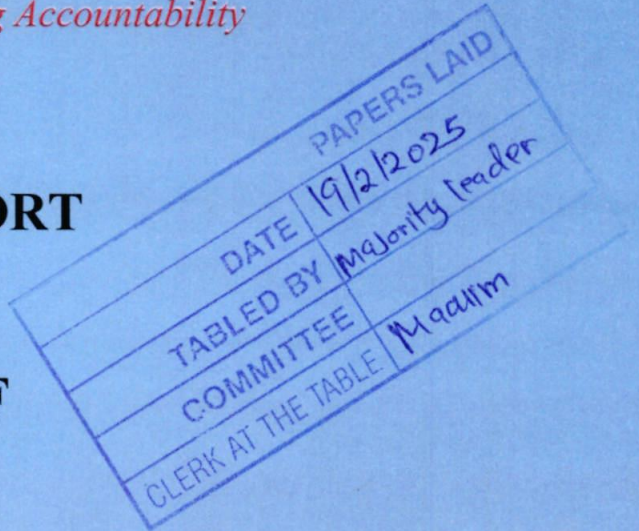


REPUBLIC OF KENYA



*Enhancing Accountability*



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**LITEIN MUNICIPALITY**

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



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**LITEIN MUNICIPALITY**  
*County Government of Kericho*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>TH</sup> JUNE 2024**

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

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**1. Acronyms & Glossary of Terms**

PSASB	Public Sector Accounting Standards Board
FY	Financial Year
OSHA	Occupational Safety and Health Act
Fiduciary Management in the entity.	Key management personnel who have financial responsibility

**2. Key Entity Information and Management**

**a) Background information**

LITEIN Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011 and Cities and Municipal Charter in 2016. The Litein Municipality is under the County Government of Litein and is domiciled in Kenya.

**b) Principal Activities**

The principal activity/mission/ mandate of the Municipality is to undertake and control Litein Town development, planning, environmental management among others.

**c) Municipality Board**

Ref	Position	Name
1.	Chairman of the Board	Dr. Raymond Kemboi
2.	County Executive Committee Member responsible for Cities and Urban areas.	Hon Brian Langat
3.	Board Member	Betsy Kirui
4.	Board Member	Gladys Soi
5.	Board Member	Joseph Rono
6.	Board Member	Samuel Mutai
7.	Municipality Manager	Isaac Bosuben
8.	Board Member	Beatrice Tonui
9.	Board Member	Leonard Cheruiyot

**d) Key Management**

<b>Ref</b>	<b>Position</b>	<b>Name</b>
1	Municipality Manager	Isaac Bosuben
2	Accountant	CPA Alfred Kipkemoi
3	Procurement Officer	Zipporah Ngeno
4	Physical Planner	Stanley Bett
5	Quantity Surveyor	Qs. Gilbert Rono
6	Building Superintendent	Richard Kilel
7	Surveyor	Elvis Ngetich
8	Environmental Safeguard Officer	Doreen Koskei

**e) Fiduciary Oversight Arrangements**

- i) Internal Audit and Risk Management Committee.
- ii) County Assembly committee on lands, Housing and physical planning.
- iii) Public Accounts Committee of the Senate.

**Audit and Risk Management Committee**

- Financial and performance reporting responsibilities
- Risk oversight and management
- System of internal control.

**County Assembly committees**

- Investigate, inquire into and report on all matters relating to county departments.
- Study the programmes and policy objectives of the departments and the effectiveness of implementation.
- Oversight and review all county legislation referred to it
- Assess the success of county departments on the basis of results achieved compared to the stated objectives.
- 

**Public Accounts Committee of the Senate.**

- Investigate, inquire into and report on all matters relating to county departments
- Study the programmes and policy objectives of the departments and the effectiveness of implementation
- Oversight and legislation.
- Review the success of county on the basis of results achieved compared to the stated objectives

**f) Registered Offices**

P.O. Box 112-20200  
Revenue Building  
Litein Kaplong Highway

**g) Contacts**

Telephone: (+254) 0720599452  
E-mail: [liteinmunicipal@Litein.go.ke](mailto:liteinmunicipal@Litein.go.ke)  
Website: [www.liteincounty.go.ke](http://www.liteincounty.go.ke)

**h) Bankers**

Commercial Bank  
SBM Bank Limited.  
P.O Box 34886-00100 Nairobi  
Litein Branch





**i) Independent Auditor**

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

**j) Principal Legal Adviser**

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

**3. Municipality Board**

Name	Details of qualifications and experience
<p>Dr Raymond Kemboi</p> 	<p>The Chairman holds PhD in Business Administration Finance from Kabianga University, Masters of Business Administration (Finance) University of Kabianga and an undergraduate Degree Business Administration (Finance) Maseno University. He is A member of Kenya Institute of Management. Dr Kemboi was born in 11 September 1983.</p>
<p>Cs Betsy Kirui</p> 	<p>Madam Cs Betsy holds an MBA in Strategic Management and CPS (K), Member of the Institute of Certified Public Secretaries of Kenya. Born in 15<sup>th</sup> January 1987, CS Betsy has vast experience in management of public sector affairs with over 10 years of experience. She is the current Chief Officer for Lands, Housing and Physical planning and acting Chief officer for county Public Service.</p>
<p>Gladys Soi</p> 	<p>Gladys is a member of the Board and a holder of an undergraduate Bachelor of Arts degree in Economics and Sociology. She is currently pursuing a Master of Business Administration Marketing option from the University. She was born in April 11<sup>th</sup> 1979.</p>
<p>Joseph Rono</p> 	<p>Mr. Rono, is a member of the Board representing Persons With Disabilities (PWDs). He is the Chairperson Municipal Services Committee of the Board. He holds a Higher Diploma in Electronic Engineering from the Industrial Rehab. He was born in February 9<sup>th</sup> 1977.</p>

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


<p>Rev Samuel Mutai.</p> 	<p>He is a member of the Board. He is also the chair Finance and Administration Committee of the Board. He holds a Master of Business Administration degree, Strategic Management Option from Kenyatta University as well as an undergraduate degree in Business Management from Moi University. He is currently pursuing a PhD in Strategic Management at Kenyatta University. He was born in July 3<sup>rd</sup> 1965.</p>
 <p>Hon Beatrice Tonui</p>	<p>She is a member of the Board. She holds a Diploma in Religious Studies and Diploma in Social Work and Community Development from Egerton University. She is the Chair of Municipal services Committee at Litein Municipal Board. She was born in August 7<sup>th</sup> 1967.</p>
<p>Isaac Bosuben</p> 	<p>He is a member of the Board. He holds a Master of Business Administration degree, Strategic Management Option from University of Nairobi as well as an undergraduate degree in Commerce (Marketing Option) from University of Nairobi. He is currently pursuing a PhD in Business Administration Marketing at University of Kabianga. He further has been done Administrative officers' examinations PSC, Administrative officers' induction Course at Kenya Institute of Administration and Senior Management Course (SMC) from the Kenya School of Government. He was born in 6<sup>th</sup> October 1980.</p>

Cheruiyot Bett



Mr. Bett is a Board Member representing Association of Registered Professionals in the area. He is an Advocate of the High Court of Kenya and an active member of the Law Society of Kenya. He holds a Master of Diplomacy and Foreign Policy from Moi University. He also holds a Bachelor of Laws Degree from Moi University and finally a post graduate Diploma in Law from the Kenya School of Law. He further has been trained in Strategic leadership Development Program (SLDP) from the Kenya School of Government, Senior Management Course (SMC) from the Kenya School of Government. He is a Young African Leadership Initiative (YALI) East African Program cohort 20 alumni. Mr. Bett has also attended short course trainings at the European University Institute, Florence, Italy. He is the Chair of the Audit Committee of the Board. He also provides legal advise to the Board whenever called upon. Mr. Bett is the current Legal officer State Department for Fisheries Aquaculture and the Blue Economy under the Ministry of Agriculture, Livestock, Fisheries and Cooperatives. He was born in November 8<sup>th</sup> 1979.

4. Management Team

Name	Details of qualifications and experience
 <p>Isaac Bosuben</p>	<p>He is the Municipal manager and a member of the Board. He holds a Master of Business Administration degree, Strategic Management Option from University of Nairobi as well as an undergraduate degree in Commerce (Marketing Option) from University of Nairobi. He is currently pursuing a PhD in Business Administration Marketing at University of Kabianga. He further has been done Administrative officers' examinations PSC, Administrative officers' induction Course at Kenya Institute of Administration and Senior Management Course (SMC) from the Kenya School of Government. He was born in 6<sup>th</sup> October 1980.</p>

### **5. Municipality Board Chairperson's Report**

From the allocation received, Litein municipal has managed to construct boda boda shades at various points, done maintenance and repair of market toilets and roof water harvesting. It has procured litter bins and skip loaders. It has also done capacity building for the Board members.

#### **Review of performance and future outlook/ planned projects**

The Board plans to construct waste water management system that will serve the town, address the waste garbage collection menace, construct drainages for storm water management, construct parking bays, construct non-motorized transport network. It also plans to do town beautification and open up feeder roads.

#### **Challenges**

1. Financial management and control is not domiciled in the Board since the current manager who is the accounting officer is on an acting capacity and he is not an A.I.E holder limiting the financial management, control and transactions.
2. The budget is very lean and cannot support the proposed projects which requires huge capital outlay. There is need to enhance the budget.
3. Though the functions were gazetted, full transfer of the gazetted functions from the departments is yet to be realized
4. Staffing/ secretariat is still a challenge. Relevant officers are required for the Board to fully operate.
5. No resources i.e. equipment's and machines. Some assets were transferred to the county and now hampering the provision of services to Litein municipal. (Tractor, lorry and vans)
6. There is need to harmonize projects done by the different departments within the municipality to avoid duplication and repetition of roles.

On performance, the Board has been performing well despite the above challenges.

#### **Changes during the year:**

The tenure of 5 members came to an end.

#### **Conclusion**

The Board has achieved much despite the underlying challenges mentioned above. There were changes in the Board composition following the exit of a few members and their replacement.



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**Name:** Dr. Raymond Kemboi  
**Chairperson of the Board**

**6. Report of the Municipality Manager**

Litein Municipal Board wish to thank the Governor, H.E Dr. Erick Mutai for his unwavering support to the municipality. In the financial year 2024/204 Litein Municipal made good progress in their operations. For this financial year the municipality did not receive any funds for development.

**Value for money achievements:**

Successful budgeting that ensures public funds are directed towards high-impact projects, like infrastructure improvements or community services.

**Risk Strategies:**

Training Programs: Ensure that all staff members are trained in relevant regulations and compliance measures.

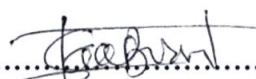
Policy Review: Regularly update policies and procedures to reflect changes in laws and regulations.

Compliance Monitoring: Set up a compliance team responsible for monitoring and enforcing adherence to laws and regulations. We are also in the process of acquiring a fire engine.

The Board also made an effort of actualizing various other projects aligned to environmental concern including fast raking the waste water project which will be a game changer flagship project for the municipality when fully implemented. The Board also intends to get donor funding and for this reason, Board members were inducted on the minimum qualifying conditions for the program.

The municipality identified its development projects and forwarded to the executive for consolidation in its CIDP. The municipality also developed an annual development plan to guide its operations. The major challenge faced by the municipality is inadequate funding that cannot fully cover its planned projects and activities. A recommendation was made that the executive can transfer at least three functions for a start. This will increase the vibrancy of the municipality and ensure prompt services to the resident.

**The budget performance of Litein Municipality** has been as per the expectations. Our risk management strategies are in line with best practices. We have fire engines to handle fire emergencies and a number of legislations to help the management.

  
.....  
**Name:** Isaac Bosuben  
**Litein Municipality Manager**

**7. Statement of Performance Against Predetermined Objectives for the FY 2023/2024**

In the last financial year, the Municipal budget performance was at 90 percent. This was achieved despite late disbursement of funds for planned projects and activities.

**Introduction**

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a County Government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board including a statement of the county government entity's performance against predetermined objectives. The key development objectives of the Litein Municipality (state the period of the strategic document/plan) plan are to:

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

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
<b>Urban Planning</b>	To control urban development	To create orderly development in urban areas	Number of developments conforming with rules and regulations governing urban development	In 2023-24 under review we mapped out various regions that need surveying and planning.
<b>Drainage Works</b>	To prevent flooding and manage storm/waste water flow	To ensure safety and drain all storm water	The town drainage unblocking and cleaning works are currently ongoing.	-The town is now clean, and the youth have employment.
<b>Garbage Collection</b>	To ensure cleanliness in town	Hygiene and good health among residents	the resources have been allocated	Works have been done and still ongoing.
<b>Street Lighting</b>	Ensure lighting	Achieve a 24 hour economy	Done, In collaboration with national government.	The town is well lit.

**Provision of quality physical infrastructure and progress towards it:**

Creating a plan for quality infrastructure in Litein Municipal Board would involve several key components, focused on both immediate needs and long-term sustainability. Below are steps and strategies that could be adopted to ensure the development of efficient and effective infrastructure. These are:

- Assessment of Current Infrastructure.
- Stakeholder Engagement.
- Prioritization of Projects.
- Strategic Planning.
- Investment in Technology.
- Quality Assurance and Standards.
- Capacity Building.
- Implementation Framework.
- Monitoring and Evaluation.

**Governance and administration:**

Litein Municipal Board is aspiring towards improving governance and administration over the years. Here are some key aspirations that typically reflect progress in good governance and administration in such municipalities:

- Decentralization of Services
- Citizen Participation
- Capacity Building
- Use of Technology
- Regulatory Framework
- Infrastructure Development
- Promoting Transparency and Anti-Corruption Measures
- Sustainability Efforts
- Monitoring and Evaluation.

Ongoing assessments, community feedback, and responsiveness to the needs of residents are pivotal as the Litein Municipal Board continues its journey toward effective governance and administration.

## **8 Corporate Governance Statement**

### **Board Recruitment:**

The current Board is legitimately in office, where the advertisement was placed, interviews conducted and the successful candidate appointed and gazetted. The recruitment process was competitive.

### **Functions of the Board members:**

The Board members are now well versed with their functions. This includes approving financial reports, approving strategic and operational plans, budgeting, conflict resolution among others.

The Board members have undergone induction and training both within and outside the county.

### **Meetings:**

The Board members held meetings this financial year. This includes committee meetings to deliberate on the various agendas.

Succession plans are as defined by the Act, and for the management, by the employment Act. Therefore, there is no foreseen vacuum.

### **Service Charter:**

The municipality has an established service charter, alongside that of the county government. This helps in service delivery.

The integrity Act guides on Conflict of interest matters in public offices and how they are addressed should they occur.

### **Remuneration:**

On the Board remuneration, the Board is entitled to meeting allowances and per diems whenever they travel for official duty. However, there is no allocated monthly salary for the Board members.

### **Conflict of interest and ethics**

The members are sworn to uphold ethics and integrity as guided by the public officer ethics Act.

## **9. Management Discussion and Analysis**

### **The operational and financial performance:**

The operational and financial performance of the Municipality during the period 2023/2024 financial has been in line with the projections made at the start of the financial year, and in line with the annual development plans of the county government.

### **Projects:**

Litein Municipality has implemented road projects in the financial year has planned to purchase a fire engine in the next financial year.

### **Statutory Obligations**

The Municipality's compliance with statutory requirements is well documented. Tax returns and other statutory remittances are made. Compliance to NEMA laws by our agents on environmental matters is well pursued. Other statutory requirements as pertains to financial reporting, labour laws and others are well adhered to.

#### **Risks:**

- a. As pertains to any major risks facing the Municipality on compliance to statutory requirements, there are no material arrears in statutory and other financial obligations.
- b. Litein Municipality performed well financially and met its all obligations. The Municipality has no pending bills as at the end of the financial year.

On the Overall operational performance, the management has continued to improve and align itself to the best practice. This has been boosted by benchmarking trips made to check itself with regional peers.

## **10. Environmental and Sustainability Reporting**

Litein Municipality exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on 3 pillars: putting the residents/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar.

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

The municipal identified its development projects and forwarded to the executive for consolidation in its CIDP. The municipal also developed an annual development plan to guide its operations. The major challenge faced by the municipality is inadequate funding that cannot fully cover its planned projects and activities. A recommendation was made that the executive can transfer at least three functions for a start. This will increase the vibrancy of the municipality and ensure prompt services to the resident.

### **2. Environmental performance**

The Board also made an effort of actualizing various other projects aligned to environmental concern including fast-tracking the waste water project which will be a game changer flagship project for the municipality when fully implemented. The Board also intends to get donor funding and for this reason, Board members were inducted on the minimum qualifying conditions for the program.

### **3. Employee welfare**

The employees of the Municipality are all on secondment from the county Government. They are permanently employed and are members of a trade union.

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

The Municipality believes in equity and fair access to all.

#### **a) Responsible competition practice.**

The Municipality is guided by the Cities Act, Integrity Act, Procurement Act, code of regulations, among others.

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

The Municipal procurement is governed by the Public Procurement and disposal Act.

**c) Responsible marketing and advertisement**

The Municipality, as public entity believes in fairness and access to the market by all.

**d) Product stewardship**

In collaboration with various county departments, the Municipality ensures that the public gets standard quality goods and services.

**5. Community Engagements**

The Municipality has been engaged in various CSR activities though our budget is limited. The Municipality in collaboration with the office of the Governor and the Department of Lands undertake various charity works, Christmas's tree charity, Charity runs, etc.

### **11. Report of the Municipality Board Members**

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

#### **Principal activities**

The principal activities of the Municipality is service delivery to Municipality residents.

#### **Performance**

The performance of the Municipality for the year ended June 30, 2024 are set out on page 1 to 34.

#### **Board Members**

The members of the Board who served during the year are shown page vii - ix. There were changes in the Board during the financial year are as shown below:

During the financial year under review the three Board members' tenure came to an end the recruitment process for the new ones is in process.

#### **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



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**Name: Isaac Bosuben**  
**Secretary of the Board**

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

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

The Litein 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 Litein Municipality, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Litein 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 Litein 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 Litein 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 Litein Municipality Manager has assessed the Municipality's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

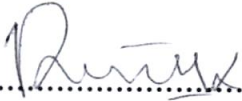
**Litein Municipality**  
**County Government of Kericho**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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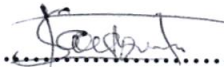
Nothing has come to the attention of the Litein Municipality Manager to indicate that the Municipality will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Litein Municipality's financial statements were approved by the Board on 27 September 2024 and signed on its behalf by:

  
.....

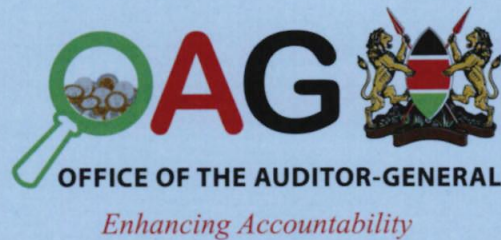
**Name: Raymond Kemboi**  
**Chairperson of the Board**

  
.....

**Name: Isaac Bosuben**  
**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 LITEIN MUNICIPALITY FOR THE YEAR ENDED 30 JUNE, 2024

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Litein Municipality set out on pages 1 to 35, which comprise the statement of financial position as at 30 June, 2024,

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*Report of the Auditor-General on Litein Municipality for the year ended 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Litein Municipality as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Urban Areas and Cities Act, 2011 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Inaccuracy of Transfers from the County Government**

The statement of financial performance reflects transfers from the County Government amounting to Kshs.12,408,572 as further disclosed in Note 1 to the financial statements. However, review of records including cash books and bank statements revealed that transfers from the County Government amounting to Kshs.Kshs.15,053,972 were received resulting in unreconciled variance of Kshs.2,645,400.

In the circumstances, the accuracy and completeness of transfers from the County Government amounting to Kshs.12,408,572 could not be confirmed.

#### **2. Inaccuracy of Domestic Travel and Subsistence**

The statement of financial performance reflects use of goods and services amounting to Kshs.13,369,086. The amount includes domestic travel and subsistence totalling Kshs.7,654,830 as disclosed in Note 3 to the financial statements incurred through issuance of imprest. However, the domestic travel and subsistence expenditure was not supported by imprest warrants, authority to travel, receipts, motor vehicle work tickets or bus tickets, signed payment schedules, attendance registers, reports of the meetings and the purpose of the travel.

Further, imprest register indicating details of imprest holders including amount issued, imprest warrant number, dates of issue, due dates and dates of surrender was not maintained.

In addition, the domestic travel and subsistence expenditure includes board expenses and office and general supplies and services expenditure amounting to Kshs.6,979,192 and Kshs.10,000, respectively all totalling Kshs.6,989,192 which were irregularly charged to domestic travel and subsistence.

In the circumstances, the accuracy, completeness and propriety of the domestic travel and subsistence expenditure of Kshs.7,654,830 could not be confirmed.

### **3. Inaccuracy of Board Expenses**

The statement of financial performance reflects Board expenses amounting to Kshs.1,706,400 in respect of sitting allowances as disclosed in Note 4 to the financial statements. However, the amount differs with the ledger balance amounting to Kshs.7,581,961 resulting to unexplained variance of Kshs.5,875,561.

Further, documents such as the minutes of the meetings, signed attendance registers and activity work plans in support of the expenditure was not provided.

In addition, Income Tax was not deducted from the allowances paid contrary to Section 37(1) of the Income Tax Act which requires an employer paying emoluments to an employee to deduct therefrom, and account for tax thereon, to such extent and in such manner as may be prescribed.

In the circumstances, the accuracy and completeness of board expenses amounting to Kshs.1,706,400 could not be confirmed.

### **4. Unsupported Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment totalling Kshs.10,757,604. The amount includes additions during the year amounting to Kshs.3,018,175 in respect of other assets as disclosed in Note 8 to the financial statements. However, the schedules supporting the acquired assets was not provided for audit review.

Further, the property, plant and equipment have not been depreciated.

In the circumstances, the accuracy and completeness of property, plant and equipment totalling Kshs.10,757,604 could not be confirmed.

### **5. Inaccuracy of Capital/ Development Grants/ Fund**

The statement of financial position reflects capital/development grants / fund amounting to Kshs.3,532,922. However, the amount differs with the capital/development grants / fund amounting to Kshs.3,657,900 reflected in the statement of changes in net assets resulting to an unreconciled variance of Kshs.124,978.

Further, capital/development grants / fund amounting to Kshs.3,657,900 reflected in the statement of changes in net assets differs with the recomputed amounts of Kshs.6,567,900 resulting in unexplained variance of Kshs.2,910,000.

In addition, the amount includes capital fund received during the year amounting to Kshs.3,532,922 as reflected in the statement of changes in net assets which was not supported by bank statements, financing agreement or schedule of receipts.

In the circumstances, the accuracy and completeness of capital/development grants / fund amounting to Kshs.3,532,922 could not be confirmed.

### **6. Inaccuracy of Accumulated Surplus**

The statement of financial position reflects accumulated surplus amounting to Kshs.7,256,967. However, the amount differs with the accumulated surplus amounting to

Kshs.7,221,989 reflected in the statement of changes in net assets resulting to an unreconciled variance of Kshs.34,978.

Further, the accumulated surplus amounting to Kshs.7,221,989 reflected in the statement of changes in net assets differs with the recomputed amount of Kshs.4,221,989 resulting in unexplained variance of Kshs.3,000,000. The amount also includes opening balance amounting to Kshs.6,888,903 which differs with the prior year audited balance amounting to Kshs.7,221,989 resulting in unexplained variance of Kshs.333,086.

In the circumstances, the accuracy and completeness of accumulated surplus amounting to Kshs.7,256,967 could not be confirmed.

## **7. Inaccuracies in the Statement of Cash flows**

The statement of cash flows reflects transfers from the County Government amounting to Kshs.18,053,972 which differs with the transfers from the County Government amounting to Kshs.12,408,572 reflected in the statement of performance resulting in unexplained variance of Kshs.5,645,400.

Further, the statement reflects net cash flows used in investing activities amounting to Kshs.39,688 which differs with the computed amount of Kshs.3,018,175 resulting in unexplained variance of Kshs.2,978,487.

In addition, the statement of cash flows reflects Nil receipts from capital grants which differs with capital fund amounting to Kshs.3,532,922 reflected in the statement of changes in net assets resulting in unexplained variance of Kshs.3,532,922.

The statement does also not indicate the corresponding Notes in the financial statements.

In the circumstances, the accuracy and completeness of statement of cash flows could not be confirmed.

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

## **Key Audit Matters**

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

## **Other Matter**

### **Unresolved Prior Year Matters**

In the audit report of the previous year, thirteen (13) issues were raised under the Report on Financial Statements, Emphasis of Matter, Other Matter, Report on Lawfulness and

Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues or given any explanation for failure to resolve the issues.

### **Other Information**

Management is responsible for the other information set out on page iii to xx which comprise of Key Entity Information and Management, the Municipality Board, Key Management Team, Municipality Board Chairperson's Report, Report of the Municipality Manager, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Municipality Board Members ,and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Unauthorized Receipts and Payments**

The statement of comparison of budget and actual amounts reflects final expenditure budget and actual revenue on comparable basis amounting to Kshs.12,408,573 and Kshs.15,075,486 respectively, resulting in over expenditure of Kshs.2,666,913 or twenty one percent (21%) of the budget which as not unauthorized. This was contrary to Section 43 (3) of the Urban Areas and Cities Act, 2011 which states that no payment shall be made out of the funds of a Board or Town Committee unless it has been provided for in the approved annual or revised or supplementary estimates of expenditure and authorized by a Board.

Further, review of records revealed that the budget was not approved. This was contrary to Section 45 of Urban Areas and Cities Act, 2011 which requires the Board or Town

Committee to cause to be prepared estimates of the revenue and expenditure of a board or town committee for that year. The annual estimates shall be tabled before the board or town committee for adoption and approval. The annual estimates approved by the board or town committee under subsection (3) shall be submitted to the county governor for submission to the county assembly for its approval.

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

## **2. Lack of a Procurement Plan**

The statement of financial performance reflects use of goods and services amounting to Kshs.13,369,086. The amount includes infrastructure, town cleaning and drainage works totalling Kshs.5,665,548 as disclosed in Note 3 to the financial statements. Similarly, the statement of financial position reflects property, plant and equipment totalling Kshs.10,757,604 which includes additions to other assets totalling Kshs.3,018,175 as disclosed in Note 8 to the financial statements. However, the Municipality operated without an annual procurement plan. This is contrary to Regulation 40 of the Public Procurement and Asset Disposal Regulations, 2020 which requires a procuring entity to prepare a procurement plan for each financial year as part of the annual budget preparation process.

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

## **3. Irregular Procurement of Town Cleaning Services and Drainage Works**

The statement of financial performance reflects use of goods and services amounting to Kshs.13,369,086. The amount includes infrastructure, town cleaning services and drainage works totalling Kshs.5,665,548 as disclosed in Note 3 to the financial statements. However, the procurement of the cleaning services was not budgeted for. This was contrary to Section 45 of Urban Areas and Cities Act, 2011 which requires the Board or Town Committee to cause to be prepared estimates of the revenue and expenditure of a board or town committee for that year. The annual estimates shall be tabled before the Board or Town Committee for adoption and approval. The annual estimates approved by the Board or Town committee shall be submitted to the County Governor for submission to the County Assembly for its approval.

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

## **4. Irregular Procurement of Road Works**

The statement of financial position reflects property, plant and equipment totalling Kshs.10,757,604. The amount includes additions to other assets amounting to Kshs.3,018,175 as disclosed in Note 8 to the financial statements in respect of murraming of backstreet road and construction of storm water drainage system in Litein Town.

Review of records revealed that a local firm was contracted to undertake the works at a cost of Kshs.3,018,175. However, the procurement of the works was not budgeted for. This was contrary to Section 45 of Urban Areas and Cities Act, 2011 which requires the Board or Town Committee to cause to be prepared estimates of the revenue and expenditure of a board or town committee for that year. The annual estimates shall be tabled before the Board or Town Committee for adoption and approval. The annual

estimates approved by the Board or Town committee shall be submitted to the County Governor for submission to the County Assembly for its approval.

Further, the contractor was fully paid for the works. However, ten percent (10%) retention fees was not withheld. The Municipality and executed works certificates paid of Kshs.3,018,175 on construction may be unable to compel the contractors to correct the defects causing loss of public funds.

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

#### **5. Irregular Payment of Sitting Allowances to County Government Employees**

The statement of financial performance reflects Board expenses amounting to Kshs.1,706,400 in respect of sitting allowances as disclosed in Note 4 to the financial statements. However, review of records revealed that salaried employees of the County Government of Kericho were paid board sitting allowances amounting to Kshs.1,957,400. This was contrary to Section 25 of the Urban Areas and Cities Act, 2011 which specifies that only the the Chairperson, Vice Chairperson and Members of a Board or Town Committee shall be paid such allowances and benefits as the County Executive Committee shall, with the approval of the County Assembly, and on the advice of the Salaries and Remuneration Commission, determine.

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

#### **6. Irregular Reallocation of Development Funds to Recurrent Expenditure**

Review of the expenditure records and bank statements revealed that transfers amounting to Kshs.2,350,000 were made from the Municipality's development grant account to the recurrent account to cater for various recurrent expenditure. This was contrary to Section 154(1)(b) of the Public Finance Management Act, 2012 which states, inter alia, that Accounting Officers may not reallocate funds which are appropriated for capital expenditure except to defray other capital expenditure.

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

#### **7. Lack of Independence of the Municipality**

The Litein Municipality was granted Municipal Charter in September, 2017 which was supposed to grant operational independence from the County Government of Kericho. However, review of the operations of the Municipality revealed lack of autonomy as the Municipality's budget was prepared and controlled by the County Executive and there was no budget approval by the Municipality Board. This was contrary to Section 45 of Urban Areas and Cities Act, 2011 which requires the Board or Town Committee to cause to be prepared estimates of the revenue and expenditure of a board or town committee for that year. The annual estimates shall be tabled before the board or town committee for adoption and approval. The annual estimates approved by the board or town committee shall be submitted to the county governor for submission to the county assembly for its approval.

Further, the County Government had continued to perform a number of functions which were transferred to the Municipality as provided for under Paragraph 2.3.1 of the Litein Municipal Charter including infrastructural development and services within municipality

and development and enforcement of municipal plans and development controls. This was in contravention of Section 12(1) of the Urban Areas and Cities Act, 2011, which states that the Management of a municipality shall be vested in the County Government and administered on its behalf by a Board, a Manager and staff constituted and appointed in accordance with the Act.

In the circumstances, Management was in breach of law.

#### **8. Staff Under Establishment**

The Municipality had one (1) employee as at 30 June, 2024 against an approved establishment of one hundred and sixty-three (163), being under-establishment of one hundred and sixty-two (162) employees or 99% of the approved establishment.

Further, review of the employee records revealed that the Municipality had four (4) employees who were seconded from the County Executive who were also shared with the Kericho Municipality. However, the deployment was done without specific terms of engagement and conditions of service. This was contrary to Section 8.1.1 of the Litein Municipal Charter, 2017 which mandates the Board, subject to the approval by the County Public Service Board, to employ such officers and employees as it deems necessary to execute the powers and duties provided by the Charter or any other law.

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

#### **9. Failure to Review the Municipality's Integrated Development Plan**

The Municipal Board had not designed a Performance Management Plan to evaluate performance of the Municipality and review its integrated development plan. This was contrary to Section 42 of the Urban Areas and Cities Act, 2011 which requires the Municipal Board to review its integrated development plan annually to assess its performance in accordance with performance management tools set by the Board.

Further, the Board did not conduct any citizen forum during the year under review to invite petitions and representations from the residents with regard to the administration and management of the affairs within the Municipality. This was contrary to Section 22(2) of the Urban Areas and Cities Act, 2011 which requires the Board to regularly hold such fora.

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

#### **10. Recruitment and Meetings of the Municipality Board Members**

The Litein Municipal Board is composed of eight (8) members. However, Management did not provide recruitment documents for six (6) board members to confirm that the members were recruited through a competitive process. This was contrary to Section 14 of the Urban Areas and Cities Act, 2011 which states that the Board of a Municipality shall comprise nine members of whom four shall be appointed and five elected in the prescribed manner.

Further, Management did not provide work plans and minutes as proof that the Board met and executed its mandate as required by Section 23(1) of the Urban Areas and Cities Act, 2011 which requires the Board to meet at least once in every three months.

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

The audit was conducted in accordance with ISSAI 3000 and 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

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

### **Basis for Conclusion**

#### **1. Lack of a Fixed Asset Register and Ownership Documents**

The statement of financial position reflects property, plant and equipment totalling Kshs.10,757,604 as further disclosed in note 8 to the financial statements. However, the assets were not recorded in a fixed asset register of the Board. Further, the Municipality did not have an approved asset management policy in place and no proof of ownership was provided for audit confirmation.

In addition, the assets were not tagged as property of Litein Municipality to prevent possible loss due to theft and pilferage. This is contrary to Section 12(2)(b) of Urban Areas and Cities Act, 2011 which states that the Board of an area granted the status of a city or municipality shall be a body corporate with perpetual succession and a common seal and shall, in its corporate name be capable of taking, purchasing or otherwise, acquiring, holding, charging, or disposing of movable and immovable property.

In the circumstances, the existence of an effective assets management mechanism and the ownership of the Board's assets could not be confirmed.

#### **2. Lack of Internal Audit Review and Audit Committee**

During the year under review, it was noted that there was no internal audit review of the Municipality's activities. This was contrary to Regulation 153(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires internal auditors to review and evaluate budgetary performance, financial management, transparency and accountability mechanisms and processes in county government entities and review the effectiveness of the financial and non-financial performance management systems of the entities.

Further, the Board had not constituted an audit committee since its establishment. This was contrary to Regulation 167 (1) of the Public Finance Management (County Governments) Regulations, 2015 which requires each County Government entity to establish an audit committee.

In the circumstance, internal control mechanisms that could have an impact on achievement of the strategic objectives of the Municipality may be undetected and hence not rectified in good time.

## **2. Lack of Risk Management Strategies**

Litein Municipality did not have a risk management policy or strategy in place and therefore, had no approved processes and guidelines on how to mitigate operational, legal and financial risks. This was contrary to Regulation 158 of the Public Finance Management (County Government Regulations) 2015.

Further, Management did have a risk register to mitigate against risks and no formal risk assessments was performed during the financial year audited. Lack of risk register which is a central repository of identified risks and their associated management actions, implies that the Litein Municipality might not be effectively tracking and addressing its risk profile.

In the circumstances, the Board may not be in a position to control and mitigate risks whenever they occur.

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

### **Responsibilities of Management and the Municipality Board**

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 comply with the authorities which govern them and those public resources are applied in an effective way.

The Municipality Board responsible for overseeing the Municipality's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and

systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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**

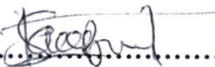
**30 December 2024**


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

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

	Notes	2023/24	2022/23
		Kshs.	Kshs.
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	1	12,408,572	17,145,400
Public contributions and donations		-	-
Levies Fines and Penalties		-	-
Other revenues		-	-
		<b>12,408,572</b>	<b>17,145,400</b>
<b>Revenue from exchange transactions</b>			
Interest income		-	-
Other Income		-	-
<b>Total revenue</b>		<b>12,408,572</b>	<b>17,145,400</b>
<b>Expenditure</b>			
Use of goods and services	3	13,369,086	12,294,770
Board expenses	4	1,706,400	2,570,300
Staff Costs	5	-	-
<b>Total expenses</b>		<b>15,075,486</b>	<b>14,865,070</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets		-	-
<b>Surplus/(deficit) for the period</b>		<b>(2,666,914)</b>	<b>2,280,330</b>

The notes set out on pages 23 to 34 form an integral part of these Financial Statements. The entity financial statements were approved on 27 September 2024 and signed by:

.....  
  
**Name: Isaac Bosuben**  
**Municipality Manager**

.....  
  
**Name: CPA Alfred Kipkemoi**  
**Accountant ICPAK NO 12098**

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

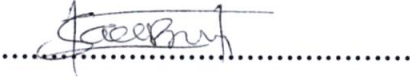
15. Statement of Financial Position as at 30 June 2024

	Note	2023/24	2022/23
		Kshs.	Kshs.
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	32,286	71,975
Receivables from exchange transactions		-	-
Receivables from Non- exchange transactions	7	-	4,392,807
Prepayments		-	-
Inventories		-	-
<b>Total current Assets</b>		<b>32,286</b>	<b>4,464,782</b>
<b>Non-current assets</b>			
Property, plant, and equipment	8	10,757,604	7,739,429
Intangible assets		-	-
<b>Total Non-current Assets</b>		<b>10,757,604</b>	<b>7,739,429</b>
<b>Total assets</b>		<b>10,789,889</b>	<b>12,204,211</b>
<b>Liabilities</b>		-	-
<b>Current liabilities</b>		-	-
Trade and other payables		-	-
Provisions		-	-
Borrowings		-	-
Employee benefit obligations		-	-
<b>Non-current liabilities</b>		-	-
Provisions		-	-
Borrowings		-	-
Non-current employee benefit obligation		-	-
<b>Total liabilities</b>		-	-
<b>Net assets</b>		<b><u>10,789,889</u></b>	<b>12,204,211</b>
Capital/Development Grants/Fund		3,532,922	3,034,978
Reserves		-	-
Accumulated surplus		7,256,967	9,169,233
<b>Total net assets and liabilities</b>		<b><u>10,789,889</u></b>	<b>12,204,211</b>

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

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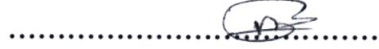
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 27 September 2024 and signed by:



**Name:** Isaac Bosuben

**Municipality Manager**

**Date:** 27 September 2024



**Name:** CPA Alfred Kipkemoi

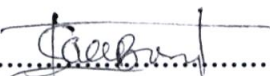
**Accountant**

**ICPAK NO 12098**

**Date:** 27 September 2024

16. Statement of Changes In Net Assets as at 30 June 2024

	Capital/ Development Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
<b>Balance as at 1 July 2022</b>	-	-	-	-
Surplus/(deficit) for the period	-	-	-	-
Funds received during the year	-	-	-	-
Revaluation gain	-		-	
<b>Balance as at 30 June 2023</b>	<b>3,034,978</b>	-	<b>6,888,903</b>	<b>9,923,881</b>
		-		
<b>Balance as at 1 July 2023</b>	<b>3,034,978</b>	-	<b>6,888,903</b>	<b>9,923,881</b>
Surplus/(deficit) for the period		-	(2,666,914)	(2,666,914)
Revaluation gain	-	-	-	-
Capital Fund	3,532,922			3,532,922
<b>Balance as at 30 June 2024</b>	<b>3,657,900</b>	-	<b>7,221,989</b>	<b>10,789,889</b>

.....  


Name: Isaac Bosuben

Municipality Manager

.....  


Name: CPA Alfred Kipkemoi

Accountant

ICPAK NO 12098

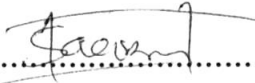
**17. Statement of Cash Flows for The Year Ended 30 June 2024**

	Note	2023/24	2022/23
		Kshs.	Kshs.
<b>Receipts</b>			
Transfers from the County Government		18,053,972	17,145,400
Public contributions and donations			
Interest received			
Other receipts			
<b>Total Receipts</b>		<b>18,053,972</b>	<b>17,145,400</b>
<b>Payments</b>			
Use of goods and services		13,369,085	12,294,770
Board expenses		1,706,400	2,570,300
Staff costs		-	5,243,333
<b>Total Payments</b>		<b>15,075,485</b>	<b>20,108,403</b>
<b>Net cash flows from operating activities</b>		<b>2,978,487</b>	<b>(2,963,003)</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE & intangible assets		(3,018,175)	-
Proceeds from sale of PPE		-	-
<b>Net cash flows used in investing activities</b>		<b>(39,688)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Receipts from Capital grants		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>(39,688)</b>	<b>(2,963,003)</b>
<b>Cash And Cash Equivalents At 1 July 2023</b>	<b>5</b>	<b>71,975</b>	<b>3,034,978</b>
<b>Cash And Cash Equivalents At 30 June 2024</b>	<b>5</b>	<b>32,286</b>	<b>71,975</b>

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


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IPSAS 2 allows Litein Municipal Board to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation.

  
.....

**Name:** Isaac Bosuben

**Municipality Manager**

  
.....

**Name:** CPA Alfred Kipkemoi

**Accountant.**


**ICPAK Member NO. 12098**

18. Statement of Comparison of Budget & Actual Amounts for the Year ended 30 June 2024

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	c=(a+b)	d	e=(c-d)	f=d/c
<b>Revenue</b>		Kshs.	Kshs.	Kshs.	Kshs.	
Transfers from the County Government	12,408,572	-	12,408,572	12,408,572	-	100%
Public contributions and donations					-	
Interest income					-	
Other income					-	
<b>Total Revenue</b>	<b>12,408,572</b>	<b>-</b>	<b>12,408,572</b>	<b>12,408,572</b>	<b>-</b>	<b>100%</b>
<b>Expenses</b>						
Use of goods and services	11,187,169	-	11,187,169	13,369,086	(2,181,917)	120%
Board expenses	1,221,404	-	1,221,404	1,706,400	(484,996)	140%
Staff Costs	-	-	-	-		
Finance costs	-	-	-	-		
<b>Total Expenditure</b>	<b>12,408,573</b>	<b>-</b>	<b>12,408,573</b>	<b>15,075,486</b>	<b>(2,666,913)</b>	<b>121%</b>
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,666,914)</b>	<b>2,666,914</b>	
<b>Capital Expenditure</b>						

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**Name:** Isaac Bosuben

**Municipality Manager**

**Date:** 27<sup>th</sup> September 2024

  
.....

**Name:** CPA Alfred Kipkemoi

**Accountant**

**ICPAK NO 12098**

**Date:** 27<sup>th</sup> September 2024

## **19. Notes to the Financial Statements**

### **1. General Information**

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

The entity's principal activity is Service delivery.

### **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 Litein Municipality.

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

*(Notes to financial statements continued)*

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

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

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

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

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

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

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

**iii. Early adoption of standards**

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

*(Notes to financial statements continued)*

**4. Significant Accounting Policies**

**a) Revenue recognition**

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

**Transfers from other government entities**

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

**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 2023/24 was approved by the County Assembly on 15<sup>th</sup> June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Municipality upon receiving the respective approvals in order to conclude the final budget.

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

*(Significant accounting policies continued)*

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.

**c) Property, plant and equipment**

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

**d) Intangible assets**

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

*(Significant accounting policies continued)*

**e) Financial instruments**

**Financial assets**

**Initial recognition and measurement**

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

**Loans and receivables**

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

**Held-to-maturity**

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

**Impairment of financial assets**

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

*(Significant accounting policies continued)*

Evidence of impairment may include the following indicators:

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

**Financial liabilities**

**Initial recognition and measurement**

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

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

**Loans and borrowing**

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

**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

*(Significant accounting policies continued)*

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) 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

**i) 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

*(Significant accounting policies continued)*

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

**j) Nature and purpose of reserves**

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

**k) 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.

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

The Municipality provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the Municipality does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to scheme obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefits are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**m) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported in the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting

*(Significant accounting policies continued)*

of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**n) 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.

**o) 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.

**p) Cash and cash equivalents**

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

**q) Comparative figures**

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

*(Significant accounting policies continued)*

**r) Events after the reporting period**

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

Two types of events can be identified:

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

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

The Municipality should indicate whether there are material adjusting and non-adjusting events after the reporting period.

**s) Currency**

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

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

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

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

**Estimates and assumptions**

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.

*(Significant accounting policies continued)*

**Useful lives and residual values**

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

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

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*(Notes to the Financial Statements)*

**1.0 Transfers from the County Government**

Description	2023/24	2022/23
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	12,408,572	17,145,400
Payments by County on behalf of the entity	-	-
<b>Total</b>	<b>12,408,572</b>	<b>17,145,400</b>

**2.0 Other Revenue**

Description	2023/24	2022/23
	Kshs.	Kshs.
Other Revenue-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

This Revenue Related to Refund from Kericho Municipality that had been erroneously credited to their account.

**3.0 Use of Goods and Services**

Description	2023/24	2022/23
	Kshs.	Kshs.
Utilities, supplies and services		135,000
Communication, supplies and services		30,000
Domestic travel and subsistence	7,654,829.90	1,790,437
Foreign travel and subsistence		-
Printing, advertising, supplies & services		257,650
Rent and rates		-
Training expenses		975,000
Hospitality supplies and services		880,450
Insurance costs		-
Specialized materials and services		-
Office and general supplies and services	45,668	463,590
Fuel, oil and lubricants		400,000
Other operating expenses		27,774
Routine maintenance – vehicles and other equipment		145,000
Routine maintenance – other assets	5,665,548	-
Infrastructure, Town cleaning And Drainage Works		

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Description	2023/24	2022/23
	Kshs.	Kshs.
		7,155,160
Audit fees		
Hire of Transport, equipment		
Bank Charges	3,040	34,709
Depreciation and amortisation		-
<b>Total</b>	<b>13,369,086</b>	<b>12,294,770</b>

**4.0 Board expenses**

Description	2023/24	2022/23
	Kshs.	Kshs.
Chairman/Members' Honoraria	-	-
Sitting allowances	1,706,400	2,570,300
Medical Insurance		-
Induction and Training		-
Travel and accommodation		-
Conference Costs		-
Other allowances		-
<b>Total</b>	<b>1,706,400</b>	<b>2,570,300</b>

**5.0 Staff Costs**

Description	2023/24	2022/23
	Kshs.	Kshs.
Salaries directly paid to staff	-	5,243,333
	-	-
<b>Total</b>	<b>-</b>	<b>5,243,333</b>

**6.0 Cash and cash equivalents**

Description	2023/24	2022/23
	Kshs.	Kshs.
Fixed deposits account	-	-
On – call deposits	-	-
Current account	32,285.65	71,975.00
<b>Total cash and cash equivalents</b>	<b>32,285.65</b>	<b>71,975.00</b>

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

Financial institution	Account number	2023/24 Kshs.	2022/23 Kshs.
<b>a) Fixed deposits account</b>			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
<b>Sub- total</b>		-	-
<b>b) On - call deposits</b>			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
<b>Sub- total</b>		-	-
<b>c) Current account</b>			
SBM BANK RECURRENT	0472382700001	11,727	5,943.00
SBM BANK DEVELOPMENT	0472382692001	20,558.65	66,031.65
<b>Sub- total</b>			-
<b>d) Others</b>			-
Cash in transit			-
Cash in hand			-
Mobile Money			-
<b>Sub- total</b>			-
<b>Grand total</b>		<b>32,285.65</b>	<b>71,974.65</b>

**7.0 Receivables from Non-Exchange transaction**

Description	2023/24 Kshs.	2022/23 Kshs.
Transfer from County Executive	-	4,392,807.00
Transfer from Fund	-	-
<b>Total receivables from non-exchange transactions</b>	<b>-</b>	<b>4,392,807.00</b>

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*(Notes to the Financial Statements Continued)*

**8.0 Property, Plant and Equipment**

	Land	Building	Motor vehicles	Furniture and fittings	Computers	Other Assets	Capital Work in progress	Total
Description	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
<b>As at 1 July 2023</b>						7,739,429		7,739,429
Additions						-		-
Disposals						-		
Transfers/adjustments								
<b>As at 30<sup>th</sup> June 2024</b>						<b>7,739,429</b>		<b>7,739,429</b>
Additions						3,018,175		3,018,175
Disposals						-		
Transfer/adjustments						-		
<b>As at 30<sup>th</sup> June 2024</b>						<b>10,757,604</b>		<b>10,757,604</b>
<b>Depreciation and impairment</b>								
<b>At 1 July 2022</b>								
Depreciation						-		
Impairment						-		
Transfers/ Adjustments						-		

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	Land	Building	Motor vehicles	Furniture and fittings	Computers	Other Assets	Capital Work in progress	Total
Description	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
<b>As at 30 June 2023</b>								-
Depreciation						-		
Disposals						-		
Impairment						-		
Transfer/adjustment						-		
<b>As at 30<sup>th</sup> June 2024</b>						<b>10,757,604</b>		<b>10,757,604</b>
<b>NBV as at 30<sup>th</sup> June 2023</b>						7,739,429		7,739,429
<b>NBV as at 30<sup>th</sup> June 2024</b>						<b>10,757,604</b>		<b>10,757,604</b>

NB: The Municipality has no Depreciation Policy.

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*(Notes to The Financial Statements Continued)*

**Other Disclosures**

**10.0 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**

	2023/24	2022/23
	Kshs.	Kshs.
Transfers from related parties'	12,408,572	17,145,000
Transfers to related parties		

**c) Key management remuneration**

	2023/24	2022/23
	Kshs.	Kshs.
Board of Board Members		
Key Management Compensation		
<b>Total</b>		

**d) Due from related parties**

	2023/24	2022/23
	Kshs.	Kshs.
Due from parent Ministry		
Due from County Government	-	
Due from County Assembly		
<b>Total</b>	-	

*(Other Disclosures continued)*

**e) Due to related parties**

	2023/24	2022/23
	Kshs.	Kshs.
Due to parent Ministry		
Due to County Government		
Due to Key management personnel		
Due to County Assembly		
<b>Total</b>		

**11.0 Contingent liabilities**

Contingent liabilities	2023/24	2022/23
	Kshs.	Kshs.
Court case against the entity		
Bank guarantees		
<b>Total</b>		

**12.0 Contingent Assets**

Contingent liabilities	2023/24	2022/23
	Kshs.	Kshs.
Court case against the entity		
Others		
<b>Total</b>		

**13.0 Financial risk management**

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

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

*(Other Disclosures Continued)*

**I. Credit risk**

The Municipality has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Municipality's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the Municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
<b>At 30 June 2024</b>				
Receivables from exchange transactions	-			
Receivables from non-exchange transactions	-			
Bank balances	32,286			
<b>Total</b>	<b>32,286</b>			
<b>At 30 June 2023</b>				
Receivables from exchange transactions	-			
Receivables from non-exchange transactions	4,392,807			
Bank balances	71,975			
<b>Total</b>	<b>4,464,782</b>			

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*(Other Disclosures Continued)*

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

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

The Municipality 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.

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

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*(Other Disclosures continued)*

**III. Market risk**

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Municipality's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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:

		Other currencies	Total
	Kshs.	Kshs.	Kshs.
<b>At 30 June 2023</b>			
Financial assets			
Investments			
Cash			
Debtors/ receivables			
<b>Liabilities</b>			
Trade and other payables			
Borrowings			
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.

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs.	Kshs.	Kshs.
<b>2022</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2023</b>			
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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*(Other Disclosures continued)*

**VI. Capital risk management**

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

	2023/24	2022/23
	Kshs.	Kshs.
Revaluation reserve	-	-
Capital/Development Grants/Municipality		-
Accumulated surplus		-
<b>Total Funds</b>		-
Total borrowings	-	-
Less: cash and bank balances		-
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>		-


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**20. Annexes**

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Inaccuracies in Financial Statements	Noted and Action Taken	Resolved	
2	Unsupported expenditure	Noted and Action Taken	Resolved	
3	Misstatement of Board Allowances	The issue has been resolved	Resolved	
4	Property, plant and equipment	The issue has been resolved	Resolved	
6	Lack of internal audit review	The issue has been resolved	Resolved	

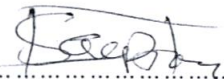
  
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**Isaac Bosuben**  
**Accounting officer**

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**Annex 2: Inter Entity Transfers**

MUNICIPALITY NAME: Litein Municipality				
Breakdown of Transfers from the County Executive of Kericho County				
	FY 20xx-1/20xx			
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			17,145,400.00	
			-	
		<b>Total</b>	-	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
			-	
		<b>Total</b>	-	
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
		<b>Total</b>		

  
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**Accounting Officer**

**Head of Accounts of the Entity and the transferring Entities**

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

Name of the Organization Litein Municipality.  
 Telephone Number 07253769543  
 Email Address liteinmunicipal@gmail.com  
 Name of CEO ISAAC BOSUBEN.

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

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**Annex 4: Disaster Expenditure Reporting Template**

Date:

Entity Litein Municipality.

Period to which this report refers (FY)	Year			Quarter		
Name of Reporting Officer						
Contact details of the reporting officer:	Email			Telephone		
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

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