>	<b>11,487,024</b>	<b>31,054,953</b>

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

Financial institution	Account number	FY 2022-2023	FY 2021-2022
		Kshs.	Kshs.
<b>a) Fixed deposits account</b>			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
<b>Sub- total</b>		-	-
<b>b) On - call deposits</b>			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
<b>Sub- total</b>		-	-
<b>c) Current account</b>			
Kenya Commercial bank	1262607582	24,148	(420)
CBK - Development	1000385863	11,462,876	31,055,373
<b>Sub- total</b>		<b>11,487,024</b>	<b>31,054,953</b>
<b>d) Others(specify)</b>			
Cash in transit		-	-
Cash in hand		-	-
Mobile Money		-	-
<b>Sub- total</b>		-	-
<b>Grand total</b>		<b>11,487,024</b>	<b>31,054,953</b>

**20. Receivables from exchange transactions**

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
<b>Current Receivables</b>		
Service, water and electricity debtors	-	-
Other exchange debtors	2,044,957	-
Less: impairment allowance	-	-
<b>Total Current receivables (a)</b>	<b>2,044,957</b>	<b>-</b>
<b>Non-Current receivables</b>		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
<b>Total Non- current receivables (b)</b>	<b>-</b>	<b>-</b>
<b>Total receivables from exchange transactions</b>	<b>2,044,957</b>	<b>-</b>

Other exchange debtors relates to retention money held by the County Treasury on behalf of the Municipality and will be paid out once the project is complete.

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Ageing analysis for Receivables from exchange transactions

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

21. Receivables from Non-Exchange transaction

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Transfer from County Executive	118,552,680	118,552,680
Transfer from Fund	-	-
Less: Prior year adjustment (Revenue wrongly recognised)	(118,552,680)	-
<b>Total receivables from non-exchange transactions</b>	-	118,552,680

Prior Year adjustment relates to correction of an error on revenue recognition. Revenue was recognised when funds relating to prior years was received instead of reducing the receivables.

Ageing analysis for Receivables from non-exchange transactions

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

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22. Prepayments

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

23. Inventories

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

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(Notes to the Financial Statements Continued)

24. Property, Plant and Equipment

Description	Land	Building	Furniture and fittings	Roads	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs
As at 1 July 2021	-	-	-	36,251,045		36,251,045
Additions	-	-	-	-		-
Disposals	-	-	-			-
Transfers/adjustments	-	-	-			-
As at 30 <sup>th</sup> June 2022	-	-	-	36,251,045		36,251,045
Additions for the year	-	-	-		22,996,597	22,996,597
Disposals for the year	-	-	-			-
Transfer/adjustments	-	-	-			-
As at 30 <sup>th</sup> June 2023	-	-	-	36,251,045	22,996,597	59,247,642
Depreciation and impairment						-
As at 30 June 2022	-	-	-			-
Depreciation	-	-	-	-		-
Impairment	-	-	-	-		-
Transfers/ Adjustments	-	-	-	-		-

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Description	Land	Building	Furniture and fittings	Roads	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs
As at 30 <sup>th</sup> June 2023	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-
Disposals for the year	-	-	-	-	-	-
Impairment for the year	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-
As at 30 <sup>th</sup> June 2023	-	-	-	-	-	-
				-		-
NBV as at 30 <sup>th</sup> June 2022	-	-	-	36,251,045	-	36,251,045
NBV as at 30 <sup>th</sup> June 2023	-	-	-	36,251,045	22,996,597	59,247,642

*Capital work in Progress relates to proposed Baraza Park Phase II landscaping, cabro paving and installation of streetlights.*

(Notes to the Financial Statements Continued)

25. Intangible assets

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

26. Trade and other payables from exchange transactions

Description	FY 2022-2023		FY 2021-2022	
	Kshs.		Kshs.	
Trade payables	-	-	-	-
Retentions	2,044,957	-	-	-
Accrued expenses	-	-	-	-
Other payables (Specify)	-	-	-	-
<b>Total trade and other payables</b>	<b>2,044,957</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ageing analysis:</b>	<b>FY 2022-2023</b>	<b>% of the Total</b>	<b>FY 2021-2022</b>	<b>% of the Total</b>
Under one year	2,044,957	100%	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
<b>Total</b>	<b>2,044,957</b>	<b>100%</b>	<b>-</b>	<b>-</b>

**Notes to the Financial Statements**

**27. Refundable deposits from customers**

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

**28. Provisions**

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

**29. Borrowings**

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

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

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

The table below shows the Distribution of borrowings:

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

### 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	-	-	-	-
<b>Total employee benefits obligation</b>	-	-	-	-

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31. Deferred Income

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

The deferred income movement is as follows:

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

Include columns as needed for the various sources of income deferred

Analysed as:

Description	Amount
	Kshs
Current	-
Non- Current	-
<b>Total</b>	-

*Notes to the Financial Statements*

**32. Social Benefit Liabilities**

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

*Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.*

**33. Cash generated from operations**

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
<b>Surplus/ (deficit) for the year before tax</b>	<b>1,088,752</b>	<b>30,787,188</b>
<b>Adjusted for:</b>		
Depreciation	-	-
Amortisation	-	-
Transfers to CRF	-	(693,632)
Gains/ losses on disposal of assets	-	-
<b>Working Capital adjustments</b>		
Increase in inventory	-	-
Increase in receivables	(2,044,957)	(30,444,847)
Increase in payables	2,044,957	-
<b>Net cash flow from operating activities</b>	<b>1,088,752</b>	<b>(351,291)</b>

*Notes to the Financial Statements*

**34. Related party balances**

**a) Nature of related party relationships**

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

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

**b) Related party transactions**

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

**c) Key management remuneration**

Description	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Board Members	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

**d) Due from related parties**

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

Notes to the Financial Statements

e) Due to related parties

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

35. Contingent liabilities

Contingent liabilities	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Court case against the entity	-	-
Bank guarantees	-	-
<b>Total</b>	-	-

(Give details)

36. Contingent Assets

Contingent liabilities	FY 2022-2023	FY 2021-2022
	Kshs.	Kshs.
Court case against the entity	-	-
Others Specify	-	-
<b>Total</b>	-	-

**Notes to the Financial Statements**

**37. Financial risk management**

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

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

**I. Credit risk**

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

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
<b>At 30 June 2023</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2022</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-

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(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Municipality has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Municipality has no significant concentration of credit risk.

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

**II. Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
<b>At 30 Jun 2023</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 Jun 2022</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-

**Notes to the Financial Statements**

**III. Market risk**

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

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

**IV. Foreign currency risk**

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

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

*(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.)*

*Notes to the Financial Statements*

Foreign currency sensitivity analysis

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

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

**V. Interest rate risk**

Interest rate risk is the risk that the 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.

*Notes to the Financial Statements*

**VI. Capital risk management.**

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

Description	FY 2022- 2023	FY 2021- 2022
	Kshs.	Kshs.
Revaluation reserve	-	-
Capital/Development Grants/City/Municipality	-	-
Accumulated surplus	-	-
<b>Total Funds</b>	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	-	-

**20. Appendices**

**Appendix 1. Progress on Follow up of Auditors Recommendations.**

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1	Unsupported Receivables from Non- Exchange Transactions	Receivables wrongly recognised have been corrected	Resolved	
1 .i	Municipality Charter	The Two board members were appointed and approved by the assembly. See attached Gazette notice. The Charter Amendment is in Process.	Amendment Process on going	
ii	Strategic Plan	It's In place	Waiting for Approval	
iii	Integrated Development Plan	It's In place	Waiting for Approval	
iv	Employee of Municipality	The Municipality	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		has Deployed Employees Find attached Deployment letters.		
2.	Lack of Data Base and information System	The Municipality Use The Ifmis System In its operations.	Resolved	

**Guidance Notes:**

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

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

Name of the Organization  
Telephone Number  
Email Address  
Name of CEO/MD/Head

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

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

The entity did not incur any Climate Relevant Expenditures during the financial year

**Appendix 4: Disaster Expenditure Reporting Template**

Date:

Entity

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

The entity did not incur any expenditure relating to disaster during the financial year.