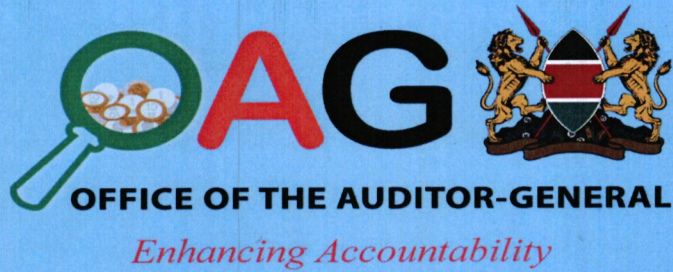


REPUBLIC OF KENYA



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REPORT

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THE AUDITOR-GENERAL

ON

MUNICIPALITY OF ELDORET

**FOR THE YEAR ENDED
30 JUNE, 2022**





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MUNICIPALITY OF ELDORET

County Government of Uasin Gishu

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2022

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

***County Government Of Uasin Gishu
Municipality Of Eldoret
Annual Report and Financial Statements For The Year Ended June 30,2022***

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*County Government Of Uasin Gishu
Municipality Of Eldoret
Annual Report and Financial Statements For The Year Ended June 30,2022*

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Municipality Of Eldoret
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1. Key Entity Information and Management

a) Background information

Eldoret Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act (UACA) No. 13 of 2011 and Cities and Municipal Charter granted on 17th December 2018. The Municipality is under the County Government of Uasin Gishu and is domiciled in Kenya.

According to Section 11 and 12 of the UACA, the governance and management of the municipality is vested in the county government and administered on its behalf by a municipal board constituted in accordance with section 13 or 14 of the act, a manager appointed pursuant to section 28; and other staff and officers determined by the county public service.

The board of the municipality is a body corporate with perpetual succession and a common seal and in its corporate name is capable of suing and being sued, taking, purchasing or otherwise acquiring, holding, charging or disposing of movable and immovable property, borrowing money or making investments, entering into contracts and doing or performing all other acts or things for the proper performance of its functions in accordance with the act or any other written law which may lawfully be done or performed by a body corporate.

b) Principal Activities of the Municipality

- (a) Promotion, regulation and provision of refuse collection and solid waste management services;
- (b) Promotion and provision of water and sanitation services and infrastructure (in areas within the Municipality not served by the Water and Sanitation Provider);
- (c) Construction and maintenance of urban roads and associated infrastructure;
- (d) Construction and maintenance of storm drainage and flood controls;
- (e) Construction and maintenance of walkways and other non - motorized transport infrastructure;
- (f) Construction and maintenance of recreational parks and green spaces;
- (g) Construction and maintenance of street lighting;
- (h) Construction, maintenance and regulation of traffic controls and parking facilities;
- (i) Construction and maintenance of bus stands and taxi stands;
- (j) Regulation of outdoor advertising;
- (k) Construction, maintenance and regulation of municipal markets and abattoirs;
- (l) Construction and maintenance of fire stations; provision of fire - fighting services, emergency preparedness and disaster management;
- (m) Promotion, regulation and provision of municipal sports and cultural activities;
- (n) Promotion, regulation and provision of animal control and welfare;
- (o) Development and enforcement of municipal plans and development controls;

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

c) Municipality Board

Ref	Position	Name
1.	Chairman of the Board	Mr. Julius Kitur
2.	County Executive Committee Member responsible for Cities and Urban areas.	Eng. Nelson K. Maritim
3.	Vice Chair	Ms. Beatrice Kemboi
4.	Board Member	Kenneth Mbeka
5.	Board Member	Dr. Job K. Ngetich
6.	Board Member	Peter Mwaniki
7	Board Member	Walter Ayot
8	Board Member	Richard Omanyala
9	Board Member	Ms. Winnie Maru
10	Secretary to and Ex-officio member of the Board and Municipality Manager	Tito Koiyet

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d) Key Management

Ref	Position	Name
1	Municipality Manager	Tito Koiyet
2	Head of Finance	Isabella Ayabei
3	Head of Human Resources	Stella Birech
4	Head of Environment	Gideon Kirwa
5	Head of Public Health	Alex Amdany
6	Head of Transport and Fleet Management	

d) Fiduciary Oversight Arrangements

The Key oversight activities are undertaken by the following:

a. Economic Planning Committee of the County Assembly

Provide oversight role and operation of the finance and economic planning department

b. Budget and Appropriation Committee

- i. Examine annual and supplementary budget estimates of expenditure presented to the house
- ii. Provide oversight on the presentation and implementation of the budget

c. Public Accounts and Investment Committee

- i. Increase public confidence in the credibility of the government institution through providing oversight role on financial performance
- ii. To examine reports and accounts on the public investments.

d. Audit Committee

- i. Monitor the effectiveness of the County Governments performance management and performance information
- ii. Provide strong and effective oversight of the internal audit function
- iii. Provide independent review of reporting functions to ensure the integrity of financial reporting

e) Municipal Offices

Municipality of Eldoret Headquarters,
Stadium Road,
Eldoret
P.O Box 40 – 30100
Eldoret, Kenya

f) Municipality Contacts

The Municipal Manager
Telephone: (254) – 053 - 2016215, 053 - 2016125, 053 - 2016600
E - mail: manager@uasingishu.go.ke
Website: www.municipal.uasingishu.go.ke

g) Entity Bankers

Central Bank of Kenya

County Government of Uasin Gishu
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Uganda Road
P.O. Box 6000 - 00200
Eldoret Branch
Eldoret, Kenya

Kenya Commercial Bank
P.O Box 560 – 30100
Eldoret, Kenya

Cooperative Bank
P.O Box 2948 – 30100
Eldoret, Kenya

h) Independent Auditors




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

i) Principal Legal Adviser



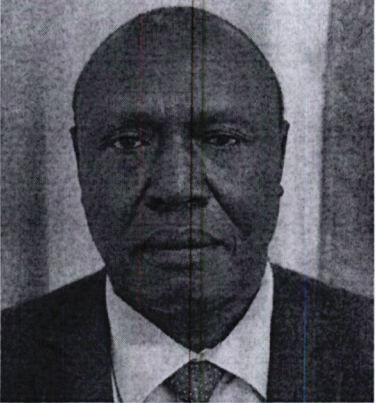
The County Attorney
County Government of Uasin Gishu
P.O Box 40 – 30100
Eldoret, Kenya

**County Government of Uasin Gishu
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For the year ended June 30, 2022**



Municipality Board

Name	Details of qualifications, experience and committee
	<p>a) Post Graduate Diploma in Correctional Services and Security Management, b) Bachelor of Business Management</p> <p>Work Experience</p> <ul style="list-style-type: none"> • Public Service - 14 years, • Private Sector - 12 years <p>Year Of Birth 26th June 1970</p>
<p>Mr. Julius Kitur Chairman of the Board</p>	
	<p>a) Bachelor of Arts, b) Certified Public Secretary</p> <p>Committee Vice Chair – Full Board Human Resource Committee,</p> <p>Work Experience Public Service - 17 years, Private Sector - 20 years</p> <p>Year of Birth 24th July 1958</p>
<p>Ms. Beatrice Kemboi Vice Chairperson of the Board</p>	
 <p>Peter Mwaniki Member</p>	<p>Diploma in Library Information Systems</p> <p>Work Experience Public Service - 20 years</p> <p>Committees Audit Committee, Culture, Sports and Social Services, Environment Committee, Finance and Human Resource Committee</p> <p>Year of Birth 28th August 1968</p>


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Name	Details of qualifications, experience and committee
 <p>Walter Ayot Chairman, Culture, Sports and Social Services Committee</p>	<p>a) Diploma in Automotive Electrical Engineering (Trainer and Instructor) Kishumu Industrial Training Centre and RVTTI b) Certificates in Public Oversight in Project Management, Resource Mobilization, Children’s Rights and Protection Advocacy, SACCO’S Management, Marketing, Procurement, Leadership and Management, Leadership Transformation.</p> <p>Work Experience Public Service - 10 years, Private Sector - 30 years</p> <p>Committees Culture Sports and Social Services</p> <p>Year of Birth 15th October 1969</p>
 <p>Ms. Winnie Maru Chairperson, Environment Committee</p>	<p>BSc. Computing and Internet Systems</p> <p>Work Experience Public Service - 17 years, Private Sector - 10 years</p> <p>Committees Environment Committee, Planning and Operations Committee, Audit Committee, Culture, Sports and Social Services</p> <p>Year of Birth 24TH June 1974</p>
 <p>Richard Omanyala Chairman, Audit Committee, Member</p>	<p>a) Diploma in Purchasing and Supply - IPS, London b) Diploma in Christian and Religious Studies - Carlile College c) Certificate in Land Disputes Arbitration, d) Certificate in International Monetary Fund Projects - IMF</p> <p>Work Experience Public Service - 14 years, b) Private Sector - 30 years</p> <p>Committees Environment Committee, Planning and Operations Committee</p> <p>Year of Birth 1953</p>

**County Government of Uasin Gishu
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Name	Details of qualifications, experience and committee
 <p>Dr. Job K. Ngetich Chairman, Planning and Operational Committee, Member</p>	<p>PhD. Environmental Planning and Management</p> <p>Work Experience Public Service - Ministry of Lands and Physical Planning - 18 years, University Lecturer - 6 years</p> <p>Committees Planning and Operations Committee, Audit Committee, Environment Committee</p> <p>Year of Birth 21st March 1969</p>
 <p>Eng. Nelson K. Maritim CECM Lands, Housing, Physical, Planning and Urban Development, Member</p>	<p>MSc Civil and structure Engineering) Private sector</p> <p>Work Experience Engineering firm- 2 years as Assistant Engineer Ministry of Roads and Public Works - 1 year as an Engineer Teaching at University - 8 years County Executive officer - 7 year</p> <p>Year of Birth 22nd February 1976</p>
 <p>Kenneth Mbeka Chief Officer, Physical Planning and Urban Development, Member</p>	<p>M.A. Environmental Planning and Management, BSc., Agriculture, Post Graduate Diploma, Biodiversity</p> <p>Work Experience Public Service - 7 years Private Sector - 15 years</p> <p>Year of Birth 12th October 1968</p>

**County Government of Uasin Gishu
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Name	Details of qualifications, experience and committee
	<p>PhD. Management Information Systems, MSc. Information Systems, BEd. Sc. - Physics and Mathematics Dip. Sustainable Urban Development</p> <p>Work Experience Public Service - 7 years Private Sector - 14 years</p> <p>Committees Secretary, Full Board and All Committees</p> <p>Year of Birth 22nd July 1971</p>

**County Government of Uasin Gishu
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For the year ended June 30, 2022**

2. Management Team

NAME	Details of qualifications and experience
<p>Tito Koiyet Municipal Manager</p> 	<p>PhD. Management Information Systems, MSc. Information Systems, BEd. Sc. - Physics and Mathematics Dip. Sustainable Urban Development</p>
<p>Isabella Aiyabei Ag. Finance Officer</p> 	<p>CPA- K Bachelor in Business Management Master's in Business Administration</p>

2. Municipality Board Chairperson's Report

Successes

During the period under the review, the board was able to realize a number of milestones in the realization of its mandate.

One of the key milestones was the completion of the preparation and approval and adoption of the Integrated Development Plan (IDeP) 2021-2025 in accordance with Part V of UACA on integrated development planning. During the period also, the board approved the amended municipal spatial plan and through its partnership with the British High Commission's Foreign, Commonwealth Development support, under the Sustainable Urban Economic Development (SUED), approved the Urban Economic Plan (UEP).

During the period also, the board approved the municipality structured that the county executive and assembly have since also approved for implementation. The board also oversaw the completion of projects funded by the world bank under the Kenya Urban Support Programme (KUSP).

Other successes during the period include the completion of office renovations, streamlining of the municipal operations and kickstarting the upgrading of the municipality to city status.

Review of the Municipality Boards Performance

The performance of the board within the current challenges has been commendable. despite lack of full financial, planning and operational autonomy envisaged in the law, the board has continued to discharge its functions diligently.

Challenges faced

The lack of full financial, planning and operational autonomy envisaged in the law has been the biggest challenge. It is my hope that the current county administration will fully implement the Urban areas and cities act to grant the municipality the legitimacy envisioned in the law so as to realize its full potential.

Other challenges have been the inadequate funding to the Municipality by the county government, the failure to transfer functions as per the law to facilitate the implementation of

**County Government of Uasin Gishu
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For the year ended June 30, 2022**

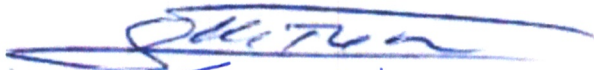
the municipal charter and lack of adequate staff to support the discharge of the boards operational obligations, functions and responsibilities.

Changes in the Municipality Board during the year

In the period under review, there were no changes in the municipality.

Future Outlook of the Municipal Board

The board looks forward to full autonomy of the Municipality. Further, the municipality hopes to transition to a city in the financial year 2022-2023. This will usher some changes in the board with the transitioning from a municipal board to a city board.



..... Julius Kitar

Name:

Chairperson of the Board

**County Government of Uasin Gishu
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3. Report Of the Municipality Manager

Budget performance

Physical progress based on outputs, outcomes, and impacts since the establishment of Municipality

S.no	Program	Physical progress	Output/Outcome	Impacts
1	Solid waste management	Ongoing	Improve the effectiveness and efficiency of solid waste management	Improved solid waste storage, transportation and disposal
2	Road and Transport infrastructure development	Planned construction of roads, Non motorized transport and construction of drainages complete at 100%	<ul style="list-style-type: none"> - Improve road and transport infrastructure - Improved road transport connectivity 	<ul style="list-style-type: none"> - Creation of employment during construction - Increased revenue due to addition of parking lots in the constructed roads - Improved accessibility - Improved drainage - Enhanced walkability
2	Sports development	Construction of 64 stadium currently ongoing at 65%	<ul style="list-style-type: none"> - Rehabilitation of sport facilities - Increased uptake of sports activities - Promote sports development 	<ul style="list-style-type: none"> - Creation of employment in the ongoing construction of 64 stadium
3	Public works services	Renovation Works, Construction of Gate and Sentry House At Municipality of Eldoret Headquarters In Uasin Gishu complete at 100%	<ul style="list-style-type: none"> - Improved working conditions in government buildings - Improved safety and condition of government buildings 	<ul style="list-style-type: none"> - Creation of employment during renovation - Improved aesthetic value of the Municipality headquarters
4	Physical Planning Services	<ul style="list-style-type: none"> - Preparation of Municipality of Eldoret Urban Integrated Development Plan 2019-2024 - Amendment of Eldoret LPDP to Municipality of Eldoret Spatial Plan 	<ul style="list-style-type: none"> - Coordinated physical development and functional urban areas - Controlled physical development 	The plans are yet to be implemented but once implemented, they will ensure that there is proper physical and land use planning in the municipality
5	Beatification and recreational activities	<ul style="list-style-type: none"> - Development of the Eldoret Arboretum that is now complete at 100% - Establishment of a park near central bank that is now complete at 100% 	Increased protection of the environment and enhanced recreational facilities	<ul style="list-style-type: none"> - Provision of recreational facilities - Improved aesthetics - Improved Environmental conservation

Programs implemented by the Municipality and How they have been achieved

The following programs have been achieved:

1. Road and Transport infrastructure development

During the period under review, the municipality completed a number of projects most of which were funded through the Kenya Urban Support programme.

One of the projects was the improvement of a total of 3.044 kilometers of road Infrastructure from Ndalat Stage (C39) through Oldonyo Lessos Bridge, CMC to Panvilla and Pioneer Health Centre to Rexona in Langas. A further 1.972 kilometers of road Infrastructure improvement was undertaken along Posta to Toyota Area through Kenya Railways, Wagon Wheel Hotel through the department of Lands offices to Iten Road and from Iten road through Dola Millers to Moi Girls on Kapsoya road junction.

The construction of storm water drainage from KPLC Yard to West Market Wetland through Arap Kitongo & Farmers Street was also undertaken. Further, the project comprised the beautification and greening between 64 Street and A104, and the construction of high masts at Kipkaren, Assis & Ngomongo as well as county headquarters frontage improvement along A104 from from Iten Road (C51) to Muliro Street. The stretch included drainage works.

Paving of Eldoret CBD Service Lanes between Ronald Ngala and Oginga Odinga Street from Paradise area to Nandi Road, Standard Bank to Korosiot, Barclays Bank and Nandi Arcade as well as Main Stage to Elijah Cheruiyot and Nandi Park & Korosiot Frontages was also undertaken. A total of 1.43 kilometers were paved.

To improve city walkability, Non-Motorized Transport Infrastructure were also developed during the period. On both sides of the road, not-motorised transport infrastructure was developed between Chepkoilel Junction to Sogomo, Zion Mall to Rupa Mall and from the Rift Valley Technical Training Institute to AIC Kao La Amani (Kaplimo) and Sosiani Buas Park to Oil Libya. Another stretch started at Public Works Offices to PCEA Church along Oloo Street and along A104 from ACK Cathedral to Moi Teaching and Referral Hospital giving a total of 9.298 kilometers of walkability.

To serve one of the city's industrial zones, Arap Kitongo Road, a high grade tarmack measuring 0.6 kilometers was laid and completed as was the 2.1 kilometer tarmacking of Racecourse Road to Oletapes & Marriott in Racecourse Neighborhood.

Subsequent projects saw the construction and completion of Non-Motorized Transportation measuring 1.2 kilometers at the Eldoret Arboretum, 1.8 kilometers of nature trail and the general beautification of Eldoret Arboretum, the construction of a 6 storey watchtower, 2no. steel gates, 30 no. benches 2 modern toilets. Remaining CBD backlanes measuring 1.2 kilometers were also paved. A storm water drainage project was undertaken in Kapsaos that also involved the construction of two security lighting high masts at at Kipkaren and Kapsaos.

2. Sports development

The upgrading of 64 Stadium with a capacity of 12,000 spectators is now at 65% completion

3. Public works services

Renovation Works, Construction of Gate and Sentry House at Municipality of Eldoret Headquarters was undertaken and completed.

4. Physical Planning Services

Preparation of Municipality of Eldoret Urban Integrated Development Plan 2019-2024 was completed. The Eldoret Spatial Plan was also completed through a consultancy for the amendment of Eldoret Local Physical Development Plan.

Comment on value-for-money

To ensure value for money in all the projects undertaken, close collaboration and coordination between the affected stakeholders was ensured. This started with the involvement of residents in the identification and prioritization of the projects right from the start.

Further, efforts have been made in the preparation of realistic budgets for projects and ensuring that the bills of quantities are well scrutinized based on market values to avoid overpricing

Efforts have also been made to ensure the implementation of projects within the stipulated time and without variation of the contract sum. High quality equipment are also purchased from accredited suppliers. Contracts are also awarded to credible companies with the required proven expertise as required by the applicable law.

Implementation challenges of strategic objectives for the municipality and the entities future look.

- ✓ Operationalization of the municipal structure
- ✓ Inadequate funding for projects
- ✓ Lack of revenue streams to address municipal financial challenges directly
- ✓ Overreliance on donor funds
- ✓ Inadequate human capacity to design and implement projects

The roadmap to city status is affected by the slow implementation of the municipality as per the requirements of Urban Areas and Cities Act and the Municipal Charter. It is imperative that the full functioning of the municipality gives way to the greater responsibilities of a city status.

Key risk management strategies


The Municipality implements projects with minimum negative impact on livelihoods and the environment. This helps us ensure minimum disruption of projects at implementation.

At the same time we work with experts every step of the way to ensure we don't perform projects that cause too much risk.

All projects implemented go through mandatory screening prior to the selection and/or in parallel with the respective urban area project identification/ feasibility study. Environmental assessments are conducted along with preparation of environmental management plans (EMPs) for projects as determined by the screening and government regulations. This then allows for the integration of

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For the year ended June 30, 2022

ESMPs into detailed engineering design, bid and contract documents before to award of works. In all cases we recommend appropriate interventions for enhancement of Safeguards compliance on projects.


.....

MUNICIPALITY OF ELDORET
12 JAN 2023
P.O. Box 40-30100, ELDORET
MUNICIPAL MANAGER

Name: Tito Koiyet

Municipality Manager

4. Statement of Performance Against Predetermined Objectives for the FY 2021/2022

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a County Government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board including a statement of the county government entity's performance against predetermined objectives. The key strategic objectives of the Municipality of Eldoret as outlined on “**2020 - 2024 Strategic Plan**” as follows;

1. Urban Governance and administration
2. Improve level of governance and accountability
3. Municipal Service delivery
4. Strengthen waste collection and disposal
5. Strengthen urban planning functions
6. Improve infrastructure
7. Promote trade and investments
8. Improve the corporate visibility of the Municipality

Progress on attainment of Strategic development objectives.

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time - bound(SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement. The Table below provide the progress attained on the above stated objectives:

County Government of Uasin Gishu
Municipality of Eldoret
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Thematic Area	Strategic Objective	Indicator	Performance
Urban Governance and administration	Developing Eldoret Municipality Service Charter	Documented	100%
	Improve the level of governance and accountability	Documented Board Charter	100%
Municipal Service delivery.	Speed up service delivery and foster innovation.	Provision of e - services	Ongoing
		Develop a Municipality integrated information system	Pending
		ICT connectivity within the Municipality	Pending
		Design and ICT incubation centre within the Municipality	Pending
		Implementation of a Quality Management System based on ISO standards	Pending
	Waste Collection and Disposal	Develop a recycling for waste within the municipality	Pending
	Traffic and Parking Management	Develop an infrastructure development Plan	Ongoing
	Strengthen sports, arts and culture	Build and equip a social hall	Ongoing
Improvement of Urban Planning infrastructure.	Strengthen Urban Planning Function	Build and equip GIS lab	Pending
Promotion of Trade and Investments	Industrialization	Establish an industrial area zone near the source of raw materials.	Pending
	Improve the corporate visibility of the Municipality	Rebranding	Done

5. Corporate governance Statement

1. process of appointment and removal of Board members

Pursuant to Municipality of Eldoret charter the Board of the municipality shall be appointed through a competitive process by executive committee with approval by the County Assembly. The removal of the Board members-A member of the municipality may be removed from office on any of the grounds provided under 3.12.1 by:

- i. The county Governor,
 - ii. A resolution of the board of the municipality supported by at least two-thirds of the members of the board of the municipality; or
 - iii. Upon petition by the residence in the municipality
- The procedure for the removal or petition for removal of a member of the board of the municipality under 3.12.1 above shall be provided by regulation under the urban areas and cities Act and, in the absence, thereof in accordance with the Kenyan labour law. Any vacancy arising out of the removal of a member of the board of the municipality be filled in the manner provided under article 3.3.

2. Roles and functions of the municipality

The board of the municipality shall perform the following functions-

- i. Oversee the affairs of the Municipality;
- ii. Develop or adopt policies, plans, strategies and programs and set targets for service delivery.
- iii. Formulate and implement an integrated Development plan in consultation with the physical planning section.
- iv. Control land sub-division, land development and zoning by public and private sectors for any purpose, including industry, commerce, markets, shopping and other employments centers, residential areas, to recreational areas, parks, entertainment, passenger transport, agriculture, and freight and transit stations within the framework of the spatial and master plans for the municipality as delegated by the county government of Uasin Gishu.
- v. Promote and undertake infrastructural development and services within Municipality as delegated by the county government of Uasin Gishu.
- vi. Develop and manage schemes, including site development in collaborations with the relevant national and county agencies.
- vii. Maintain comprehensive data base and information system of the administration.
- viii. Administer and regulate its internal affairs.
- ix. Implement applicable national and county legislations.
- x. Enter into contracts, partnerships or joint ventures as it may consider necessary for the discharge of its functions.
- xi. Monitor and, where appropriate, regulate municipal services where those services are provided by service providers other than the board of the municipality.

County Government of Uasin Gishu

Municipality of Eldoret

Annual Report and Financial Statements for the year ended June 30, 2022

- xii. Prepare and submit its annual budget estimates to the county Treasury for consideration and submission to the county assembly for approval as part of the annual county appropriation bill.
- xiii. Collect rates, taxes levies, duties, fees and surcharges on fees as delegated by the county government of Uasin Gishu.
- xiv. Settle and implement tariff, rates and tax and debt collection policies as delegated by the county government of Uasin Gishu.
- xv. Monitor the impact and effectiveness of any service, policies, programs or plans.
- xvi. Establish, implement and monitor performance management systems.
- xvii. Promote a safe and healthy environment.
- xviii. Facilitate and regulate public transport and perform such other functions as delegated by the county government of Uasin Gishu.

3. Induction and training, Municipality board members and members performance

4. Number of municipality board meetings held and the attendance to those meetings by members

- i. The Board of the municipality shall hold its sittings to transact the business of the board once every three months.

5. Succession plan

6. Existence of service charter

County government of Uasin Gishu granted the Municipality of Eldoret Municipal Charter on 7th December 2018

7. Conflict of interest

Pursuant to municipality of Eldoret charter a member of the board of the municipality who has a conflict of interest in any discussions or decisions- making regarding any subject or transaction under considerations by the board of municipality, shall not participate in the discussions or decisions making, and not entitle to vote or agree to the subject or transaction relating to it.

8. Board remuneration

The county public service board shall set the remuneration as per SRC and determine the conditions of employment of the municipal manager.

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

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Municipality of Eldoret
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The audit of the Board of the Municipality shall be as provided under section 46 and 47 of urban areas and cities act.

6. Management Discussion and Analysis

The Municipality of Eldoret formed in accordance to Urban Areas and Cities Act, 2011 as qualifying condition for access of World Bank funded Kenya Urban Support Programme. The World Bank entered to memorandum of Understanding with National Government for support of counties on service delivery in urban areas. This required creation of Municipalities as entity of funding. The funding is done through two programmes namely Urban Intuitional Grant (UIG) intended for Operations and Maintenance costs of the Municipality. The Urban Development Grant (UDG) for development projects.

During the year ended 30th June, 2022, the Municipality of Eldoret did not receive both UIG and UDG. However the balance for UIG brought forward of Ksh. 3,531,775 and refund of Ksh. 6,250,000 was rebudgeted and utilised during the year. Reccurent expenditure of ksh.33,942,792 was incurred during the year hence total transfer of Ksh. 43,724,576 was received

a. Income Receipts

Descriptions	AMOUNT
Transfers from other governments entities	43,724,576
TOTAL	43,724,576

b. Expenditure

Expenses	Amount
Use of goods and services	43,724,567
Depreciation and amortization expense	11,007,556
Total expenses	<u>54,732,132</u>

7. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

Municipality of Eldoret derives its existence from the Urban Arrears and Cities Act, 2011 and subsequent Urban Arrears and Cities (Amendment) Act, 2019. The Municipality ensures compliance with all necessary legislations and ensures the service delivery to the people of Eldoret.

ii) Environmental Performance

Municipality of Eldoret has put measures and policies that ensure conservation of the environment and protection of the ecosystem. This is done through garbage waste management and planting of trees on public land and greening of public parks.

iii) Employee Welfare

The Municipality has put in place policies that ensure the employee welfare are well guarded and all staff are given fair and just treatment. All staff matters are considered through select committee that evaluates the staff matter and advise according for necessary action such promotion, deployment, reprimanding and or dismissal.

Municipality of Eldoret is equal opportunity employer with consideration for merit as prerequisite for hiring. The County ensures applicants are not discriminated by gender, religious background, ethnicity or any other form of personality.

The Municipality conducts annual staff appraisal that help to identify training needs and ways of improving staff productivity. The annual targets are negotiated and agreed between the officer and the supervisor at the beginning of the year. The Municipality has clear career progression structure and staff are awarded promotion timely basis.

iv) Market place practices -

The Municipality of Eldoret is tasked with mandates as outlined on Urban Arrears and Cities Act, 2011.

In delivering its mandates the Municipality ensure maximum benefit to the citizenry and that public funds are utilized in the most efficient and effective manner.

v) Community Engagements -

The Municipality of Eldoret undertakes public participation in order to identify the community priority and obtain views of the stakeholders.

8. Report of the Municipality Board Members

The Municipality submits its report together with the audited financial statements for the year ended June 30, 2022, which show the state of the Fund affairs.

Principal activities

The Municipality's principal activities are;

- (a) Urban planning, promotion of sustainable land use and regulation and control of physical development
- (b) Management and promotion of a safe and healthy environment
- (c) Promotion of the participation of residents in the governance of the municipality
- (d) Provision of municipal services e.g. solid waste management

Performance

The results of the Municipality for the fourth quarter ended 30th June, 2022 are set out on page 1 - 5

Board

The members of the Board of Board who served during the quarter are shown on page iv - vi.

Dividends/Surplus remission

The Municipality is not required to remit any surplus or pay any dividends and the amount is appropriated in the subsequent financial year.

Auditors

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

By Order of the Board

Name: Julius Ketur

Date: 12/1/2023

9. STATEMENT OF MUNICIPAL BOARD 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, 2022. 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 City/Municipality, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) Safeguarding the assets of the Municipality, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Municipality Manager accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *Urban Areas and Cities Act No. 13 of 2011*. The Municipality Manager is of the opinion that the financial statements give a true and fair view of the state of Municipality's transactions during the financial year ended June 30, 2022, and the financial position as at that date.

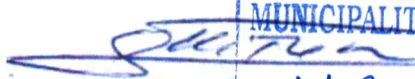
The Municipality Manager further confirms the completeness of the accounting records which have been relied upon in the preparation of financial statements as well as the adequacy of the systems of internal financial control. In preparing the financial statements, the Municipality Manager has assessed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

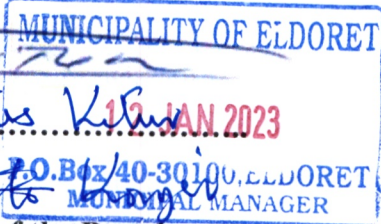
applicable, matters relating to the use of going concern basis of preparation of the financial statements.

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

Approval of the financial statements

The Municipal financial statements were approved by the Board on ___ 2023 and signed on its behalf by:

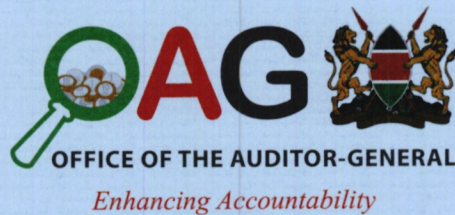

.....
Name: **Julius K. Kariuki**
Chairperson of the Board


MUNICIPALITY OF ELDORET
12 JAN 2023
P.O. Box 40-30100, ELDORET
MUNICIPAL MANAGER


.....
Name: **Tito Kariyer**
Accounting officer of the Board


MUNICIPALITY OF ELDORET
12 JAN 2023
P.O. Box 40-30100, ELDORET
MUNICIPAL MANAGER

REPUBLIC OF KENYA



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

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

REPORT OF THE AUDITOR-GENERAL ON MUNICIPALITY OF ELDORET FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Municipality of Eldoret set out on pages 28 to 59, which comprise of the statement of financial position as at

30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for 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 the Municipality of Eldoret as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the Urban Areas and Cities Act, 2011 and the Municipal Charter.

Basis for Qualified Opinion

1. Presentation and Accuracy of the Financial Statements

The statement of changes in net assets reflect opening capital fund balance of Kshs.610,640,513 whereas the closing balance as at 30 June, 2021 was Kshs.1,048,141,362 resulting to unexplained variance of Kshs.437,500,849. Further, the opening balance for retained earnings reflects Nil balance which differs from the prior year closing balance of Kshs.3,534,518.

In the circumstances, the accuracy and completeness of the statement of changes in net assets could not be confirmed.

2. Valuation and Depreciation of Property, Plant and Equipment

The statement of financial position reflects total non-current assets of Kshs.564,248,648 which includes property plant and equipment balance of Kshs.376,444,167 as disclosed in Note 6 to the financial statements. However, no evidence was provided to indicate the valuation by a recognized valuer.

Further the statement of financial performance reflects depreciation and amortization amount of Kshs.11,007,556. The Management has applied depreciation rate of 2% on the civil works, however no approved depreciation policy was provided for audit review to provide consistency and guidelines on accurate measurement of property, plant and equipment.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.376,444,167 and the depreciation and amortization expense of Kshs.11,007,556 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Municipality of Eldoret Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements

applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

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 Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total receipts budget and actual on comparable basis of Kshs.1,016,323,168 and Kshs.937,951,527 respectively resulting to under-funding of Kshs.78,371,641 or 8% of the budget. Similarly, the Municipality spent Kshs.978,467,033 against approved budget of Kshs.1,016,323,168 resulting to an under-expenditure of Kshs.37,836,135 or 4% of the budget.

2. Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. The Management has not resolved the issues or given any explanation for failure to adhere to the provisions of Section 149(2)(I) of the Public Finance Management Act, 2012 which require Accounting Officers designated for County Government entities 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, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Lack of Operational Independence of the Entity

As previously reported, the Municipality was granted Municipal Charter on 18 August, 2020 which was supposed to grant operational independence from the County Government of Uasin Gishu. However, review of the operations of the Municipality revealed lack of autonomy as detailed below: -

- (i) The Municipality's budget was prepared and controlled by the County Executive and there was no budget approval by the Municipality Board.
- (ii) Except from project accounts with joint signatories from the County Treasury, the Municipality's expenditure was controlled by the County Treasury and did not have independent operations account.
- (iii) The County Government has continued to perform a number of functions which were transferred to the Municipality.

This is in contravention of Section 9(1) of the Urban Areas and Cities Act, 2011, which states that the County Governor may, on the resolution of the County Assembly, confer the status of a Municipality on a town that meets the criteria set out in Sub-Section (3), by grant of a Charter in the prescribed form. In addition, it contravenes Section 12(1) of the Urban Areas and Cities Act, 2011, which states that the Management of a City and Municipality shall be vested in the County Government and administered on its behalf by a Board, a Manager appointed pursuant to Section 28 and such other staff or officers as the County public service may determine.

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

2. Lack of an Independent Internal Audit Function

Review of the internal audit documents provided for audit, revealed that the Management had an audit committee which held meetings during the financial year 2021/2022 and yet they had not established an internal audit department to carry out internal audit functions contrary to Section 155(1) Public Finance Management Act, 2012.

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

3. Occupational Safety and Health

Review of Municipality's occupational and safety records, revealed that the entity did not establish a Safety and Health Committee at the workplace as required under Section 9(1) of the Occupational Safety and Health Act, 2007. Further, Management did not provide a safety and health audit report as required under Section 11(1) which stipulates that the occupier of a workplace shall cause a thorough safety and health audit of his workplace to be carried out at least once in every period of twelve months by a safety and health advisor.

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

4. Failure to Observe Gender Equity on Board Composition

Review of Municipality records provided for audit revealed that the Municipality had nine (9) Municipality Board members out of which two (2) Board members or about 22% are from same gender contrary to Section 13(3) Urban Areas and Cities Act, 2011 which requires that the Executive Committee shall, while appointing members of the board, ensure gender equity, representation of persons with disability, youth and marginalized groups.

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

5. Unsupported Special Board Meeting

Review of the board attendance register and minutes indicated that the Municipality board held a special full board on 30 September, 2021. However, there was no evidence to indicate that at least one third of the members of the board requested in writing for such meeting to occur, contrary to Section 23(2) Urban Areas and Cities Act, 2011 that states that the chairperson may, and upon request in writing by at least one-third of the members of the Board, convene a special meeting to transaction any urgent business of the board.

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

6. Lack of Fixed Asset Register

Review of records for the Municipality revealed that the Management does not maintain a fixed asset register indicating the costs of the assets, where the assets are located and dates of acquisition as required by Regulation 136(1) of the Public Financial Management (County Government) Regulations, 2015.

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

7. Operating without Approved Budget

The Management did not provide the approved budget and there was no evidence that the Board of the Municipality prepared and submitted the annual estimates to the County Treasury for consideration contrary to Section 20 of the Urban Areas and Cities Act, 2011.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, 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 has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Municipality's ability to continue 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.

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

Auditor-General's Responsibilities for the Audit

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

or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal 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 controls 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 controls 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 control.
- 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 continue 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 continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Municipality to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

04 April, 2023

**County Government of Uasin Gishu
Municipality of Eldoret**

Annual Report and Financial Statements for the year ended June 30, 2022

11. Statement of Financial Performance for The Year Ended 30 June 2022.

	Notes	2021-2022	2020-2021
			Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	1	43,724,567	15,219,459
Total Revenue		43,724,567	15,219,459
Expenses			
Use of goods and services	2	43,724,567	11,684,941
Depreciation and amortization expense	3	11,007,556	2,813,322
Total expenses		54,732,123	14,498,263
Surplus/(deficit) for the period/year		(11,007,556)	721,196

The notes set out on pages 33 to 58 form an integral part of these Financial Statements. The entity financial statements were approved on 12/11 2023 and signed by:

Tito Blonger
 MUNICIPALITY OF ELDORET
 Name: Tito Blonger
 Municipality Manager
 MUNICIPAL MANAGER

Babei
 Name: LEABELLA AMABEI
 Head of Finance
 ICPAK M/No 10937

12. Statement of Financial Position As At 30 June 2022

	Notes	2021-2022	2020-2021
			Kshs
Assets			
Current Assets			
Cash and cash equivalents	4	64,342,982	777,566,430
Total Current Assets		64,342,982	777,566,430
Non-Current Assets			
Property, plant and equipment	6	376,444,167	137,852,766
Work in Progress	6b	187,804,481	132,722,166
Total Non- Current Assets		564,248,648	270,574,932
Total Assets		628,591,630	1,048,141,362
Liabilities			
Current Liabilities			
Total Current Liabilities		-	-
Net assets			
Retained Earning		(11,007,556)	3,534,518
Capital Fund	7	639,599,186	1,044,606,845
Total Net Assets		628,591,630	1,048,141,363
Total Net Assets and Liabilities		628,591,630	1,048,141,363

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 12/1/ 2023 and signed by:

.....
 Name: Tito Kwoyer
 MUNICIPALITY OF ELDORET
 Municipality Manager

Date: 12 JAN 2023
 P.O.Box 40-30100 ELDORET
 MUNICIPAL MANAGER

.....
 Name: WABERA AYABEI
 Head of Finance

ICPAK M/No 10937
 Date: 12/1/2023

County Government of Uasin Gishu
Municipality of Eldoret
Annual Report and Financial Statements for the year ended June 30, 2022

13. Statement of Changes In Net Assets As At 30 June 2022

	Notes	CAPITAL FUND	REVALUATION RESERVE	RETAINED EARNINGS	TOTAL
As at 30 th June 2021		1,044,606,844	0	3,534,518	1,048,141,362
As at July 1, 2021-UDG opening Balance		610,640,513			610,640,513
Surplus/ deficit for the year		-	-	(11,007,556)	(11,007,556)
Capital/Development grants received during the year-UDG			-	-	-
Capital/Development grants received during the year-COUNTY		28,958,673	-	-	28,958,673
Transfer of depreciation/amortisation from capital fund to retained earnings		(11,007,556)	-	11,007,556	
AS at JUNE 30,2022		628,591,630	-	-	628,591,630

[Signature]
Name: *Cito Koiger*
Municipality Manager

MUNICIPALITY OF ELDORET
12/12/2022
P.O.Box 40-30100 ELDORET
MUNICIPAL MANAGER

[Signature]
Name: *WABERA AMABEL*
Head of Finance
ICPAK M/No *10937*

ELDORET COUNTY
MUNICIPALITY
12/12/2022

14. Statement Of Cash Flows for The Year Ended 30 June 2022

		2021-2022	2020-2021
	Notes	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities	1	43,724,567	15,219,459
Total Receipts		43,724,567	15,219,459
Payments			
Use of goods and services	2	43,724,567	11,684,941
Total Payments		43,724,567	11,684,941
Net cash flows from/(used in) operating activities		(0)	3,534,518
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(575,256,204)	(137,852,766)
Net cash flows from/(used in) investing activities		(575,256,204)	(270,574,932)
Cash flows from financing activities			
Increase/ decrease in capital fund	7	(137,967,244)	1,044,606,845
Net cash flows from /(used in) financing activities		(137,967,244)	1,044,606,845
Net increase/(decrease) in cash and cash equivalents		(713,223,448)	1,044,606,845
Cash and cash equivalents at 1 JULY	5	777,566,430	777,566,430
Cash and cash equivalents at 30 JUNE	5	64,342,982	777,566,430

Name:

Tito Kinyu

Municipality Manager

MUNICIPALITY OF ELDORET

Name:

KABEKA ADIABE

Head of Finance

ICPAK M/No

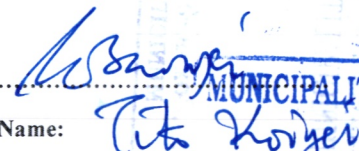
10937


12 JAN 2023

P.O.Box 40-3010... JRET
MUNICIPAL MANAGER

15. Statement of Comparison of Budget & Actual Amounts for the Year ended 30 June 2022

	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Revenue						
Transfers from other governments entities –UIG		9,781,775	9,781,775	9,778,909	2,866	100%
Transfers from other governments entities-Recurrent	43,724,567	13,750,474	57,475,041	33,945,658	38,711,474	33%
Transfers from other governments entities-UDG		908,552,660	908,552,660	877,795,934	30,756,726	97%
Transfers from other governments entities-County	40,513,692	-	40,513,692	31,613,117	8,900,575	78%
Total income	84,238,259	932,084,909	1,016,323,168	937,951,527	78,371,641	92%
Expenses						
Use of goods and services-Recurrent	43,724,567	-	57,475,041	33,945,816	23,529,225	59%
Use of goods and services-UIG	9,781,775	-	9,781,775	9,778,909	2,866	100%
Depreciation and amortization expense	-	-	-	-	-	0%
Construction and Civil Works		-	949,066,352	934,742,308	14,324,044	98%
Total expenditure	153,922,185		1,016,323,168	978,467,033	37,856,135	96%


 MUNICIPALITY OF ELDORET
 Name: Titus Kodjer
 City/Municipality Manager Date: 12 JAN 2023
 P.O.Box 40-30100, ELDORET
 MUNICIPAL MANAGER


 Name: Isabella Akhase
 Head of Finance ICPAK No. Date: 10/3/22

16. Notes to the Financial Statements

1. General Information

Municipality of Eldoret is established by and derives its authority and accountability from Urban area and Cities Act 2011 and the Municipal Charter.

2. Statement of Compliance and Basis of Preparation

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

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

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

(Notes to financial statements continued)

3. Application of New and revised standards (IPSAS)

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022

IPSASB deferred the application date of standards from 1st January 2022 owing to covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</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"> • 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; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • 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. <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity;</p>

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	<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><i>(State the impact of the standard to the Entity if relevant)</i></p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>

<p>IPSAS 43</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows 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> <p><i>State the impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2021 /2022

(Notes to financial statements continued)

4. Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

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.

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net

carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

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 2021-2022 was approved by the County Assembly on 28th April 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of xxxx on the 2020-2021 budget 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.

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

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

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

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

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased

property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) 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.

h) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over

the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

i) Financial instruments

a) Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

The Municipality assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on

the estimated future cash flows of the financial asset or the Municipality of financial assets that can be reliably estimated asset or the entity of financial assets that can be reliably estimated.

Evidence of impairment may include the following indicators:

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

b)Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

j)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)

k)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.

l)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

m)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.

n) Nature and purpose of reserves

The Municipality creates and maintains reserves in terms of specific requirements.
Municipality to state the reserves maintained and appropriate policies adopted

o) 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.

p) 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.

q) 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

(Significant accounting policies continued)

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.

r) 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.

s) 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 directors, the CEO and senior managers, and County executive.

t) Service concession arrangements

The Municipality analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Municipality recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Municipality also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

u) 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.

v)Comparative figures

Municipality of Eldoret did not prepare and submit financial statement in the year 2021/2022 as it was reported in the county executive financials along with other departments and therefore there is no comparative analysis.

w)Events after the reporting period

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

x)Currency

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

5. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made e.g ;

Estimates and assumptions

Depreciation policy

The entity is yet to come up with the policy for depreciation of asset but discretion has been applied in that since the asset acquired during the year relates to civil works, the lifespan of the asset has been estimated to last for 50 years hence the rate of 2% on straight line basis has been applied. Depreciation rate of 30% on office furniture has been applied.

Recurrent receipts.

Since the entity has not attained its independency on financial operation as the cashbook for recurrent is jointly maintained by county treasury, the amount approved in the budget for the financial has been assumed to be receipts.

The existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

The total expenditure incurred by Municipality has been assumed to be receipts received from executive. *(Significant accounting policies continued)*

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.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in

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

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(Notes to the Financial Statements)

1. Transfers from other Government Entities

Description	2021/22	2020/21
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	33,942,792	5,219,125
UIG	9,781,775	10,000,334
UDG	-	-
Total	43,724,567	15,219,459

(Provide brief explanation for this revenue)

Notes To the Financial Statements (Continued)

2. Use of Goods and Service

Description	2021/22	2020/21
	Kshs.	Kshs.
Utilities, supplies and services	53,584	30,000
Communication, supplies and services	340,500	321,000
Hospitality supplies and services	1,594,810	1,924,080
Office and general supplies and services	368,683	256,300
Routine maintainance-Other Assets	7,319,590	418,690
Printing, advertising, supplies & services	330,700	705,200
Specialized materials and services	800,000	225,000
Training expenses	-	1,139,215
Domestic travel and subsistence	14,666,380	6,646,256
Other general expenses	1,301,278	19,200
Office Furniture	50,000	-
Fuel, oil and lubricants	16,899,042	-
Total	43,724,567	11,684,941

3. Depreciation and Amortization

Description	2021/22	2020/21
	Kshs.	Kshs.
Property, Plant and Equipment	11,007,556	2,813,322
Total	11,007,556	2,813,322

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4. Cash and Cash Equivalents

Description	2021/22	2020/21
	Kshs.	Kshs.
UDG- Co-op Bank Account Number 011419576581100	64,340,116	610,640,513
UIG-Kcb Bank Account Number 12588437260	2,866	3,685,549
UDG- Central Bank 1000372068	-	163,240,368
UIG- Central Bank	-	-
Total Cash and Cash Equivalents	64,342,982	777,566,430

5a. Detailed Analysis of Cash and Cash Equivalents

Description	2021/22	2020/21
	Kshs.	Kshs.
UDG- Co-op Bank Account Number 011419576581100	64,340,116	610,640,513
UIG-Kcb Bank Account Number 12588437260	2,866	3,685,549
UDG- Central Bank 1000372068	-	163,240,368
UIG- Central Bank	-	-
Total Cash and Cash Equivalents	64,342,982	777,566,430

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6. Property, plant and equipments.

	Land	Building	Motor vehicles	Furniture and fittings	Computers	Plant and Equipment	Roads, Civil Works and Infrastructure	Capital Work in progress	Total
Description	Shs	Shs	Shs	Shs	Shs	Shs	Shs		Shs
As at 1 July 2020	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	140,154,800	132,722,166	272,876,926
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-
As at 30th June 2021					-	-	140,154,800	132,722,166	272,876,926
Additions				1,590,000			385,861,723	187,804,481	575,256,204
Disposals									-
Transfer/adjustments									
As at 30th June 2022				1,590,000	-	-	385,861,723	320,526,647	707,978,370
Depreciation and impairment				-	-	-	-	-	-
At 1 July 2020		-	-	-	-	-	-	-	-

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Depreciation				-	-	-			-
Impairment				-	-				-
Transfers/ Adjustments				-	-				-
As at 30 June 2021				-	-	-	2,813,322		2,813,322
Depreciation				477,000			7,717,234		8,194,234
Disposals				-					
Impairment				-					
Transfer/adjustment				-					
As at 30th June 2022				477,000			10,530,556		11,007,556
NBV as at 30th June 2022				1,113,000	-	-	375,331,167	187,804,481	564,248,648
As at 30th June 2021				-	-	-	137,852,766	132,722,166	270,574,932
As at 30th June 2022				1,113,000	-	-	375,331,167	187,804,481	564,248,648

NOTE; KSH 564,248,648 involve net value of office furniture Ksh 1,113,000, Ksh 375,331,167 of civil works and WIP Ksh 187,804,481.

7. Capital Fund

UDG	-	342,682,015
Ist July	610,640,513	685,964,869
County development funds in CRF	28,958,673	15,959,961
Totals	639,599,186	1,044,606,845

(Notes To The Financial Statements Continued)

Other Disclosures

8. Related party balances

a) Nature of related party relationships

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

The Municipality/scheme is related to the following entities:

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

9. 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:

(Other Disclosures Continued)

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:

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.

(Other Disclosures continued)

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.

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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.

17. Annexes

Annex 1. Progress on Follow up of Auditors Recommendations.

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

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)
4	Independence of entity	Ensure structure approved by county assembly on 3 rd November is determined	Not Resolved	6 months
5	Submission of financial statement for the year 2020	Reporting was done by county executive since all operation is still centralised and there was no approved template from PSASB	Resolved	4 months

.....
To be Signed by the Accounting officer of the Entity

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Annex(ii): Inter Entity Transfers

MUNICIPALITY NAME:				
Breakdown of Transfers from the County Executive of Uasin Gishu County				
FY 2021-2022				
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
	Opening Balnace and receipts		9,781,775	F/Y20/21
	County Government		33,942,792	F/Y 20/21
		Total	43,724,567	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
	Opening balancw-UDG		610,640,513	F/Y 19/20
	County Development		28,958,673	F/Y/20/21
		Total	639,599,186	
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			0	
			0	
		Total	0	

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



10 JAN 2023

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

 Sign.....

 DIRECTOR FINANCE

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Annex (iii): Work in Progress.

WORK IN PROGRESS (WIP)			
No.	Sub item Description	Payee	Amount
1	Other Infrastructure and Civil Works	PINNIE AGENCY LIMITED	93,096,801.00
2	Other Infrastructure and Civil Works	PINNIE AGENCY LIMITED	83,124,242.00
3	Other Infrastructure and Civil Works	PINNIE AGENCY LIMITED	3,248,880.00
4	Refurbishment of Non-Residential Buildings	DAMA SERVICES LIMITED	5,168,800.00
5	Refurbishment of Non-Residential Buildings	PINNIE AGENCY LIMITED	3,165,758.00
			187,804,481.00

Annex (iv): Furnitures /office equipments and motor vehicles (Assets) assigned to the Municipality of Eldoret

N O	CATEGORY OF ASSETS.	QUANTITY.		STATUS.	LOCATION	REMARKS.
FURNITURE AND EQUIPMENTS.						
1	<u>CHAIRS</u> -EXECUTIVE -SECRETARIAL- -ARMS CHAIR -STEEL -CONFERENCE -SOFA SET	4 14 3 4 2 35 2 SETS		GOOD GOOD BAD GOOD GOOD GOOD GOOD	MUNICIPALITY MUNICIPALITY MUNICIPALITY MUNICIPALITY MUNICIPALITY MUNICIPALITY MUNICIPALITY	
2	<u>TABLES</u> -EXECUTIVE- -CONFERENCE -SECRETARIAL -NORMAL TABLE -PHOTOCOPY	6 1 2 7 2 1		GOOD DEFECTIVE GOOD GOOD GOOD GOOD	MUNICIPALITY MUNICIPALITY MUNICIPALITY MUNICIPALITY MUNICIPALITY MUNICIPALITY	
3	-COAT HUNGER	2		GOOD	MUNICIPALITY	
ICT.						
1	DESK TOP	1		GOOD	MUNICIPALITY	
2	PRINTER	2		GOOD	MUNICIPALITY	

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3	PHOTOCOPY MACHINE	1		GOOD	MUNICIPALITY	
4	LAP TOP	1		GOOD	MUNICIPALITY	
5	PROJECTOR	1		GOOD	MUNICIPALITY	
ELECTRONICS.						
1	WATER DISPENSER	2		GOOD	MUNICIPALITY	
2	WATER HEATER	1		GOOD	MUNICIPALITY	
3	EXTENSION	3		GOOD	MUNICIPALITY	
VEHICLE'S						
1	27 CG 056A		CHEVROLET	GOOD	MUNICIPALITY	
2	KBQ 193 Q	1	MISTUBISHI PAJERO	SERVICE	MUNICIPALITY	
3	KAR 553L	1	TOYOTA UP	GOOD	MUNICIPALITY	
4	KBZ 352D	1	ISUZU SKIP LOADER	GOOD	MUNICIPALITY	
5	KCA 479F	1	ISUZU SKIP LOADER	GOOD	MUNICIPALITY	
6	KCA 480F	1	ISUZU SKIP LOADER	GOOD	MUNICIPALITY	
7	KCA 481F	1	ISUZU SKIP LOADER	GOOD	MUNICIPALITY	
8	KCA 286F	1	ISUZU SKIP LOADER	GOOD	MUNICIPALITY	
9	KBJ 717U	1	ISUZU SKIP LOADER	GOOD	MUNICIPALITY	
10	27 CG251A	1	HOWO SKIP LOADER	GOOD	MUNICIPALITY	
11	27 CG 252A	1	HOWO SKIP LOADER	GOOD	MUNICIPALITY	
12	27 CG 253A	1	HOWO SKIP LOADER	GOOD	MUNICIPALITY	
13	27 CG 057A	1	MAN SKIP LOADER	GOOD	MUNICIPALITY	
14	KAR 147L	1	MASSEY FURGUSIN	NOT IN USE	MUNICIPALITY	
15	KBY 671C	1	NEW HOLLAND	NOT IN USE	MUNICIPALITY	

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Annex (v): Approved supplementary budget indicating rollovers.

VOTE D4331 UASIN GISHU -ELDORET MUNICIPALITY											
Development Expenditure VOTE BOOK STATUS REPORT - FOR THE PERIOD FROM JUL-21 TO JUL-22											
Head	Sub Head	ITEM-SOURCE-PROGRAMME- GEOGRAPHICAL	TITLE AND DETAILS	Printed Estimate	Reallocation/ Transfer	Supplementary Estimates	Approved Estimates (Net)	Cumulative Expenditure	Outstanding Commitments	Total Payment Commitments	Balance
				Kes	Kes	Kes	Kes	Kes	Kes	Kes	Kes
0001			Eldoret Municipality								
	02		Engineering Management								
		3110401-00001001-0204084310-43100001	Major Road	0	0	178,120,547	178,120,547	178,120,534	0	178,120,534	13
		3110499-00001001-0204084310-43100001	Construction of Roads - Other	0	0	90,789,894	90,789,894	85,005,413	5,106,905	90,112,318	677,576
		3110504-00001001-0204084310-43100001	Other Infrastructure and Civil Works	0	0	375,786,518	375,786,518	372,820,760	0	372,820,760	3,165,758
			GROSS EXPENDITURE	0	0	644,696,959	644,696,959	636,746,707	5,106,905	640,853,612	3,843,347
			Net Expenditure Sub Head 000102	0	0	644,696,959	644,696,959	636,746,707	5,106,905	640,853,612	3,843,347
	03		Urban Planning Management								
		3110302-00001001-0109024310-43100001	Refurbishment of Non-Residential Buildings	0	0	15,880,473	15,880,473	15,797,351	0	15,797,351	83,122
		3111401-00001001-0109024310-43100001	Pre-feasibility, Feasibility and Appraisal Studies	0	0	14,866,170	14,866,170	12,197,410	0	12,197,410	2,460,760
		3111402-00001001-0109024310-43100001	Engineering and Design Plans	0	0	120,028,854	120,028,854	54,855,413	65,051,441	119,906,854	120,000
		3111499-00001001-0109024310-43100001	Research, Feasibility Studies	40,513,692	0	13,282,204	53,795,896	38,266,311	10,475,784	48,732,095	5,093,801
			GROSS EXPENDITURE	40,513,692	0	163,855,701	204,369,393	121,106,486	75,527,224	196,633,710	7,735,683
			Net Expenditure Sub Head 000103	40,513,692	0	163,855,701	204,369,393	121,106,486	75,527,224	196,633,710	7,735,683
	06		Social Services								
		3111504-00001001-0503014310-43100001	Other Infrastructure and Civil Works	0	0	100,000,000	100,000,000	94,006,106	3,248,880	97,254,986	2,745,014
			GROSS EXPENDITURE	0	0	100,000,000	100,000,000	94,006,106	3,248,880	97,254,986	2,745,014
			Net Expenditure Sub Head 000106	0	0	100,000,000	100,000,000	94,006,106	3,248,880	97,254,986	2,745,014
			Net Expenditure Head 000100	40,513,692	0	908,562,660	949,066,352	850,859,299	83,883,010	934,742,308	14,324,044
			Total Net Expenditure vote D4331	40,513,692	0	908,562,660	949,066,352	850,859,299	83,883,010	934,742,308	14,324,044

