

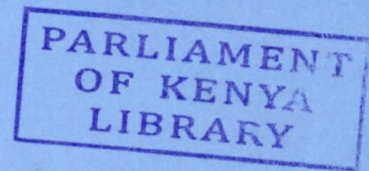
REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF



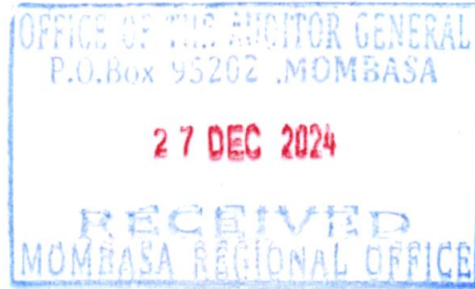
THE AUDITOR-GENERAL

ON

VOI MUNICIPALITY

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

PAPERS LAID	
DATE	25/2/2025
TABLED BY	Majority leader
COMMITTEE	
CLERK AT THE TABLE	Maulim



**THE MUNICIPALITY OF VOI
COUNTY GOVERNMENT OF TAITA TAVETA**

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

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

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1. Acronyms and Definition of Key Terms

A. Acronyms

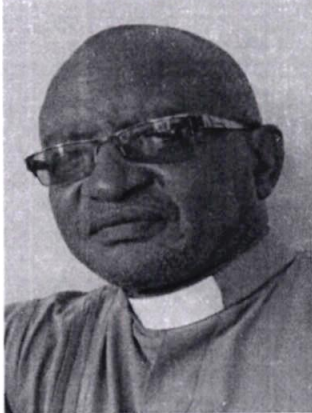


PSASB	Public Sector Accounting Standards Board
FY	Financial Year
OSHA	Occupational Safety & Health Act

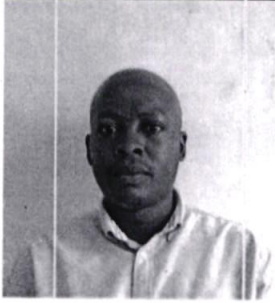


B. Definition of Key Terms



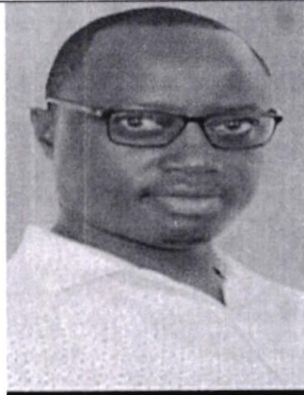
Fiduciary Management - Members of Management directly entrusted with the entity's financial resources.


Comparative Year- Means the prior period.

2. Municipality Board



Serial No.	Name	Details of qualifications and experience
1	 <p>Rev. Godfrey Mwarema Mwanjulu</p>	<p>Master of Development Studies from St. Pauls University. Bachelor of Divinity from St. Pauls University. Active priest since 1997. 2022 to date: Consultancy in Strategic Planning Partnering with AGILE Consulting. Football coach, trainer and technical director in cultural and community activities, gender and social justice.</p>
2	 <p>Ms. Valerie Mazola</p>	<p>Diploma in Secretarial Studies from Kianda Secretarial College Senior Course Administrator at International Committee of Red Cross Nairobi Senior Assistant Course Administrator Nairobi Head of Chancellery Unit (Information Manager)- ICRC Administrative Officer Executive Secretary -Bi-Lingual-Eng/Fre</p>
3	 <p>Mr. Benard Mnjala</p>	<p>Higher Diploma in Medical Education from KMTC Diploma in Registered Community Health Nursing Senior Management Course at KSG Has worked as a Registered Community Health Nurse till retirement in 2022</p>

4	 <p>Mr. Ahmed Kilui Itambo</p>	<p>Ahmed is focused, diligent, meticulous and a community driven individual. He was born on September 17th, 1985. He holds a Bsc. Information Systems and Technology [honors] degree attained from the University States International University [USIU] in 2011. He worked with Dhanush info tech as a Database Administrator/ Oracle Technically Consultant and an Integrated Financial Management Information System [IFMIS] trainer from July 2012 to October 2013. After leaving Dhanush he joined the Kenya Polytechnic as a Lecturer in Computer Science from May 2011 to May 2012. He then left formal employment and ventured in Agri business from October 2013 to date and later started providing event chef & catering services from January 2016 to date.</p>
5	 <p>Mr. Idris Mwakio Rajab</p>	<p>Bachelor of Social Sciences from University of Nairobi Sales Manager with various institutions since 2000 to April 2024. May 2024 to date, regional Business Manager with Sun King - Mountain</p>
6	 <p>Ms. Emily Mbashu</p>	<p>Government Secretarial 1972-1988: Ministry of Lands and Settlement 1989-1999: Ministry of Labor (Judges Chambers) 2000 - to retirement: Department of Defence Commandants Office 2015-2017: Board Member TAVEVO</p>


		<p>2016-2018: Chairperson Board of Directors at Kenya Redcross Taita Taveta</p> <p>2015-2017: Diploma in County Governance from Taita Taveta University</p> <p>1977-1978: Business English, Commerce and Office Management from Kenya Polytechnic</p>
7	 <p>CPA Wilson Mwakesi</p>	<p>CPAK, B Com Finance and Banking with 15 years' experience on Finance, Banking and Accounting</p>
8	 <p>Hon. Elizabeth Mkongo</p>	<p>CECM- Lands Taita Taveta County</p> <p>Bachelor's degree in Business Administration.</p> <p>Diploma in IT JKUAT.</p>
9	 <p>Jimmy Megirori Mtawa</p>	<p>CCO- Lands Taita Taveta County</p> <p>Bachelor of Laws(LLB)-Second Class Honours-University of London</p> <p>Bachelor of Science in Criminology & Security Management-Dedan Kimathi University of Technology</p> <p>Diploma in Security Management-Kenya Institute of Studies in Criminal Justice</p>

10		<p>Municipality Manager</p> <p>The Principal Administrator by designation acting Municipal Manager Voi. His career began back is 1991 when he was enlisted with the Kenya police service, where he worked as investigator, DCI, OCS and instructor.</p> <p>Later in 1999 he joined the local authority as an Administrative officer, later as the deputy town Clerk Taveta and also the Town Administrator Voi for over Ten years.</p> <p>He also works as an Administrator in the Governor’s office for over three years, and Wundanyi Sub county Administrator for over two years.</p>
	Gabriel Katuta	<p>He has worked in Various departments governor’s office, agriculture, Fisheries and livestock and in the department of public service and administration as a principal Administrator.</p> <p>He attended senior Management course at Kenya School of Administration lower Kabete and strategic leadership development in the same institution amongst many others.</p>

3. Key Management Team

S/ No	Name	Details of qualifications and experience
1.	 <p data-bbox="272 752 464 786">Gabriel Katuta</p>	<p data-bbox="746 342 1038 376">Municipality Manager</p> <p data-bbox="746 398 1390 651">The Principal Administrator by designation acting Municipal Manager Voi. His career began back is 1991 when he was enlisted with the Kenya police service, where he worked as investigator, DCI, OCS and instructor.</p> <p data-bbox="746 674 1390 875">Later in 1999 he joined the local authority as an Administrative officer, later as the deputy town Clerk Taveta and also the Town Administrator Voi for over Ten years.</p> <p data-bbox="746 898 1390 1099">He also works as an Administrator in the Governor’s office for over three years, and Wundanyi Sub county Administrator for over two years.</p> <p data-bbox="746 1122 1390 1323">He has worked in Various departments governor’s office, agriculture, Fisheries and livestock and in the department of public service and administration as a principal Administrator.</p> <p data-bbox="746 1346 1390 1536">He attended senior Management course at Kenya School of Administration lower Kabete and strategic leadership development in the same institution amongst many others.</p>
2.	 <p data-bbox="272 1861 671 1895">Constance Marura Mwachinga</p>	<p data-bbox="746 1570 1118 1603">SENIOUR ACCOUNTANT</p> <p data-bbox="746 1626 1310 1659">Bachelor of Commerce- Accounting option</p> <p data-bbox="746 1682 847 1715">CPA-K</p> <p data-bbox="746 1738 1038 1771">Member number 33731</p> <p data-bbox="746 1794 1038 1827">Over 3years experience</p>

**County Government of Taita Taveta
Municipality of Voi
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3.	 Anne Mshimba	PROCUREMENT OFFICER Bachelor of Business Management & Supply Chain Management- KEMU. Procurement officer for 5 years.
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4. Municipality Board Chairperson's Report

Board Chairs Report

It is my pleasure to present, on behalf of the Municipality of Voi Board financial statements for the year ended 30th June 2024. The financial statements present the financial performance of the fund over the past year.

Sustainability

The Municipality and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and its resource mobilization and financing capabilities with an objective of ensuring that the Municipality's going concern is secured.

The Municipality has conducted a basic assessment of available options for feasible financing tools that would assure its long-term sustainability. The Municipality has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options like own source revenue.

Board and Management Changes

The Board was appointed and gazetted by the Governor of the County Government of Taita Taveta on 4th April 2024 vide Kenya gazette Vol. CXXVI – No. 42 dated 5th April 2024; as per the urban areas and cities act 2011 revised in 2022.(14. (1), which states that a Board of a municipality shall consist of nine members appointed by the County Governor with the approval of the county assembly. (2) The members of the board appointed under subsection (1) shall be constituted as follows— (a) **the county executive member for the time being responsible for cities and urban areas or his representative**; (b) three members who shall be appointed by the county governor, with the approval of the county assembly; (c) four members who shall be nominated by an association and appointed by the county governor, with the approval of the county assembly; (d) **the chief officer responsible for urban development**; and (e) the municipal manager appointed under section 28 who shall be the secretary of the board and an ex officio member of the Board.)

Review of performance

Income

In the year ended 30th June 2024, the Municipality had projected revenue of Kshs 2,200,000 from Exchequer issues.

Expenditures

The total expenditures during the period amounted to Kshs 706,708 representing an absorption rate of 32 % recurrent activities.

Future outlook

The outlook of the Fund for 2024/2025 looks brighter. The municipality focus is to build a robust and sustainable Municipality with a motivated workforce and structures that enhance efficiency and effectiveness in service delivery. The Municipality looks forward to continued support from the County Government and development partners to the realization of its mandate.

Challenges faced

One of the challenges faced in the year under review is the flow of funds and in adequate financial statement notes to explain expenditures.

Appreciation

I take this opportunity to express my sincere gratitude and appreciation to the County Government, development partners, stakeholders, management, staff and fellow Board Members for their continued support.

I look forward to your continued support in the year 2024/2025



Sign:

Name: Rev. Godfrey Mwanjulu

Chairperson of the Board

5. Report of the Municipality Manager

It is my pleasure to present the Municipality of Voi Board Financial Statements for the year ended 30th June 2024. The financial statements present the financial performance of the Municipality over the past year.

The Municipality of Voi was conferred a charter as per the powers conferred by section 9(1) and 9(4) of the Urban Areas and Cities Act, (No. 13 of 2011) as complemented by section 72 of the Interpretations and General Provisions Act (Chapter 2), gazetted on 4th August 2023 in Kenya Gazette notice No.10135.

Financial Performance

a) Revenue

In the year ended 30th June 2024, the Board had been allocated Kshs 2,200,000 being transfers from exchequer issues.

Out of the, allocated amount, the Board was able to realize Kshs 750,000 in actual transfers from the county government, representing 34% performance.

The table below shows an analysis of revenue performance during the year ended 30th June, 2024.

Revenue Classification	Revenue Budget (Ksh)	Actual (Ksh)	Realization (%)
Exchequer releases	-	-	0%
Transfer from the County	2,200,000	750,000	34%
Balance BF 2023/2024	-	-	0%
Total	2,200,000	750,000	34%

Table 1: Revenue performance in FY 2023/2024

b) Payments

In the year under review, the Board had projected expenditures of Kshs 2,200,000 and was able to utilize a total of Kshs. 706,708 representing an absorption rate of 32%.


c) Cash flows

In the FY 2023/2024, the cash and cash equivalents amounted to Kshs 43, 293 as at 30th June 2024.

d) Conclusion

FY 2023/2024 was a good year in general. Good progress was made and the momentum has been created to enable The Municipality of Voi continue on a trajectory into prosperity.

I take this opportunity to thank the Board Members for their support. I would also want to thank all staff whom we have worked hand in hand to ensure that The Municipality of Voi Board achieves its mission.

Signed: 
Name: **Gabriel Katuta**
Municipality Manager

6. Statement of Performance against Predetermined Objectives for the FY 2023/2024

The key development objectives of the Municipality plan for the year 2023/2024 are to:

- a) Provide quality physical infrastructure.
- b) Urban planning.
- c) Urban governance and administration

**County Government of Taita Taveta
Municipality of Voi
Annual Report and Financial Statements for the year ended June 30, 2024**

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Urban planning	To control urban development	To create orderly development in urban areas	Number of developments conforming with rules and regulations governing urban development	In FY under review the Municipality controlled developments to conform with the existing rules and regulation 100%.
Provide quality Physical Infrastructure.	Improve on the working environment	Conducive operating environment	Number of Physical Infrastructure developed	
Urban Governance and Administration	Set up Governance and Administration structures	Create a harmonious and operational Municipality structure	Organization structure in place	In the financial year under review, the Municipality in collaboration with other Municipalities developed the Municipalities organisation structure.

7. Key Entity Information and Management

a) Background information

The Municipality of Voi is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011(Revised 2022) and Municipal Charter on 13th June 2023. The Municipality is under the County Government of Taita Taveta and is domiciled in Kenya.

b) Principal Activities

The principal activity/mission/mandate of the Municipality is to ...

- i. Promotion, regulation, and provision of refuse collection and solid waste management services;
- ii. Promotion and provision of water and sanitation services and infrastructure (in areas within the Municipality not served by the Water and Sanitation Provider);
- iii. Construction and maintenance of urban roads and associated infrastructure;
- iv. Construction and maintenance of storm drainage and flood controls;
- v. Construction and maintenance of walkways and other non-motorized transport infrastructure;
- vi. Construction and maintenance of recreational parks and green spaces;
- vii. Construction and maintenance of street lighting;
- viii. Construction, maintenance, and regulation of traffic controls and parking facilities;
- ix. Construction and maintenance of bus stands, boda-boda stands, and taxi stands;
- x. Regulation of outdoor advertising;
- xi. Construction and regulation of municipal markets and abattoirs;
- xii. Construction and maintenance of fire stations; provision of fire-fighting services, emergency preparedness and disaster management;
- xiii. Promotion, regulation, and provision of municipal sports and cultural activities;
- xiv. Promotion, regulation, and provision of animal control and welfare;
- xv. Development and enforcement of municipal plans and development controls;
- xvi. Municipal administration services (including construction and maintenance of administrative offices); and
- xvii. Promoting and undertaking infrastructural development and services within the Municipality.

Key Management

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

- County Department in charge of Municipalities
- Board of Management
- Accounting Officer/ Municipality Manager
- Management

Board of Management

Ref	Name	Position
1.	Rev. Godfrey Mwanjulu	CHAIRMAN
2.	Vallerie Mazola	VICE CHAIRPERSON
3.	Benard Mnjala	MEMBER
4.	Wilson Mwakesi	MEMBER
5.	Ahmed Itambo	MEMBER
6.	Idris Mwakio	MEMBER
7.	Emily Mbashu	MEMBER
8.	Jimmy Mtawa	CCO LANDS
9.	Elizabeth Mkongo	CECM LANDS
10.	Gabriel Katuta	MUNICIPAL MANAGER

c) Fiduciary Management

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

Ref	Position	Name
1.	THE MUNICIPALITY MANAGER	GABRIEL KATUTA
2.	ACCOUNTANT	CPA CONSTANCE MARURA
3.	PROCUREMENT OFFICER.	ANNIE MSHIMBA

d) Fiduciary Oversight Arrangements

Audit and Risk Management Committee

- i) County Assembly committees
- ii) Committees of the Senate

e) Registered Offices

P.O. Box 31 - 80300
The Municipal Building
Kariokor Road
VOI, KENYA

f) Contacts

Telephone: (+254) 790604669
E-mail: voimunicipality@gmail.com

g) Bankers

Equity bank account number 0790284839656
Voi Branch.
Njiiri Plaza
P.O Box 325-80300
VOI

h) Independent Auditor

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

i) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

8. Corporate Governance Statement

a) Process of appointment and removal of Board members.

The Municipality of Voi Charter of 2023 provides that the Board of the Municipality shall be made up of Nine (9) Members, and shall consist of a chairperson and eight (8) other members identified for appointment through a competitive process. The board of municipality is responsible for the long-term strategic direction of the Municipality. The board of municipality exercises leadership, enterprise, integrity and judgment in directing the municipality

The Members are provided with full, appropriate and timely information that enables them to maintain full and effective control over the strategic, financial, operational and compliance issues. The day-to-day running of the operations of the Municipality is delegated to the Municipality Manager but the Board Members are responsible for establishing and maintaining the Municipality's system of internal controls for the realization of its mandate of providing financial support for improved access to water and sanitation in areas without adequate services.

b) Roles and functions of the Municipality Board members,

The Municipality of Voi Board performs functions are vested in Boards of Municipalities under the Urban Areas and Cities Act, the County Government Act and the Municipality Regulations.

The Board is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. Essential to the establishment of a corporate governance framework in the Municipality, is a formal governance structure with the Board at its apex. The structure is designed to ensure an informed decision-making process based on accurate reports to the Board.

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

Plans were under way to undertake an induction programme to the Members of the Board. This was scheduled to take place in the beginning of the Financial 2024/2025 at Kenya School of Government, Mombasa.

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

The Board of the Municipality of Voi held one inception meeting for the year under review and all members were present in the meeting. In the financial year 2024/2025, the Board will hold its meetings on quarterly basis as provided by the Urban Areas and Cities Act 2011.

f. Existence of a service charter

The Municipality of Voi was conferred a charter as per the powers conferred by Section 9(1) and 9(4) of the Urban Areas and Cities Act, (No. 13 of 2011) as complemented by section 72 of the Interpretations and General Provisions Act (Chapter 2), gazetted on 28th August 2023 in Kenya Gazette Vol. CXXV- No. 175, Gazette Notice No. 10135. The Municipality is working towards developing a service charter.

g. Conflict of interest

None of Board members declared interest in regard to the Board business agenda.

h. Board remuneration,

The Board members serve on part time basis and are entitled to sitting allowances when they attend Board and Committee meetings of the Board. In addition, they are entitled to commuter allowance and telephone allowance which is paid monthly.

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

During the year under review the Board had not conducted any ethics, conduct and Governance Audit. The Board's Audit, Risk management and Governance committee and internal Auditors are tasked with the responsibility of ensuring that corporate governance and integrity is enhanced in the governance of the Municipality. The committee was established to advice the Board on institutional risk management and compliance.

9. Statement of Compliance

The Board confirms that the Municipality has throughout the FY2023/2024 complied with all statutory and regulatory requirements and that the Municipality has been managed in accordance with the principles of good corporate governance.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

The Board is responsible for reviewing the effectiveness of the Municipality's system of internal control which is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against unauthorized use or disposition and the maintenance of proper accounting records and the reliability of financial information used within the business or for publication. These controls are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss.

Standing Instructions

The Municipality is enforcing the already existing code of ethics regulating the Taita Taveta County Public Service. Further, the Municipality will develop a service delivery charter which will guide on the service delivery standards.

Organization Structure

A transitional organizational structure exists, detailing lines of authority and control responsibilities. The professionalism and competence development of staff is maintained through the implementation of the Taita Taveta County Human Resource Management policy manual and other subsidiary policies which guide on Human resource management and development.

Strategic Plan

The direction of the Municipality is determined by the Integrated Development Plan and the Strategic plan. The strategic plan sets out the objectives of the Municipality, and the annual targets to be achieved to attain those objectives. The strategic plan is a five year plan evaluated annually to assess the achievement of those objectives. The Board on annual basis approves the work plan supported by the financial plan for the year. Progress against the plan is monitored on a quarterly basis. The Municipality is in the process of developing an Integrated Development Plan and a Strategic plan.

Internal Control Framework

The Municipality has an internal control framework to ensure maintenance of a strong and effective internal control environment, a risk-based audit plan, which provides assurance over key business processes, operational and financial risks facing the Municipality.

The audit and risk committee considers significant control matters raised by management, the internal and external auditors, and reports its findings to the Board. In the event of any weaknesses identified the Board ensures that management takes appropriate action.

Management Team

The management team headed by the Municipal Manager implements the Board decisions and policies through action plans. The team meets regularly to review these action plans to ensure that the board's objectives are achieved effectively and efficiently

10. Management Discussion and Analysis

The Board has continued to grow since its inception and the management has put measures in place to safeguard against any risks.

The management has ensured that we comply with statutory requirements relating to the functions of the board and also making sure that there is no any form of non-compliance.

BUSINESS PERFORMANCE

Revenue

The Board has so far received Kshs.750,000 of the allocated amount of kshs.2, 200,000 for the year.

Cash flow

The cash and cash equivalents amounted to Ksh.43,293

OPERATIONAL PERFORMANCE

The Municipality of Voi core operating activities is to elevate the life standards of Voi residents, within its boundaries such as Refuse collection and solid waste management services, Construction and Maintenance of Municipality urban roads, storm drainage and flood controls, walkways and other non-motorized transport infrastructure; Installation and Maintenance of street lighting; Construction, Maintenance and regulation of municipal markets and abattoirs and many others as outlined in the charter .

Conclusion

We appreciate the unrelenting support from the board members, management, staff, the county government, development partners and all the key stakeholders. We look forward to the continued partnerships and cooperation in areas of mutual interest in the FY 2023/2024.

11. Environmental And Sustainability Reporting

1. Sustainability strategy and profile

The municipality has continued to structure its programs towards development projects and activities that depict high sense of value for money and goes a long way in alleviating the residents suffering and improving their ease of doing business. In the year under review the Municipality has developed a transfer of function guide document approved by the cabinet and the municipality organogram approved by the county public service, which is a sure way to make the Municipality more sustainable in continuing discharging its mandate as stipulated in the municipality charter

2. Environmental performance

To promote sustainable land use and environmental conservation, the Municipality has engaged an environmental and social safeguard officer to be undertaking feasibility studies as well as environmental impact assessments to all its project activities.

3. Employee welfare

The Municipality revamped its efforts in improving the welfare of its employees as a key ingredient to employee motivation and satisfactory work performance.

4. Market place practices

To entrench the spirit of competition in its activities, The Municipality during the year under review embraced E-Procurement when sourcing of goods and services. The system will enhance openness and transparency as tenders will be advertised on the local dailies and also posted on the IFMIS portal hosted at The National Treasury. The same will be opened, evaluated, awarded, inspected and received through the system hence sealing loopholes of any collusion that might occur.

a) Responsible competition practice.

The Municipality Management ensured that all tenders will be widely advertised and open to the public for bidding.

b) Responsible Supply chain and supplier relations

The Municipality management has been ensuring that its relationship with suppliers is cordial and all the communication is done both to the successful and unsuccessful bidders and ensured that suppliers were paid on time.

c) Responsible marketing and advertisement

All tender advertisements were done in the public procurement tender portal, county government website and in the dailies.

d) Product stewardship

The management ensured that all the projects complied with NEMA, Environmental and Social safeguards, by fully engaging an expert in this area.

5. Community Engagements

The Municipality through its various Departments and in collaboration with other stakeholders has been engaging in various community initiatives that have helped improve people's living standards. Several public participation exercises were conducted to collect views and contributions from the Voi residents on issues such proposed projects, progress reports, budgets, etc having a bearing on service delivery.

12. Report of the Municipality Board Members

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

Principal activities

The principal activities of the Municipality are

The principal activity/mission/ mandate of The Municipality is;

- i. Promotion, regulation, and provision of refuse collection and solid waste management services;
- ii. Promotion and provision of water and sanitation services and infrastructure (in areas within the Municipality not served by the Water and Sanitation Provider);
- iii. Construction and maintenance of urban roads and associated infrastructure;
- iv. Construction and maintenance of storm drainage and flood controls;
- v. Construction and maintenance of walkways and other non-motorized transport infrastructure;
- vi. Construction and maintenance of recreational parks and green spaces;
- vii. Construction and maintenance of street lighting;
- viii. Construction, maintenance, and regulation of traffic controls and parking facilities;
- ix. Construction and maintenance of bus stands, boda-boda stands, and taxi stands;
- x. Regulation of outdoor advertising;
- xi. Construction and regulation of municipal markets and abattoirs;
- xii. Construction and maintenance of fire stations; provision of fire-fighting services, emergency preparedness and disaster management;
- xiii. Promotion, regulation, and provision of municipal sports and cultural activities;
- xiv. Promotion, regulation, and provision of animal control and welfare;
- xv. Development and enforcement of municipal plans and development controls;
- xvi. Municipal administration services (including construction and maintenance of administrative offices); and
- xvii. Promoting and undertaking infrastructural development and services within the Municipality.

Performance

The financial performance of the Municipality for the year ended June 30, 2024 is set out on page 1

Board Members

The members of the Board who served during the year are as shown in the table below.

Ref	Name	Position
1.	Rev Godfrey Mwanjulu	CHAIRMAN
2.	Vallerie Mazola	VICE CHAIRPERSON
3.	Benard Mnjala	MEMBER
4.	Wilson Mwakesi	MEMBER
5.	Ahmed Itambo	MEMBER
6.	Idris Mwakio	MEMBER
7.	Emily Mbashu	MEMBER
8.	Jimmy Mtawa	CCO LANDS
9.	Elizabeth Mkongo	CECM LANDS
10.	Gabriel Katuta	MUNICIPAL MANAGER

Auditors

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

By Order of the Board



.....
Name: Gabriel Katuta
Secretary of the Board

13. Statement of Management's Responsibilities

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

The Municipality manager is responsible for the preparation and presentation of the Municipality's financial statements, which give a true and fair view of the state of affairs of the Municipality for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Municipality, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) Safeguarding the assets of the Municipality, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Municipality Manager accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *Urban Areas and Cities Act No. 13 of 2011*. The Municipality Manager is of the opinion that the financial statements give a true and fair view of the state of Municipality's transactions during the financial year ended June 30, 2024, and the financial position as at that date.

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

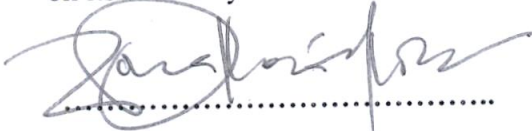
In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern. Nothing has come to the attention of the Municipality Manager to indicate that the

**County Government of Taita Taveta
Municipality of Voi
Annual Report and Financial Statements for the year ended June 30, 2024**

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's financial statements were approved by the Board on 19th September, 2024 and signed on its behalf by:



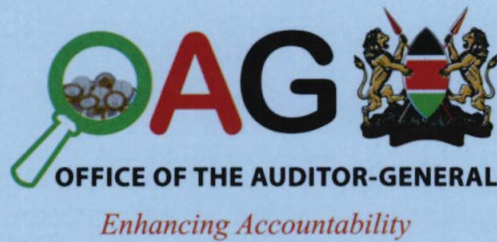
**Name: Rev. Godfrey Mwanjulu
Chairperson of the Board**


.....

**Name: Gabriel Katuta
Accounting officer of the Board**

REPUBLIC OF KENYA

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



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

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

PREAMBLE

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

- A. Report on 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.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of the Municipality of Voi set out on pages 1 to 44 which comprise the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Municipality of Voi as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparative basis of Kshs. 2,200,000 and Kshs.750,000 respectively, resulting to income shortfall of Kshs.1,450,000 or 66% of the budget. Similarly, the Fund Management spent Kshs.706,708 against an approved budget of Kshs.2,200,000 resulting to an under-expenditure by Kshs.1,493,293 or 68% of the budget.

The income shortfall and under- expenditure may have constrained delivery of services to the public.

My opinion is not modified in respect to this matter.

Key Audit Matters

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

Other Information

Conclusion

Management is responsible for the other information set out on page iv to xxxiii which comprise of Key Entity Information and Management, Statement of performance Against Municipality Predetermined Objectives, Corporate Governance Statement, Environmental Sustainability Reporting, Report of Municipality Board Members and Statement of Management Responsibilities. The other information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES.

Conclusion

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

Basis for Conclusion

1. Failure to Provide Urban Area Integrated Development Plan

Review of management records reflects that the Municipality did not have an approved Urban Area Integrated Development Plan contrary to Section 9 (3) (b) of the Urban Areas

and Cities Act, 2011 (amended in 2019) which states that, 'a town is eligible for the conferment of municipal status under this Act if the town satisfies a number of criteria including having an integrated development plan in accordance with this Act'.

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

2. Lack of Strategic Plan

The statement of comparison of budget and actual amounts reflects revenue and expenditure budget of Kshs.2,200,000 respectively. However, Management prepared and approved a budget contrary to Section 175 (1) of the Public Finance Management Act, 2012 on budget and budget process for urban areas and cities which requires an urban area or city to develop a strategic plan based on the integrated development plan that is consistent with the County Fiscal Strategy Paper.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and 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 the Management and Fund Management Committee

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 as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

27 December, 2024

County Government of Taita Taveta
Municipality of Voi
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15: Statement of Financial Performance for the Year Ended 30 June 2024

Description	Note	2023/2024	2022/2023
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from the County Government	5	750,000	-
Public contributions and donations	6	-	-
Levies Fines and Penalties	7	-	-
Other revenues (Specify)	8	-	-
		750,000	-
Revenue from exchange transactions			
Interest income	9	-	-
Miscellaneous Income	10	-	-
		-	-
Total revenue		-	-
Expenditure			
Use of goods and services	11	550,708	-
Staff costs	12	-	-
Board expenses	13	383,000	-
Finance costs	14	-	-
Depreciation and amortization	15	-	-
Repairs and maintenance	16	-	-
Total expenses		933,708	-
Other gains/losses			
Gain/loss on disposal of assets	17	-	-
Surplus/(deficit) for the period		(183,708)	-

The notes set out on pages iii to xiii form an integral part of these Financial Statements. The entity financial statements were approved on 19th September, 2024 and signed by:

.....

Name: Gabriel Katuta
Municipality Manager

.....

Name: CPA Mwachinga Constance
Head of Finance
ICPAK M/No 33731

County Government of Taita Taveta
Municipality of Voi
Annual Report and Financial Statements for the year ended June 30, 2024

16. Statement of Financial Position as At 30 June 2024.

Description	Note	2023/2024	2022/2023
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	18	43,293	-
Receivables from exchange transactions	19		-
Receivables from non-exchange transactions	20	-	-
Prepayments	21	-	-
Inventories	22	-	-
Total current assets		43,293	-
Non-current assets			
Property, plant, and equipment	23	-	-
Intangible assets	24	-	-
Total Non-current Assets		-	-
Total assets (A)		43,293	-
Liabilities			
Current liabilities			
Trade and other payables	25	227,000	-
Refundable deposits from customers	26	-	-
Provisions	27	-	-
Borrowings	28	-	-
Employee benefit obligations	29	-	-
Deferred Income	30	-	-
Social Benefits	31	-	-
Total current liabilities		227,000	-
Non-current liabilities			
Provisions	27	-	-
Borrowings	28	-	-
Non-current employee benefit obligation	29	-	-
Deferred Income	30	-	-
Social Benefits	31	-	-
Total liabilities (B)		227,000	-

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Description	Note	2023/2024	2022/2023
		Kshs.	Kshs.
Net Assets (A-B)		(183,708)	-
Represented by:			
Capital/Development Grants/Fund		-	-
Reserves		-	-
Accumulated surplus		(183,708)	-
Net Assets/Equity		(183,708)	-

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 19th September, 2024 and signed by:



.....
Name: Gabriel Katuta
Municipality Manager

Date:



.....
Name: CPA Constance Mwachinga
Head of Finance

ICPAK M/No 33731

Date:

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

Description	Capital/ Development Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
Bal as at 1 July 2022	-	-		-
Surplus/(deficit) for the year				-
Funds received during the year	-	-		-
Revaluation gain/loss	-	-		-
Bal as at 30 Jun 2023	-	-		-
Bal as at 1 July 2023	-	-		-
Surplus/(deficit) for the year		-	(183,708)	(183,708)
Funds received during the year	-	-		-
Revaluation gain/loss	-	-	-	-
Balance as at 30 June 2024	-	-	(183,708)	(183,708)

18. Statement Of Cash Flows for The Year Ended 30 June 2024

Description	Note	2023/2024	2022/2023
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government		750,000	
Public contributions and donations		-	-
Interest received		-	-
Miscellaneous receipts (Specify)		-	-
Total Receipts		750,000	-
Payments			
Use of goods and services		550,708	-
Staff costs		-	-
Board expenses		156,000	-
Finance costs		-	-
Total Payments		706,708	-
Net cash flows from operating activities	33	43,293	-
Cash flows from investing activities			
Purchase of PPE & intangible assets		-	
Proceeds from sale of PPE		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Receipts from Capital grants		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash equivalents		43,293	-
Cash And Cash Equivalents At 1 July	19	-	
Cash And Cash Equivalents At 30 June	19	43,293	-

*County Government of Taita Taveta
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19. Statement of Comparison of Budget & Actual Amounts for the Year ended 30 June 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
Revenue		Kshs.	Kshs.	Kshs.	Kshs.	
Transfers from the County Government	2,500,000	(300,000)	2,200,000	750,000	1,450,000	34%
Public contributions and donations	-	-	-	-	-	
Interest income	-	-	-	-	-	
Miscellaneous income (specify)	-	-	-	-	-	
Total Revenue	2,500,000	(300,000)	2,200,000	750,000	1,450,000	34%
Expenses						
Use of goods and services	1,700,000	-	1,700,000	550,708	1,149,293	32%
Board expenses	800,000	(300,000)	500,000	156,000	344,000	31%
Staff Costs	-	-	-	-	-	
Finance costs	-	-	-	-	-	
Total Expenditure	2,500,000	(300,000)	2,200,000	706,708	1,493,293	32%
Surplus for the period	-	-	-	43,293	(43,293)	
			-			

Budget notes

The allocated revenue was Kshs 2,200,000 what was actual realised was Ksh 750,000, non-utilisation of 66% was due to non-remittance of funds from the national treasury at the closure of the financial year.

20. Notes to the Financial Statements

1. General Information

The Municipality of Voi is established by and derives its authority and accountability from Urban Areas and Cities Act. The Municipality is under the Taita Taveta County Government and is domiciled in Kenya.

The Municipality principal activity is stated below:

- i. Promotion, regulation, and provision of refuse collection and solid waste management services;
- ii. Promotion and provision of water and sanitation services and infrastructure (in areas within the Municipality not served by the Water and Sanitation Provider);
- iii. Construction and maintenance of urban roads and associated infrastructure;
- iv. Construction and maintenance of storm drainage and flood controls;
- v. Construction and maintenance of walkways and other non-motorized transport infrastructure;
- vi. Construction and maintenance of recreational parks and green spaces;
- vii. Construction and maintenance of street lighting;
- viii. Construction, maintenance, and regulation of traffic controls and parking facilities;
- ix. Construction and maintenance of bus stands, boda-boda stands, and taxi stands;
- x. Regulation of outdoor advertising;
- xi. Construction and regulation of municipal markets and abattoirs;
- xii. Construction and maintenance of fire stations; provision of fire-fighting services, emergency preparedness and disaster management;
- xiii. Promotion, regulation, and provision of municipal sports and cultural activities;
- xiv. Promotion, regulation, and provision of animal control and welfare;
- xv. Development and enforcement of municipal plans and development controls;
- xvi. Municipal administration services (including construction and maintenance of administrative offices); and
- xvii. Promoting and undertaking infrastructural development and services within the Municipality.

2. Statement of Compliance and Basis of Preparation

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

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

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

3. Application of New and revised standards (IPSAS)

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.

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

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

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

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

iii. Early adoption of standards

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

Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the County Assembly on 20 June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Municipality upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Municipality

recorded additional appropriations of 2,500,000.00 on 15th November 2023 following the governing body's approval.

The Municipality's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 18 of these financial statements.

c) Property, plant and equipment

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

d) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets,

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excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

e) Financial instruments

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

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

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note 37*

Financial liabilities

Classification

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

f) Inventories

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

Raw materials: purchase cost using the weighted average cost method

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

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

g) Provisions

Provisions are recognized when the Municipality has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Municipality expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

h) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and/or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the needs of society as a whole. The entity recognises a social benefit as an expense for the social benefits scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

i) Contingent liabilities

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

j) Contingent assets

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

Reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs

k) Nature and purpose of reserves

The Municipality will create and maintain reserves in terms of specific requirements.

l) Changes in accounting policies and estimates

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

m) Employee benefits – Retirement benefit plans

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

n) Foreign currency transactions

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

o) Borrowing costs

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

p) Related parties

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

q) Cash and cash equivalents

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

r) Comparative figures

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

s) Events after the reporting period

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

Two types of events can be identified:

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

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(b) Those that are indicative of conditions that arose after the reporting date
The Municipality should indicate whether there are material adjusting and non- adjusting events after the reporting period.

t) Currency

The financial statements are presented in Kenya Shillings (Kshs.) and the values rounded off to the nearest shilling.

4. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made.

Estimates and assumptions

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

Useful lives and residual values

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

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

Notes to the Financial Statements

5. Transfers from the County Government

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	750,000	
Payments by County on behalf of the entity		
Unconditional development grants	-	
Total	750,000	-

(a) Transfers from County Government entities (Categorized)

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

6. Public Contributions and Donations

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

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7. Levies, Fines and penalties

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Levies	-	-
Fines	-	-
Penalties	-	-
Others (indicate and specify)	-	-
Total	-	-

8. Other Revenues from Non-Exchange Transactions

Description	2023/2024	2022/2023
	2023/2024	2022/2023
	Kshs.	Kshs.
Transfers from other government entities	-	-
Others (indicate and specify)	-	-

(Provide a brief explanation for this revenue)

9. Interest income

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Interest income from investments	-	-
Interest income on bank deposits	-	-
Others (Specify)	-	-
Total interest income	-	-

(Provide brief explanation for this revenue)

10. Miscellaneous income

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Income from sale of tender documents	-	-
Others (specify)	-	-
Total other income	-	-

11. Use of Goods and Services

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Utilities, supplies and services	48,750	
Communication, supplies and services	-	-
Domestic travel and subsistence	448,500	
Foreign travel and subsistence	-	
Printing, advertising, supplies & services	-	
Rent and rates	-	
Training expenses	-	
Hospitality supplies and services	53,000	
Insurance costs	-	
Specialized materials and services	-	
Office and general supplies and services		
Fuel, oil and lubricants	-	
Other operating expenses (Specify)	-	
Routine maintenance	-	
– vehicles and other equipment		
Routine maintenance – other assets	-	
Contracted Professional Services	-	
Audit fees	-	
Hire of Transport, equipment etc	-	
Bank Charges	458	
Social Benefit expenses*	-	-
Total	550,708	-

12. Staff costs

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Salaries and wages	-	-
Staff gratuity	-	-
Social security contribution	-	-
Other staff costs (Specify)	-	-
Total	-	-

13. Board expenses

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Chairman/Members' Honoraria	-	-
Sitting allowances	383,000	
Medical Insurance		-
Induction and Training	-	-
Travel and accommodation	-	-
Conference Costs	-	-
Other allowances (Specify)	-	-
Total	383,000	-

Sitting allowance include 156000 paid to board members and 227,000 board accrued expenses

14. Finance costs

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
Total	-	-

15. Depreciation and amortization

Description	2023/2024	2022/2023
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	-	-

16. Repairs and Maintenance

Description	2023/2024	2022/2023
	KShs	KShs
Property- Buildings	-	-
Office equipment	-	-
Furniture and fittings	-	-
Motor vehicle expenses	-	-
Maintenance of civil works	-	-
Total repairs and maintenance	-	-

17. Gain/(loss) on disposal of assets

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

18. Cash and cash equivalents

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Fixed deposits account	-	-
On – call deposits	-	-
Current account	43,293	-
Others(specify)	-	-
Total cash and cash equivalents	43,293	-

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

Financial institution	Account number	2023/2024	2022/2023
		Kshs.	Kshs.
a) a) Fixed deposits account			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
Sub- total		-	-
b) b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-

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Financial institution	Account number	2023/2024	2022/2023
		Kshs.	Kshs.
Sub- total		-	-
e) c) Current account			
Kenya Commercial bank			
Kenya Commercial bank			
Equity Bank - etc	0790284839656	43,293	-
d) Sub- total		-	-
d) Others(specify)		-	-
Cash in transit		-	-
Cash in hand		-	-
Mobile Money		-	-
Sub- total		-	-
Grand total		43293	

19. Receivables from exchange transactions

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Current Receivables		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total Current receivables (a)	-	-
Non-Current receivables		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total Non- current receivables (b)	-	-
Total	-	-

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Ageing analysis for Receivables from exchange transactions

Description	2023/2024		2022/2023	
	Kshs		Kshs	
	2023/2024	% of the total	2022/2023	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

20. Receivables from Non-Exchange transaction

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Transfer from County Executive	-	-
Transfer from XXXX Fund	-	-
Total	-	-

Ageing analysis for Receivables from non-exchange transactions

Description	2023/2024		2022/2023	
	Kshs		Kshs	
	2023/2024	% of the total	2022/2023	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

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21. Prepayments

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(specify)	-	-
Total	-	-

22. Inventories

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Stationery	-	-
Consumables	-	-
Other inventories(specify)	-	-
Total inventories at the lower of cost and net realizable value	-	-

23. Property, Plant and Equipment

Description	Land	Building	Motor vehicles	Furniture and fittings	Computers	Other Assets	Capital	Total
						(specify)	Work in progress	
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 1 July 20XX (previous year)	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
As at 30th June 2020	-							

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Description	La nd	Buil ding	Motor vehicles	Furniture and fittings	Com puter s	Other Assets	Capital	To tal
						(specif y)	Work in progress	
	Sh s	Shs	Shs	Shs	Shs	Shs	Shs	Sh s
Additions for the year	-							
Disposals for the year	-							
Transfer/adjustments	-							
As at 30th June 2021	-							
Depreciation and impairment								
At 1 July 2022								
Additions for the year	-							
Depreciation	-							
Impairment	-							
Transfers/ Adjustments	-							
As at 30 June 2023	-							
Depreciation for the year	-							
Disposals for the year	-							
Impairment for the year	-							
Transfer/adjustment	-							
As at 30th June 2024	-							

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24. Intangible assets

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

25. Trade and other payables from exchange transactions

Description	2023/2024		2022/2023	
	Kshs.		Kshs.	
Trade payables	-			
Retentions				
Accrued expenses	227,000			
Other payables (Specify)	-			
Total trade and other payables	227,000			
Ageing analysis:	Current FY	% of the Total	2022/2023	% of the Total
Under one year	227,000	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	227,000	%	-	%

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26. Refundable deposits from customers

Description	2023/2024		2022/2023	
	KShs		ksh	
Rent deposits	-		-	
Others (specify)	-		-	
Total	-		-	
Ageing analysis:	2023/2024		2022/2023	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

27. Provisions

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Balance at the beginning of the year	-	-
Additional Provisions (Specify)	-	-
Provision utilised	-	-
Balance at the end of the year	-	-
Current Portion of provision	-	-
Long term portion of provision	-	-
Total Provisions	-	-

28. Borrowings

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

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Short term borrowings (current portion)	-	-
Long term borrowings	-	-
Total	-	-

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Description	2023/2024	2022/2023
	Kshs.	Kshs.
Balance at beginning of the period	-	-
Borrowings during the year	-	-
Repayments of borrowings during the period	-	-
Balance at end of the period	-	-

The table below shows the Distribution of borrowings:

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
Total balance at end of the year	-	-

29. Employee Benefit Obligations

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

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30. Deferred Income

Description	2023/2024	2022/2023
	Kshs	Kshs
National/County Government	-	-
International Funding Bodies	-	-
Public Contributions and Donations	-	-
Total Deferred Income	-	-

The deferred income movement is as follows:

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

Include columns as needed for the various sources of income deferred

Analysed as:

Description	Amount
	Kshs
Current	-
Non- Current	-
Total	-

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31. Social Benefit Liabilities

Description	2023/2024	2022/2023
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
PWD benefit scheme		
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

32. Cash generated from operations

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax	43,293	-
Adjusted for:		
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
Net cash flow from operating activities	43,293	-

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33. 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.

b) Related party transactions

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Board Members	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Due from parent Ministry	-	-
Due from County Government	-	-
Due from County Assembly	-	-
Total	-	-

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e) Due to related parties

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Due to County Assembly	-	-
Total	-	-

34. Contingent liabilities

Contingent liabilities	2023/2024	2022/2023
	Kshs.	Kshs.
Court case xxx against the entity	-	-
Bank guarantees	-	-
Total	-	-

35. Contingent Assets

Contingent liabilities	2023/2024	2022/2023
	Kshs.	Kshs.
Court case xxx against the entity	-	-
Others Specify	-	-
Total	-	-

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36. Financial risk management

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

I. Credit risk

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

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
At 30 June 2024				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2023				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for

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uncollectible amounts that the Municipality has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Municipality has significant concentration of credit risk on amounts due from xxx.

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

II. Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 Jun 20XX (current year)				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 Jun 20XX (previous year)				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

III. Market risk

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

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

IV. Foreign currency risk

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

Description		Other currencies	Total
	Kshs.	Kshs.	Kshs.
At 30 June 2024			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables	-	-	-
Liabilities			
Trade and other payables	227,000	-	227,000
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

Foreign currency sensitivity analysis

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

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

V. Interest rate risk

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

Management of interest rate risk

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

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VI. Capital risk management

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

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Revaluation reserve	-	-
Capital/Development Grants/Municipality	-	-
Accumulated surplus	-	-
Total Funds	-	-
Total borrowings	-	-
Less: cash and bank balances	(-)	(-)
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-%	-%

37. Program for Results (PforR) Disclosure

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

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21. Appendices

Appendix 1. Progress on Follow up of Auditors Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)



.....
The Municipality Manager.

Appendix 2: Inter-Entity Transfers

MUNICIPALITY NAME:				
Breakdown of Transfers from the County Executive of xxx County				
FY 2023/2024				
a	Recurrent Grants	<u>Bank Statement</u> <u>Date</u>	<u>Amount</u> <u>(Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
		Total	-	
b	Development Grants	<u>Bank Statement</u> <u>Date</u>	<u>Amount</u> <u>(Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
		Total	-	
c	Direct Payments	<u>Bank Statement</u> <u>Date</u>	<u>Amount</u> <u>(Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
		Total	-	

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

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cmg.....

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

Appendix 3: Reporting of Climate Relevant Expenditures

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

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

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q 1	Q 2	Q 3	Q 4		

Appendix 4: Disaster Expenditure Reporting Template

Date:

Entity

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

