

REPUBLIC OF KENYA



Enhancing Accountability

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REPORT

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ON

BOMET MUNICIPALITY

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



**BOMET MUNICIPALITY
COUNTY GOVERNMENT OF BOMET
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2023**

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

County Government of Bomet
Bomet Municipality
Annual Report and Financial Statements for the year ended June 30, 2023

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1. Acronyms & Glossary of Terms

PSASB	Public Sector Accounting Standards Board
IPSAS	Public Sector Accounting Standards
PFM	Public financial management
IDEP	Integrated Development Plan
NIUPLAN	Nairobi Integrated Urban Development Master Plan
SDGs	Sustainable Development Goals
MTP III	Third Medium Term Plan

2.Key Entity Information and Management

a) Background information

Bomet 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 on 26th May 2018. The Municipality is an entity of the County Government of Bomet.

b.) Principal Activities

The principal activity of the Municipality is to facilitate urbanization process in Bomet County through integrated urban and regional planning management framework of Kenya urban centres and towns.

Mission

To deliver quality and sustainable services in fiscally responsible manner that promotes social, economic and environmental prosperity

Mandate of Bomet Municipality

- 1) To improve cleanliness of the Municipality and promote liveable urban spaces by efficiently collecting and managing solid waste through sustainable waste management practices both at the community and Municipality wide level
- 2) To improve sanitation in the Municipality through provision of adequate and proper storm water drainage facilities, adequate water supply to households and effective liquid waste disposal in all the urban areas within the Municipality
- 3) To improve liveability in residential areas through provision of adequate and accessible basic services and amenities
- 4) To promote local economic development by providing adequate and appropriate spaces and facilities for industrial development, wholesale and retail traders, Jua kali artisans, transport operators, tourism activities, talent development and inclusion of marginalized communities in economic activities
- 5) To enhance the capacity of the Municipality in delivering its mandate to the people of Bomet through establishing necessary structures and increasing its financial resources
- 6) To increase revenue for the Municipality through optimal utilization of existing sources, enhanced revenue collection measures and promotion of local investments
- 7) Embracing climate change, green energies and providing street lighting within Municipality

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The Integrated Plan is part of the broader methodology framework required to deliver the long-term outcomes established in the Municipality’s development agenda. The Plan sets the overall framework for development, addresses the key requirements of ‘The Urban Areas and Cities Act 2011, amended in 2019, identifies opportunities to address Kenya Vision 2030 (and the Big 4 Agenda), and sets out the foundational structure upon which future Strategic Plans will be based. The Integrated Plan identifies key objectives, goals and timelines for achieving the Municipality development agenda.

c.) Key Management

Ref	Position	Name
1.	Chairman of the Board	Rev. Philex Korir
2.	Chief Officer Lands, Housing and Urban Planning	David Koech
3.	Chief Officer finance	Mr. Erick Chepkwony
4.	Vice chairlady	Cherono Kosgei
5.	Board member	Flavian Kenduiywa
6.	Board member	Jonah Rotich
7.	Board member	Hon. Joseph Kirui
8.	Municipal Manager	Richard Kirui

d.) Fiduciary Management

Ref	Position	Name
1	Municipal Manager	Richard Kirui
2	Deputy CFO	Benard Koskei

e.) Fiduciary Oversight Arrangements

1. Committee on Finance, ICT and Economic Planning;

Key Fiduciary Activities:

- Presented to the County Assembly the proposal for the basis of allocating revenue among the County
- Executive Departments and County Assembly and considered the bill dealing with county financial matters
- Examined financial statements submitted to the County Assembly and make recommendations for improving the management of government’s public finances
- Monitored adherence by the County Assembly to the principles of public finance set out in the Constitution, and to the fiscal responsibility principles of the PFM Act (2012).

2. Audit and Risk Management Committee Bomet Municipality Board Members

1. Cherono Kosgei
2. Flavian Kenduiwa
3. Hon. Joseph Kirui
4. Charlotte Chelangat

Key Fiduciary Activities:

- Examined departmental expenditures by summoning Municipal manager and relevant staff
- Monitored all budgetary matters.

3. Public Accounts/Investments Committee;

Key Fiduciary Activities:

- Examined departmental expenditures by summoning CECMs;
- Examined responses to OAG reports 2019/20, accounts and workings of the county public investments.

4. Budget and Appropriations Committee;

Key Fiduciary Activities:

- Discussed and reviewed the Budget Policy Statement and budget estimates and make recommendations to the County Assembly;
- Considered the appropriation bill;
- Provided general direction on budgetary matters;
- Monitored all budgetary matters.

f.) Registered Offices

Bomet Municipality
P.O. Box 19- 20400
Old HRs office
Next to Bomet Huduma Centre

g.) Contacts

Telephone: (254)710256100
bometmunicipality@gmail.com
Website: www.bometcounty.go.ke

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h.) Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
i) UIG Account number 1000385747
P.O Box 60000
City Square 00200
Nairobi, Kenya

ii) Central Bank of Kenya
Haile Selassie Avenue
UDG Account number 1000385758
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Equity Bank of Kenya
Bomet Branch
i) UDG Account number 1220278947148
P.O Box 75104-00200
Nairobi.

ii) UIG Account number 1220278947204
P.O Box 75104-00200
Nairobi.

iii) Retention Account
Account number 1220284039609
P.O Box 75104-00200
Nairobi.

i.) Independent Auditor

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

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j.) Principal Legal Advisers

i.) The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200




Nairobi, Kenya

ii.) County Attorney





P.O Box 19

Bomet – 20400

3.Municipality Board

Name	Details of qualifications and experience
 Rev. Philex Korir	<p>D.O.B: 1967</p> <p>Academic /Professional qualification:</p> <ul style="list-style-type: none"> • Bachelors of Theology • Diploma in Guidance and Counselling • Diploma in Pastoral Ministry <p>Work experience:</p> <ul style="list-style-type: none"> • Chairman, Pastor’s Interdenominational Fellowship (2014-2019) • Senior Pastor, Imani Fellowship A.G.C Bomet (2004 to date) • Chairman of the board, Bomet Municipality (2018 to date)
 Ms. Cherono Kosgei	<p>D.O.B: 24/08/1982</p> <p>Academic /Professional qualification:</p> <ul style="list-style-type: none"> • Doctor of Philosophy in Business Administration (ongoing) • Master’s in Business Administration • Bachelors in Business Management <p>Work experience:</p> <ul style="list-style-type: none"> • Chief Executive Officer, KNCCI Bomet Chapter • Part-time lecturer, Maasai Mara and University Of Kabianga (2019 to date) • Deputy Director of Cooperative, Bomet County (2016-2017) • Credit Officer, KIE (2014-2015) • Vice chairperson of the Board, Bomet Municipality (2018 to date)
 Mr. Jonah Rotich	<p>D.O.B: 1958</p> <p>Academic /Professional qualification:</p> <ul style="list-style-type: none"> • Diploma in Water Technology • Diploma in building construction <p>Work experience:</p> <ul style="list-style-type: none"> • Chairman, Bomet Jua Kali Association (2001 to date) • Board member, Bomet Municipality (2018 to date) • Draughtsman II, Ministry of Water Nyamira District (1989-2000)


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 <p>Mrs. Flavian Kenduiwo</p>	<p>D.O.B: 16/03/1987</p> <p>Academic /Professional qualification:</p> <ul style="list-style-type: none"> • Bachelors in Science in Natural Resource Management • Certificate in Environmental Impact Assessment <p>Work experience:</p> <ul style="list-style-type: none"> • Finance Chairperson, Nyongores Water Resource Users Association (2016 to date) • Registration Assistant, Ministry of Interior and Coordination of National Government (2019) • Board member, Bomet Municipality (2018 to date)
 <p>Hon. Joseph Kirui</p>	<p>D.O.B: 05.12.1963</p> <p>Academic /Professional qualification</p> <ul style="list-style-type: none"> • BBM Enterprise Management • MBA Entrepreneurship <p>Work experience:</p> <ul style="list-style-type: none"> • 15 YRS Banking • 10 YRS CDF Projects Management • 4 YRS Civic Education Work in County • 9 MONTHS County Executive Committee Member • Member of the Board, Bomet Municipality
 <p>David Koech</p>	<p>D.OB: 1968</p> <p>Academic/Professional qualification:</p> <ul style="list-style-type: none"> • Doctor of philosophy in leadership and management • MSC- Water • BSC - water <p>Work Experience:</p> <ul style="list-style-type: none"> • Chief manager, KEBS (1995-2017) • Chief officer, water and irrigation (2018-2020) • Chief officer, Environment and natural resources (2021) • Chief officer- Lands, Housing and Urban Planning (2021 to date) • Member of the board, Bomet Municipality
 <p>Joseph Langat</p>	<p>D.O.B: 09/11/1973</p> <p>Academic /Professional qualification:</p> <ul style="list-style-type: none"> • BED (Arts)- Kiswahili & C.R.E • Primary Teachers Certificate, P1 Certificate • Leadership MLM Certificate – International Christian Ministries • Certificate in Principles of Good Primary Practice

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	<p>Work experience:</p> <ul style="list-style-type: none"> • Member, Bomet County Education Board (2014 to date) • Examiner KCPE, Kiswahili Insha KNEC (2000 to date) • Executive Secretary, KNUT Bomet Branch (2013 to date) • Board member, Bomet Municipality (2018 to date)
 <p>Charlotte Chelangat</p>	<p>D.OB: 29/05/1980</p> <p>Academic/Professional qualification:</p> <ul style="list-style-type: none"> • Master of Business Administration (Ongoing) • Bachelor of Business Information Technology <p>Work Experience:</p> <ul style="list-style-type: none"> • Director Chebomuren Solutions LTD 2018-date • Head of Administration Bomet TTC- 2008-2019 • Member of the board, Bomet Municipality
 <p>Kipkononden David</p>	<p>D.O.B: 24/12/1960</p> <p>Academic /Professional qualification:</p> <ul style="list-style-type: none"> • Bachelors of Education <p>Work experience:</p> <ul style="list-style-type: none"> • Secondary school teacher • Principal of secondary school • Community water officer • Principal Siwot Polytechnic • BOM chair Chepkitwal Secondary School • Member of the board, Bomet Municipality

4.Key Management Team

Name	Details of qualifications and experience
 Richard Kirui	D.O.B 25 TH DEC 1974 <ul style="list-style-type: none"> • BED (Arts)- Kiswahili & History • Senior Management Course Certificate • Certificate in Environmental and Social Safeguards • Certificate in Principles of Good Primary Practice <p>Work experience:</p> <ul style="list-style-type: none"> • A.g Assistant Director Urban Planning (2016 -2020) • Sub county administrator Sotik (2015-2016) • Ward administrator Chemagel ward (2013 2015) • Teacher kagasik Girls (2011-2013) • Ndanai division registrar of persons (1997-2000) • Municipal Manager, Bomet Municipality • Secretary of the Board, Bomet Municipality 2020 to date

5. Municipality Board Chairperson's Report

Kenya Urban Support Program (KUSP) has played a significant role in actualizing the Urban Entities under the Urban Areas and Cities Act (UACA), 2011 UACA though enacted in 2011, its implementation delayed. Majority of counties for example began the process of establishing Municipalities in the year, 2018 and 2019. The process to establish these Municipalities were attributed to the stringent guidelines set by the World Bank to Counties and Municipalities to qualify for Urban Development Grant and Urban Institutional Grant funding. We appreciate the World Bank and National Program Coordination team for the immense support through which Bomet Municipality was established and is participating in the program

Notable achievements in Bomet municipality under Kenya urban Support Program includes but not limited to:

- i. Transformational infrastructure projects implemented in each Municipality such as Markets, NMT corridors, transport termini, paving of roads etc.
- ii. Urban residents experiencing enhanced and efficient social amenities in numerous Municipal entities
- iii. Peer review and learnings has been enhanced among the Urban entities
- iv. Although a work in progress, Municipal establishment has created a convergence point for various government institutions & Agencies, development partners and other stake holders to synergize for an effective and efficient urban service delivery charter.

• Successes made.

Bomet municipality has witnessed transformation of basic urban infrastructure as a result of upgrading of Longisa and Silibwet roads to bitumen standards; construction of a fire station, Development and maintenance of Bomet market are among the priority projects which have successfully been completed. A skip loader which was acquired has made a significant improvement in the management of solid waste management

• Review of the Municipality Board's performance

Bomet municipality managed to carry out all the programs and projects which had been budgeted for during the year under review. However due to inflation, prices of construction materials continued to climb up, there was a general felling by the contractors and suppliers that there should have been price variation. This wasn't possible sine most of the projects were funded by Kenya Urban Support program which doesn't anticipate variations of contract values.

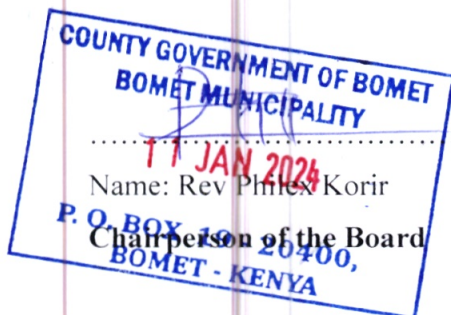
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- **Challenges faced**

The major challenge faced was delay in completion of projects; this has led to payment bills, which are likely to affect the execution of the subsequent years projects; the other challenge is inadequate budgetary allocation to develop the basic policies and regulations

- **Future outlook of the Municipality Board**

The municipal board will continue to develop basic infrastructure, which befits an urban area. We expect phase two of Kenya Urban Support Program to help us to better address the challenges of Bomet backstreet roads which requires to be improved to bitumen standards; more extension of sewer line especially in the western part of Bomet town.



6. Report of the Municipality Manager

The process to establish these Municipalities were attributed to the stringent guidelines set by the World Bank to Counties and Municipalities to qualify for Urban Development Grant and Urban Institutional Grant funding. We appreciate the World Bank and National Program Coordination team for the immense support through which Bomet Municipality was established and is participating in the program.

There are notable achievements in Bomet municipality under Kenya urban Support Program which played a key role in the establishment and operationalization of Bomet Municipality as an urban institution as highlighted below.

- **Successes made.**

Bomet Municipality has witnessed transformation of basic urban infrastructure as a result of upgrading of Longisa and Silibwet roads to bitumen standards; construction of a fire station. Development and maintenance of Bomet market are among the priority projects which have successfully been completed. A skip loader which was acquired has made a significant improvement in the solid waste management

- **Review of the Municipality Board's performance**

Bomet municipality managed to carry out all the programs and projects which had been budgeted for during the year under review. However due to inflation, prices of construction materials have continued to rise prompting the contractors and suppliers to request for price variation. This wasn't possible sine most of the projects were funded by Kenya Urban Support program which doesn't anticipate variations of contract values.

- **Challenges faced**

The major challenge faced was delay in completion of projects; this has led to payment bills, which are likely to affect the execution of the subsequent years projects; the other challenge is inadequate budgetary allocation to develop the basic policies and regulations.

- **Future outlook of the Municipality Board**

The municipal board will continue to develop basic infrastructure, which befits an urban area. We expect phase two of Kenya Urban Support Program to help us to better address the challenges of

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Bomet backstreet roads which requires to be improved to bitumen standards; more extension of sewer lines especially in the western part of Bomet town.

1. Construction of Bomet Cabro Works, Purchase of Skip Loader, and Additional Market Stalls

This is another legacy project for Governor's administration. The traders were relocated from the roadside in 2018 to the market when it was not complete but were a safe haven to carry on business as compared to the roadside. The promise to the traders that the market will be completed is being fulfilled.

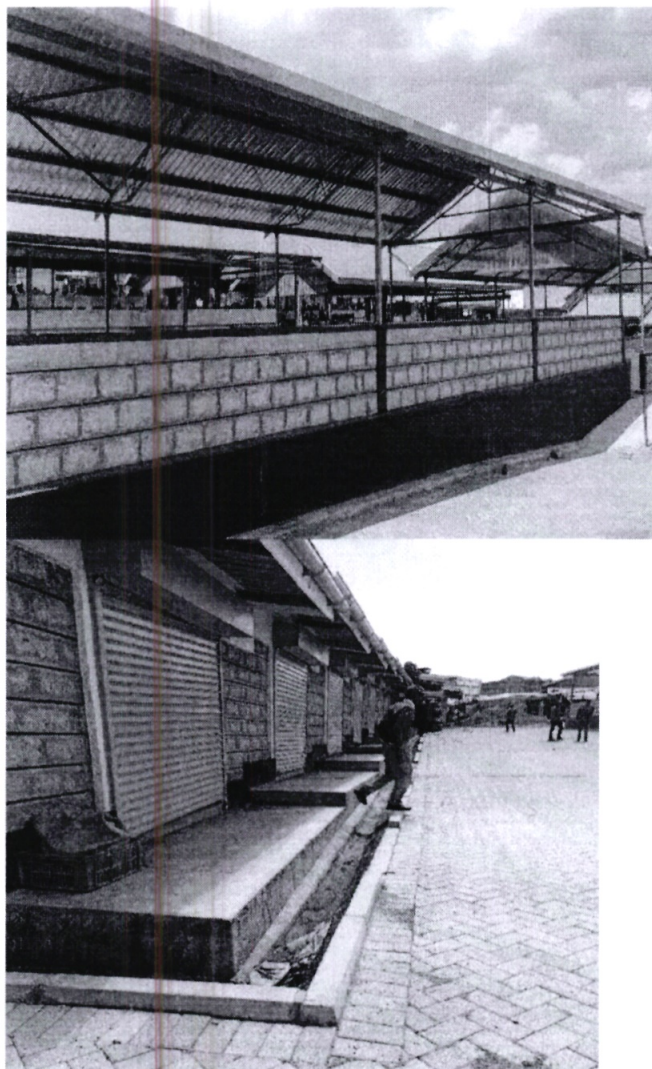


Figure 1: Bomet Market Stalls, Sheds & Cabro Works

The skip loader will greatly improve on sanitation in our municipality because more solid waste will be deposited to the already acquired five transfer stations. There is a great challenge in designating a dumpsite or a sanitary land fill. However, the skip loader will enable the municipality to collect garbage both from the CBD and satellite towns within the municipality.

3. Construction of Bomet Municipality Fire Station;

Through KUSP, Bomet Municipality managed to construct the first fire station in the county. This has boosted fire response and hence putting off fire, which could have gutted property and even cause death.

- a) Construction of the Bomet Municipality Fire station



Figure 2: Bomet Fire Station

IMPACT OF KUSP PROJECTS IN BOMET MUNICIPALITY

1. Improved Mobility.

Access to residential units and commercial premises has been faster and safer by the re-carpeted urban roads. Furthermore, the road improvement has allowed for the easy mobility of transit goods to various premises within the town and therefore facilitating trade.

Travel difficulties experienced while traveling in muddy areas in the rainy seasons and dusty during the dry spells have been mitigated. The Cabro works in the market will greatly reduce the mud in the market. The parking slots created on top of the drainage channel reduce parking difficulties.

2. Safety Impacts.

The road improvement has improved safety since the repairing has made away with the potholes, which may have otherwise caused accidents. On the other hand, road user behaviour has, unfortunately come with negative effects. Some road users, such as pedestrians take risks by crossing the high-speed road. Vehicles traveling at high speeds may hit them. The covered drainage channels also improved safety since it reduces the chances of falling into the channels.

3. The market stalls have provided traders with a good working environment.

Because of increased access to the business premises and ease of mobility of transit goods, business operations within the town have improved. Furthermore, the construction of a business stall in the market will improve the business operation of the town. Moreover, the existence of good-condition roads encourages investors.

4. Improved sanitation;

Because of repairing the potholes, which may have held water has been covered and the flow of rainwater to the drainage channels has been made efficient and effective thereby, improving the town's sanitation.

5. Improved revenue generation through the provision of parking bays;

the construction of the drainage channel with parking on the top will earn the county government revenue, which will go a long way in improving the financing of other county projects. In addition, there is a tax or revenue levied from the market stalls constructed.

6. Effective storm water drainage.

The drainage channels along the town roads have facilitated the efficient and effective flow of storm water, which has greatly reduced the pooling of water (flood) in the town.

7. Improved aesthetic value.

The construction of drainage channels, stone pitching works, road improvement, construction of market stalls, and Cabro works has improved the aesthetic value of the town.

8. Minimal effects of fire;

Through the construction of Bomet Municipal Fire Station, the response, effectiveness and efficiency is improved, these saves lives and property.

9. Value-for-money achievements,

All the works and services were competitively sourced, supervised and all the projects have been put to use. This has given value for money to the beneficiaries

Implementation challenges of strategic objectives for the Municipality and the entity's outlook

Inadequate prerequisite technical staff and substantive development budget is the greatest impediment to the overall performance of Bomet Municipality.

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The county assembly has not yet enacted criteria for allocation of funds to the urban areas as envisaged in the section 1783 of PFM Act. We believe that the development and eventual implementation of the criteria will boost the funding for the entity hence an improvement on service delivery.

Risk management strategies

Regular capacity building for financial and procurement plan to enable them adopt the latest strategies on statutory procedures' checks and balances for optimum utilization of resources

Budget performance against actual amounts for the current year and cumulative to date:

The budgetary allocations to the municipality are inadequate to meet the development and recurrent needs for the municipality. Appeals to the cabinet and county assembly are being made to improve the budgetary allocation for the subsequent years

Key Risk Management strategies

There are internal controls by the Risk and audit committee, the internal by County treasury, internal audit by the county, office of the Auditor General, Oversight by the County Assembly and the Senate


.....
Name: Mr. Richard K Kirui
P. O. Box 19-20400, BOMET
KENYA

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

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 Bomet Municipality integrated development plan 2020- 2025 are;

Strategic development objectives

The Bomet municipal IDEP 2020-2025 has identified key strategic development objectives. Broadly, these objectives have been identified through a participatory process that reviewed the development priorities of the Governor's Manifesto, the National Government's "Big Four", NIUPLAN, SDGs and the MTP III.

The strategic objectives are a synthesised product of the afore-mentioned planning frameworks that amalgamate the thematic focus and development aspirations in these policy frameworks.

The key development objectives of the Reviewed Bomet municipal IDEP 2020-2025 are to:

- 1) To improve cleanliness of the Municipality and promote liveable urban spaces by efficiently collecting and managing solid waste through sustainable waste management practices both at the community and Municipality wide level
- 2) To improve sanitation in the Municipality through provision of adequate and proper storm water drainage facilities, adequate water supply to households and effective liquid waste disposal in all the urban areas within the Municipality
- 3) To increase accessibility to affordable and quality health care by constructing 3 dispensaries, upgrading two dispensaries to health centres, constructing 4 new health centres and upgrading one health centre to a level 4 (Sub-County) hospital
- 4) To improve liveability in residential areas through provision of adequate and accessible basic services and amenities
- 5) To promote local economic development by providing adequate and appropriate spaces and facilities for industrial development, wholesale and retail traders, jua kali artisans, transport operators, tourism activities, talent development and inclusion of marginalized communities in economic activities
- 6) To promote investments in the Municipality by providing appropriate and adequate water, sewer and road infrastructural facilities
- 7) To enhance the capacity of the Municipality in delivering its mandate to the people of Bomet through establishing necessary structures and increasing its financial resources
- 8) To increase revenue for the Municipality through optimal utilization of existing sources, enhanced revenue collection measures and promotion of local investments

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Below we present the progress made in attaining the objectives of the reviewed IDEP 2020-2025 for Bomet municipality.

Program	Objectives	Outcome	Indicator	Performance FY 2022/2023
Urban Connectivity	To ease human and vehicular movement	To improve mobility in urban areas	Length of the road improved to bitumen standards	In Fy 2022/2023 we increased roads under bitumen standards by 5%
Improved sanitation	To enhance solid and liquid waste management	To have a healthy liveable environment	Length of sewer line constructed Number of solid waste equipment's aquired	Solid waste equipments required cover increased by 25 % Sewer line cover increased by 5%
Improvement of basic services and amenities	To minimise risks on life and property	To boost support services eg response to fire disaster	Number of basic services and amenities provided	0
Develop and maintain recreational facilities	Promote investments and urban tourism	For psycho-social wellbeing of residents	Number of recreational facilities developed	0
Enhancing the capacity of the municipality to provide services	To improve service delivery	To effectively and efficiently provide municipal services	Number of staff engaged as per staff establishment and trainings	Basic staff increased by 20%
Improvement in revenue	To improve sustainability	To make the municipal sustainable	Number of revenue streams developed / percentage of revenue collected	0

The achievements of the strategic Development Objectives as documented in the Bomet Municipal Integrated Development Plan 2020- 2025

1. Construction of 4.2 Km of roads to bitumen standard. These are in Longisa, Chebirir, Silibwet and Longisa
2. Construction of Bomet Market and rehabilitation of old stalls
3. Construction of Bomet Fire station
4. Acquisition of solid waste handling equipment

8. Corporate Governance Statement

According to Bomet Municipality Charter and Urban Cities Act

a.) Appointment as member of the board of the Municipality

A person shall be qualified for appointment as a member of the board if that person:

- (a) holds at least a diploma from an institution recognized in Kenya;
- (b) Has a distinguished career in a medium level management position in either the private or public sector;
- (c) holds at least five years' post qualification professional experience; and
- (d) satisfies the requirements of Chapter Six of the Constitution;
- (e) is ordinarily resident or has a permanent dwelling in the municipality; and
- (f) carries on business in the municipality or has lived in the municipality for at least five years.

A person shall not be appointed as a member of the Board if that person;

- (a) is an undischarged bankrupt;
- (b) has been removed from office for contravening the Constitution or any other law;
- (c) is not a citizen of Kenya; or
- (d) has in the conduct of his or her affairs not met any statutory obligations.

Removal of members of the Board of the Municipality

A member of the Board of the Municipality shall cease to hold office if the member:

- (a) is unable to perform the functions of the office by reason of mental or physical infirmity;
- (b) is declared or becomes bankrupt or insolvent;
- (c) is convicted of a criminal offence and sentenced to a term of imprisonment of six months or more;
- (d) resigns in writing to the County Governor;
- (e) without reasonable cause, the member is absent from three consecutive meetings of the Board or Committee of the Board of the Municipality within one financial year;
- (f) is found guilty of professional misconduct by the relevant professional body;
- (g) is disqualified from holding a public office under the Constitution;
- (h) fails to declare his or her interest in any matter being considered or to be considered by the Board or Board Committees;
- (i) engages in any gross misconduct; or
- (j) dies.

A member of the Board of the Municipality may be removed from office by;the County Governor;

- (a) a resolution of the Board of the Municipality supported by at least two-thirds of the members of the Board of the Municipality; or
- (b) petition by the residents of the Municipality.

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The procedure for the removal or petition for removal of a member of the Board of the Municipality under above shall be provided by Regulations under the Urban Areas and Cities Act.

Any vacancy arising out of the removal of a member of the Board of the Municipality may be filled in the manner provided under Article above.

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

The Board of the Municipality shall perform the following functions:

- (a) oversee the affairs of the Municipality;
- (b) develop or adopt policies, plans, strategies and programmes and set targets for service delivery;
- (c) formulate and implement an integrated development plan;
- (d) control land, land sub-division, land development and zoning by public and private sectors for any purpose, including industry, commerce, markets, shopping and other employment centres, residential areas, recreational areas, parks, entertainment, passenger transport, agriculture, and freight and transit stations within the framework of the spatial and master plans for the Municipality as delegated by the County Government of Bomet;
- (e) promoting and undertaking infrastructural development and services within Municipality as delegated by the County Government of Bomet;
- (f) developing and managing schemes, including site development in collaboration with the relevant national and county agencies;
- (g) maintaining a comprehensive database and information system of the administration;
- (h) administering and regulating its internal affairs;
- (i) implementing applicable national and county legislation;
- (j) entering into contracts, partnerships or joint ventures as it may consider necessary for the discharge of its functions;
- (k) monitoring and, where appropriate, regulating municipal services where those services are provided by service providers other than the Board of the Municipality;
- (l) preparing and submitting its annual budget estimates to the County Treasury for consideration and submission to the County Assembly for approval as part of the annual County Appropriation Bill;
- (m) collecting rates, taxes levies, duties, fees and surcharges on fees as delegated by the County Government of Bomet;
- (n) settling and implementing tariff, rates and tax and debt collection policies as delegated by the County Government of Bomet;
- (o) monitoring the impact and effectiveness of any services, policies, programs or plans;
- (p) establishing, implementing and monitoring performance management systems;

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- (q) promoting a safe and healthy environment;
- (r) facilitating and regulating public transport; and
- (s) performing such other functions as delegated by the County Government of Bomet.

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

The members of the Municipality have undergone Induction training in which they were Provided core information to enable them to understand the organization and their roles and to also Provide all relevant governance documents e.g. role descriptions, terms of reference of committees

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

The Board of the Municipality shall hold its sittings to transact the business of the Board once every three months.

Notwithstanding Article 3.12.1, the Chairperson of the Board of the Municipality may, and upon request in writing by at least one-third of the members of the Board of the Municipality shall, convene a special meeting to transaction any urgent business of the Board of the Municipality.

All regular meetings of the Board of the Municipality called for the purpose of transacting public business, where a majority of the members elected are present, shall be open to the public.

The Board shall have the privilege of holding executive sessions from which the public is excluded, however, no by-laws, resolution, rule or regulation shall be finally adopted at such an executive session.

The board held Four statutory meeting during the fiscal year and several committee meetings of the board

e.) Succession plan,

The procedure for the succession of a member of the Board of the Municipality are stipulated in the Urban Areas and Cities Act 2011.

f.) Existence of a service charter,

Bomet Municipality has a signed charted granted by the Governor

g.) Conflict of interest,

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Board members have assigned a declaration form on Conflicts of Interests

h.) Board remuneration,

The Board of the Municipality is not entitled to a salary. However, members of the Board of the Municipality are be paid such allowances as the County Executive Committee shall, with the approval of the County Assembly, and on the advice of the Salaries and Remuneration Commission, determine.

A total of Ksh 303, 000 was paid out for the board as sitting allowances during the financial year

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

Professional ethics is to be upheld by all municipality staff as provided for by the law.

9. Management Discussion and Analysis

During the financial year 2022/23, Bomet Municipality had an approved budget of kshs 51,087,808 for recurrent and kshs 60,576,266 for development making it a total of kshs 111,664,074 whereas the expenditure was kshs 4,146,840 for recurrent and kshs 56,896,368 for development against last year's approved budget of kshs 45,000,000 for recurrent and kshs 168,000,000 for development where ksh 2,382,158 was spent on recurrent while kshs 45,932,989 was spent on development.

For the financial year under review, Bomet Municipal managed to design back-street roads in the CBD, St. Mary's Road linking the B3 road, and public works roads linking the B3 road, however, the available finances from the Kenya Urban support program enabled the Board to only focus on the improvement of 1.04 Km of Longisa town roads to bitumen standards the contract sum is Kshs 49,200,000.

The project was carried out after fulfilling all the statutory requirements. There was enough budget allocated and approved, and public participation prioritized the project; environmental impact assessment cleared the way and mitigated the effect of the project both socially, environmentally, and economically.

The Kenya urban support program has played a key role in the improvement of urban infrastructure. There is a risk that if the funding stops, then it will be difficult for the municipality to sustain the projects in the short run. The county executive is also allocating some money to enable the municipality to carry out maintenance of infrastructure like the repair of cabro works ion Bomet stage.

Bomet Municipality was able to construct Bomet Municipality Fire Station through Kenya Urban Support Programme.

Financial performance of the Municipality during the year.

There has been inadequate budgetary allocation to the municipal entity during the year under review.

Operational Performance. The municipal programs and activities were affected by underfunding

Compliance with the statutory requirement

The statutory requirements like quarterly meetings, procurement procedures were complied with.

Major risks facing the municipality- inadequate budgetary allocation and inadequate technical staff is a major risk facing the municipality.

10.Environmental and Sustainability Reporting

The Board of the Municipality of Bomet and the County Government of Bomet will work towards implementing municipal plans that are prepared and implemented as per the County Governments Act of 2012 and the Urban areas and Cities Act of 2011 (amended 2019). The Integrated Urban Development Plan of Bomet will ensure the municipality is able to deal with the effects of urbanization such as urban sprawl, rise of informal settlements and uncontrolled developments. Below are the specific objectives:

- 1) To provide a framework to facilitate security of land tenure
- 2) To identify and analyse planning issues and challenges, harness existing opportunities and propose intervention measures for mitigating the planning issues and challenges
- 3) To propose appropriate land uses, locations and permissible densities
- 4) To provide a policy framework for socio-economic investments, economic use of space, infrastructure services and public facilities
- 5) To facilitate the implementation of County Urban Institutional Development Strategy

The municipal board and staff will ensure proper planning through the control of development, provide services to the residents and provide proper Governance structures. It will also develop adequate policies and regulations that will govern the Municipality.

1. Sustainability strategy and profile

Adequate public participation is carried out so that people present their views prior to the implementation of the projects. This minimizes politicization during its implementation

2. Environmental performance

An environmental and impact assessment report is carried out before the commencement of any project; to examine the extent to which the implementation of the project affects flora and fauna.

3. Employee welfare

Bomet municipality gives equal opportunity to all, without discriminating in terms or gender or tribe. The Bomet municipal is compliant with policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

4. Market place practices

The Bomet Municipality outline its efforts to:

a) Responsible competition practice.

Every tender is advertised for competitive bidding as per Procurement and disposal act 2015 and other guidelines issued by PPRA.

b) Responsible Supply chain and supplier relations

All bids are evaluated based on merit and reasons for bidders' success or unsuccessful are communicated to the bidders as per Procurement act 2015

5. Community Engagements

There were no CSR activities carried out during the month under review

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11. Report of the Municipality Board Members

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

Principal activities

The principal activity/mission/ mandate of the Municipality is to facilitate urbanization process in Kenya through integrated urban and regional planning management framework of Kenya urban centres and towns

Performance

The performance of the Municipality for the year ended June 30, 2023 are set out on page 1-42

Board Members

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

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



12. Statement of Management's Responsibilities

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

The Municipality manager is responsible for the preparation and presentation of the Municipality financial statements, which give a true and fair view of the state of affairs of the Municipality for and as at the end of the financial year ended on June 30, 2023. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period,
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Municipality,
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud,
- (iv) Safeguarding the assets of the Bomet Municipality,
- (v) Selecting and applying appropriate accounting policies, and
- (vi) Making accounting estimates that are reasonable in the circumstances.

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


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


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

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Approval of the financial statements

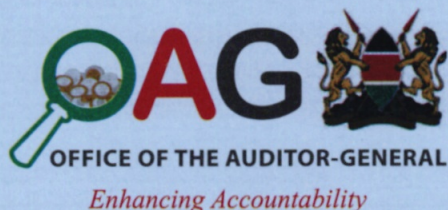
The Municipal's financial statements were approved by the Board on 29th September 2023 and signed on its behalf by:


COUNTY GOVERNMENT OF BOMET
BOMET MUNICIPALITY
Name: Rev. Philex Korir
Chairperson of the Board
11 JAN 2024
P. O. BOX 19 - 20400,
BOMET - KENYA


COUNTY GOVERNMENT OF BOMET
BOMET MUNICIPALITY
Name: Richard Kirui
Accounting officer of the Board
11 JAN 2024
P. O. BOX 19 - 20400,
BOMET - KENYA

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON BOMET MUNICIPALITY FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Bomet Municipality set out on pages 1 to 45, which comprise of the statement of financial position as at 30 June, 2023 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Bomet Municipality as at 30 June, 2023 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 do not comply with the Urban Areas and Cities Act, 2011 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Presentation and Disclosures in the Financial Statements

The statement of financial performance, statement of financial position and statement of cash flows did not disclose the name of the Municipality Manager. Further, the report on Management discussion and analysis reflects approved revenue budget of Kshs.111,664,074, actual expenditure of Kshs.4,146,840 for recurrent and Kshs.56,896,368 for development. The analysis however reflects approved budget of Kshs.45,000,000 for recurrent and Kshs.168,000,000 for development all totalling to Kshs.213,000,000 which is at variance with the amounts presented in the statement of comparison of budget and actual amounts total of Kshs.115,161,174. In addition, Notes to the financial statements and significant accounting policies did not customize and replace the name entity with Bomet Municipality Board. Also, Note 6 to the financial statements presents the financial year as 2023 and previous year as 2022.

In the circumstances, the Management did not comply with the Public Sector Accounting Standards Board (PSASB) guidelines in the presentation of the financial statements.

2. Inaccuracies in the Financial Statements

2.1 Variance Between the Balances in the Financial Statements and Trial Balance

The following balances as per the trial balance were at variance with the amounts as per financial statements as detailed below:-

Component Description	Balance per the Trial Balance (Kshs.)	Balance per the Financial Statements (Kshs.)	Variance (Kshs.)
Unspent Funds b/f	61,733,451	0	61,733,451
Board, Committee, Conference	1,409,000	2,000,000	591,000
Other, Infrastructure and Civil Works	61,075,493	0	61,075,493
Property, Plant and Equipment	0	56,896,368	(56,896,368)

Management did not provide an explanation or reconciliation for the variances.

2.2. Comparative Amounts – Board Expenses

Review of Note 14 to the financial statements revealed comparative amount of Kshs.600,000 in respect of board expenses which is at variance with the Nil amount in the previous year 2021/2022 audited financial statements resulting to an unexplained and unreconciled variance of Kshs.600,000.

2.3. Inaccuracies on the Statement of Cash Flows

The statement of cash flows reflects comparative amounts of Kshs.4,593,298 in respect of purchase of property, plant and equipment and intangible assets which is at variance with the balance of Kshs.45,932,959 reflected in the audited financial statements for the previous year 2021/2022 resulting to an unexplained and unreconciled variance of Kshs.41,339,661. Further, the statement reflects an amount of Kshs.568,963 in respect of net cash flows used in investing activities in the current year which is at variance with the re-casted amount of Kshs.56,896,368 resulting to an unexplained and unreconciled variance of Kshs.56,327,405. In addition, the statement did not have reference Notes to the financial statements.

2.4. Statement of Changes in Net Assets

The statement of changes in net assets reflects total assets amount of Kshs.61,732,825 which is at the variance with the re-casted amount of Kshs.61,682,825 resulting to an unexplained and unreconciled variance of Kshs.50,000. Further, the statement reflects negative amount of Kshs.48,272,905 in respect of revaluation gain which was not supported with details of the affected non-current assets. In addition, the statement reflects, under the totals column, total revaluation gain of negative amount of Kshs.48,222,904 which is at variance with the amount of negative Kshs.48,272,905 in the capital fund column resulting to an unexplained and unreconciled variance of Kshs.50,001.

2.5. Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects final total revenue budget and total actual amounts on comparable basis of Kshs.115,161,174 and Kshs.65,829,666 respectively resulting to an under-funding of Kshs.51,671,423 or 43% of the budget. However, budget performance difference in respect to public contributions and donations reflects an amount of Kshs.2,339,915 instead of the re-casted Kshs.0.

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

3. Unsupported Revenue

The statement of financial performance reflects total revenue amount of Kshs.4,096,215 which includes amounts of Kshs.1,756,300 and Kshs.2,339,915 in respect of transfers from the county government and public contributions and donations (donation from development partners) as disclosed in Note 6 and 7 to the financial statements. However,

review of the supporting documents including transfer requisitions and bank statements revealed total revenue received amount of Kshs.2,477,671 resulting to unexplained and unreconciled variance of Kshs.1,618,544. Further, the schedules supporting the revenue were not provided for audit review.

In the circumstances, the accuracy and completeness of an amount of Kshs.4,096,215 in respect of total revenue could not be confirmed.

4. Inaccuracy on Property, Plant and Equipment

As disclosed in Note 24 to the financial statements, the statement of financial position reflects balance of Kshs.56,896,368 in respect of property, plant and equipment which includes an amount of Kshs.48,272,905 and Kshs.58,196,011 in respect of disposals and additions during the year under review respectively. However, re-casting of the accuracy of the totals revealed an amount of Kshs.55,856,096 resulting to unexplained and unreconciled variance of Kshs.1,040,273. The details of disposed assets and proceeds if any were not provided for audit verification. In addition, an annual assets disposal plan was not prepared in respect to the disposed assets contrary to Regulation 176(1)(2) which requires that an Accounting Officer of a procuring entity shall ensure that an annual assets disposal plan is prepared of items declared as unserviceable, surplus or obsolete, obsolescence stores, asset or equipment as set out under Section 53(4) of the Act, (2) Pursuant to Section 53(4) of the Act, the disposal plan in paragraph (1) shall be done in accordance with the format specified in the Thirteenth Schedule of the Public Procurement and Assets Disposal Regulations, 2020. Further, the Management did not provide asset register, ownership and valuation documents for audit review and no depreciation on the assets was charged for the year.

In the circumstances, the accuracy, completeness and fair value of the property, plant and equipment balance of Kshs.56,896,368 could not be confirmed.

5. Unsupported Use of Goods and Service

As disclosed in Note 12 to the financial statements, the statement of financial performance reflects an amount of Kshs.2,146,840 in respect of use of goods and services expenditure. Review of the supporting documents revealed that the amount was paid to the County employees in form of imprest. However, the surrender documents including Minutes and attendance lists revealed that the minutes were not signed and three sets of minutes relates to meetings held on 29 June, 2021, 28 May, 2021 and 21 April, 2021 which relates to the financial year 2020/2021. One copy of attendance register relates to 8 September, 2023 which relates to the financial year 2023/2024.

In the circumstances, the accuracy and completeness of an amount of Kshs.2,146,840 in respect of use of goods and services could not be confirmed.

6. Unsupported Board Expenses

As disclosed in Note 14 to the financial statements, the statement of financial performance reflects Kshs.2,000,000 in respect of board expenses. However, review of the supporting expenditure schedules revealed Kshs.300,000 resulting to unexplained

and unreconciled variance of Kshs.1,700,000. Further, the board expenses were not supported with payment vouchers and Board minutes. In addition, Management did not deduct income tax on the allowances paid as required by Section 37(1) of the Income Tax Act.

In the circumstances, the accuracy and completeness of board expenses of Kshs.2,000,000 could not be confirmed.

7. Unsupported Trade and Other Payables

As disclosed in Note 26 to the financial statements, the statement of financial position reflects a balance of Kshs.4,179,126 in respect of trade and other payables. However, supporting documents with relevant analysis and control account for trade and other payables were not provided for audit review.

In the circumstances, the accuracy and completeness of the balance of Kshs.4,179,126 in respect of trade and other payables could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final total revenue budget and actual on comparable basis of Kshs.115,161,174 and Kshs.65,829,666 respectively resulting to an under-funding of Kshs.51,671,423 or 43% of the budget. Similarly, the statement reflects final budget expenditure and actual on comparable basis of Kshs.11,087,808 and Kshs.4,146,840 respectively resulting to under-absorption of Kshs.6,940,968 or 63% of the budget.

The under-funding and under-expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

As disclosed under the progress on follow up of auditor's recommendation section of the financial statements, the Management indicated two (2) prior year audit issues which are reported as resolved. However, Management did not provide reports and invitations from the oversight committees detailing the deliberations and recommendations of the committees. Further, no satisfactory reasons was provided for non-inclusion of three other issues which remained unresolved.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Lack of an Approved Budget

The statement of financial performance reflects final revenue and expenditure amounts of Kshs.115,161,174 and Kshs.11,087,807 respectively. However, the Management did not provide the approved budget contrary to Regulation 39(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that each Accounting Officer shall within the guidelines of the supplementary budget circular and in conformity with budget guidelines issued by the County Executive Committee Member, prepare revised budget estimates in the format to be issued by the Cabinet Secretary.

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

2. Unbalanced Budget

The statement of comparison of budget and actual amounts for the year ended 30 June, 2023 reflects a final income budget of Kshs.115,161,174 and final expenditure budget of Kshs.11,087,807 resulting in a variance of Kshs.104,073,367. The budget imbalance is contrary to the provisions of Regulation 31(c) of the Public Finance Management (County Government) Regulations, 2015 which states that budget revenue and expenditure appropriation shall be balanced.

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

3. Irregular Award of Contract on Construction of Bomet Municipality Fire Station

As disclosed in Note 24 to the financial statements, the statement of financial position reflects property, plant and equipment balance of Kshs.61,075,494 which includes balance of Kshs.12,440,013 in respect of the construction of Bomet Municipality Fire Station. However, review of the procurement documents including tender evaluation minutes revealed that contract No.CGB/BMU/001/2022-2023 was awarded on 11 April, 2023 to a local firm which did not quote the lowest bid after preliminary evaluation of ten (10) bids. Three (3) bidders who quoted lowest and most responsive were disqualified because they provided bid securities that were less than 2% of the contract sum quoted. This was in contravention of Section 61(1)(c) of the Public Procurement and Assets Disposal Act, 2015 which states that an accounting officer of a procuring entity may require that tender security be provided with tenders, subject to such requirements or limits as may be prescribed including an amount of not more than two percent of the tender as valued by the procuring entity. This casts doubt on the transparency of the procurement process for the construction of Bomet Municipality Fire Station under this contract.

Further, the title deed to the parcel of land on which the project is situated was not provided for audit and Management paid retention monies to the contractor before the contracts were issued with certificate of practical completion and handed over for use.

In the circumstances, value for money and regularity of the procurement process in respect of construction of Bomet Municipality fire station at a contract sum of Kshs.12,440,013 could not be confirmed. The Management was also in breach of the law.

4. Irregular Procurement of Improvement of Longisa Town Roads to Bitumen Standards

As disclosed in Note 24 to the financial statements, the statement of financial position reflects property, plant and equipment balance of Kshs.61,075,494 which includes balance of Kshs.25,2324,785 in respect of the proposed improvement of Longisa town roads into bitumen standards. However, review of the procurement documents including the tender evaluation minutes revealed that a total of twelve bids were received but only two firms progressed to financial evaluation. Further, review revealed that the contract was awarded to the highest bidder contrary to Section 83(1) of the Public Procurement and Asset Disposal Act, 2015 which states An evaluation committee may, after tender evaluation, but prior to the award of the tender, conduct due diligence and present the report in writing to confirm and verify the qualifications of the tenderer who submitted the lowest evaluated responsive tender to be awarded the contract.

Physical verification of the project in the month of October, 2023 revealed that the contractor had been fully paid but only one (1) kilometre of the road was improved against 1.4 kilometres as specified in the contract agreement and the contractor was not on site.

In the circumstances, value for money and regularity of the procurement of improvement of Longisa town roads into bitumen standards could not be confirmed.

5. Irregular Procurement of Skip Loader and Construction of Market Stalls in Bomet Market

As disclosed in Note 24 to the financial statements, the statement of financial position reflects property, plant and equipment balance of Kshs.61,075,494 which includes balance of Kshs.58,526,500 in respect of construction of market stalls in Bomet Market. However, review of the records provided for audit revealed the following unsatisfactory matters: -

- i. The contract included supply and delivery of a skip loader at a cost of Kshs.9,500,000. However, there was no evidence that the contractor had qualifications and experience in dealing with the supply of motor vehicles and transport equipment in breach of Regulation 173(3) of the Public Procurement and Asset Disposal Regulations, 2020 which states that all motor vehicles, plant, equipment and related spare parts shall be procured competitively from manufacturers, authorized local or international dealers or reputable local suppliers or dealers in accordance with the Act. The inspection and acceptance report conducted by a mechanical engineering department of roads, public works and infrastructure confirming the specifications of the machinery and equipment as per the laid down government regulations of motor vehicles and other road equipment was not provided for audit review.
- ii. Verification of the log book for the skip loader indicated that the equipment had a private registration number instead of County Government registration number contrary to Rule 6B of the Traffic Rules states that all motor vehicles belonging to the County Government shall bear the registration series specified in the second column for the County specified in the Fourteenth Schedule.
- iii. Included in the contract sum was provisional amounts of Kshs.5,400,000 and Kshs.700,000 in respect of acquisition of a brand-new type 2 vehicle, with 2.5 - 2.8 litre turbo-charged 4-wheel vehicle and five (5) laptops respectively for exclusive use of the resident engineer for a period of one (1) year. However, despite the provisional sums being paid, there was no evidence that the assets were acquired and the contractor's final account did not account for these provisional sums.
- iv. The insurance certificate, daily equipment utilization schedule and work tickets indicating daily odometer readings at start and end for the skip loader and downtime were not provided for audit. Physical verification revealed that the vehicle had been parked at the County Treasury without registration number implying that it was idle instead of offering the envisaged services.
- v. Further, there was no evidence that the buildings, machinery and equipment were received and taken on charge and recorded in the fixed assets register.

In the circumstances, Management was in breach of the law and the residents of Bomet County may not have received value for money from the project.

6. Lack of Independence of the Municipality

The Bomet Municipality was granted Municipal Charter on 26 May, 2018 which grants operational independence from the County Government of Bomet. 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. Further, except for project accounts which have joint signatories from the County Treasury, the Municipality's expenditure was controlled by the County Treasury and did not have independent operations account. In addition, the County Government of Bomet has continued to perform a number of functions which were transferred to the Municipality as provided for under Paragraph 2.3.1 of the Bomet Municipal Charter including promotion, regulation and provision of refuse collection and solid waste management services.

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, the Municipality Management was in breach of law.

7. Lack of Approved Staff Establishment

Review of the employee records revealed that the Municipality had eight (8) employees who were deployed from the County Executive without specific terms of engagement and conditions of service. This is contrary to Section 8.1.1 of the Bomet Municipal Charter, 2023 which mandates the Board of the Municipality, 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.

Further, the Municipality did not have an approved staff establishment contrary to Section B.2 (1) of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which requires every public entity to prepare Human Resource Plans based on comprehensive job analysis to support achievement of goals and objectives in their Strategic Plans. It was therefore not possible to determine whether the Municipality operated with an optimal number of staff.

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

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Failure to Maintain Fixed Asset Register and Lack of Assets Ownership Documents

As disclosed in Note 24 to the financial statements, the statement of financial position reflects property, plant and equipment balance of Kshs.61,075,494. However, review of financial records revealed that the Management did not maintain assets register and did not provide assets ownership documents including titles and log books of vehicles. Further, the Municipality did not have an approved asset management policy in place.

In addition, the assets were not tagged as property of Bomet 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.

2. Failure to Hold Monthly Municipality Board Meetings

The Municipality Board of Bomet is composed of nine (9) members. However, evidence that the members were appointed through a competitive process was not provided. This is contrary to Article 232(g) of the constitution which requires fair competition and merit as the basis of appointments and promotions in the public service. Further, review of meeting records revealed that the Board met only three (3) times during the year under review contrary to Section 23(1) of the Urban Areas and Cites Act, 2011 which requires the Board to meet at least once in every three months.

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

3. 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 Board and review its integrated development plan in breach of Section 42 of the Urban Areas and Cites 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 Cites Act, 2011 which requires the Board to regularly hold such fora.

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

4. Lack of Policies and By-laws

During the year under review, the Municipal Board operated without by laws passed by the Board of the Municipality as per the requirements of Bomet Municipal Charter Paragraph 4.1 on Legislative Authority on by laws.

In the circumstances, Management was in breach of Law.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 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 the Management and the Municipality Board

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

02 February, 2024

County Government of Bomet
 Bomet Municipality
 Annual Report and Financial Statements for the year ended June 30, 2023

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

Description	Note	2022/2023 Kshs.	2021/2022 Kshs.
Revenue from non-exchange transactions			
Transfers from the County Government	6	1,756,300	2,375,908
Public contributions and donations	7	2,339,915	92,307,576
Levies Fines and Penalties	8	-	-
Other revenues	9	-	-
Revenue from exchange transactions			
Interest income	10	-	-
Miscellaneous Income	11	-	-
Total revenue		4,096,215	94,683,484
Expenditure			
Use of goods and services	12	2,146,840	2,375,908
Staff costs	13	-	-
Board expenses	14	2,000,000	-
Finance costs	15	-	6,250
Depreciation and amortization	16	-	-
Repairs and maintenance	17	-	-
Total expenses		4,146,840	2,382,158
Other gains/losses			
Gain/loss on disposal of assets	18	-	-
Surplus/(deficit) for the period		(50,625)	92,301,326

The notes set out on pages 22 to 36 form an integral part of these Financial Statements. The entity's financial statements were approved on 29th September 2023 and signed by:

COUNTY GOVERNMENT OF BOMET
 BOMET MUNICIPALITY
 Name: 11 JAN 2024
 Municipality Manager
 P. O. BOX 19 - 20400,
 BOMET - KENYA

.....
 Name: LEONARD SANG
 Accountant
 ICPAK M/No 12571

County Government of Bomet
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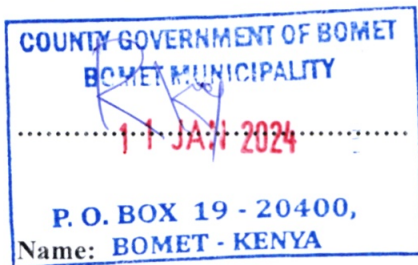
15. Statement of Financial Position as at 30 June 2023

Description	Note	2022/2023	2021/2022
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	19	4,786,459	61,733,451
Receivables from exchange transactions	20	-	-
Receivables from non-exchange transactions	21	-	-
Prepayments	22	-	-
Inventories	23	-	-
Total current assets		4,786,459	61,733,451
Non-current assets			
Property, plant, and equipment	24	56,896,368	45,932,989
Intangible assets	25	-	-
Total Non-current Assets		56,896,368	45,932,989
Total assets		61,682,827	107,666,440
Liabilities			
Current liabilities			
Trade and other payables	26	4,179,126	-
Refundable deposits from customers	27	-	-
Provisions	28	-	-
Borrowings	29	-	-
Employee benefit obligations	30	-	-
Deferred Income	31	-	-
Social Benefits	32	-	-
Total current liabilities		4,179,126	-
Non-current liabilities			
Provisions	28	-	-
Borrowings	29	-	-
Non-current employee benefit obligation	30	-	-
Deferred Income	31	-	-
Social Benefits	32	-	-
Total liabilities		4,179,126	-
Net assets			
Capital/Development Grants/Fund		(30,567,876)	15,365,114

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Description	Note	2022/2023	2021/2022
		Kshs.	Kshs.
Accumulated surplus		92,250,701	92,301,326
Total net assets and liabilities		61,682,827	107,666,440

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 29th September 2023 and signed by:



.....
 Name: Leonard [Signature]
 Accountant
 ICPAK M/No 12521
 Date: 11/01/24

Municipality Manager

Date:

County Government of Bomet
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16. Statement of Changes In Net Assets For the Year Ended 30 June 2023

Description	Capital/ Development Grants/Fund	Revaluatio n Reserve	Accumulat ed surplus	Total
		Kshs.	Kshs.	Kshs.
Bal as at 1 July 2021 (previous year)	-	-	-	-
Surplus/(deficit) for the year	-	-	92,301,326	15,358,864
Funds received during the year	92,307,576	-	-	92,307,576
Revaluation gain	-	-	-	-
Bal as at 30 Jun 2022	15,365,114	-		107,666,440
Bal as at 1 July 2022	15,365,114	-	92,301,326	107,666,440
Surplus/(deficit) for the year	-	-	(50,625)	(50,626)
Funds received during the year	2,339,915	-	-	2,339,915
Revaluation gain	(48,272,905)	-	-	(48,222,904)
Balance as at 30 June 2023	(30,567,876)	-	92,250,701	61,732,825

County Government of Bomet
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17. Statement Of Cash Flows for The Year Ended 30 June 2023

Description	Note	2022/2023	2021/2022
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Payments made by County Government on behalf of the entity		1,756,300	2,375,908
Public contributions and donations		2,339,915	92,307,575. 6
Interest received		-	-
Total Receipts		4,096,215	94,683,484
Payments			
Use of goods and services		(2,146,840)	2,375,908
Staff costs		-	-
Office and general supplies and services		-	-
Bank Charges		-	-
Conference Costs		-	-
Board expenses		2,000,000	-
Finance costs		-	6,250
Total Payments		4,146,840	2,382,158
Net cash flows from operating activities	33	(50,625)	92,301,326
Cash flows from investing activities			
Purchase of PPE & intangible assets		56,896,368	45,932,98
Proceeds from sale of PPE		-	-
Net cash flows used in investing activities		(56,896,3)	(45,932,98)
Cash flows from financing activities			
Receipts from Capital grants		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash equivalents		(56,946,99)	46,368,337
Cash And Cash Equivalents At 1 July 2022	19	61,733,451	15,365,114

County Government of Bomet
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Description	Note	2022/2023	2021/2022
		Kshs.	Kshs.
Cash And Cash Equivalents At 30 June 2023	19	4,786,458	61,733,451

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	B	c=(a+b)	D	e=(c-d)	f=d/c
Revenue		Kshs.	Kshs.	Kshs.	Kshs.	
Transfers from the County Government	53,000,000	-1,912,192	51,087,808	1,756,300	49,331,508	3%
Public contributions and donations	2,339,915	0	2,339,915	2,339,914.85	2,339,915	100%
Miscellaneous income-balance brought forward from previous financial year	50,576,266	11,157,185	61,733,451	61,733,451	0	100%
Total Revenue	105,916,181	9,244,993	115,161,174	65,829,665.95	51,671,423	57%
Expenses						
Use of goods and services	10,212,192	0	8,300,000	2,146,840	6,153,160	26%
Board expenses	2,787,808	0	2,787,808	2,000,000	787,808	72%
Total Expenditure	13,000,000	0	11,087,808	4,146,840	6,940,968	37%
Surplus for the period	92,916,181	9,244,993	104,073,366	61,682,826	44,730,455	59%
Capital Expenditure	10,000,000	50,576,266	60,576,266	56,896,368	3,679,898	94%

County Government of Bomet
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Budget notes

- 3% from Transfers from the County Government is attributed to non-payment of most programs and staff PE not paid.
- 100 % Public contributions and donations were 100% transferred and paid.
- 100% on balance brought was as a result of implementation of development projects.
- 26% on Use of goods and services was due to minimal payment of Use of goods and services.
- 72% Board expenses was as a result of implementation of most programs.

19. Notes to the Financial Statements

1. General Information

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

The principal activity of the Municipality is to facilitate urbanization process in Bomet County through integrated urban and regional planning management framework of Kenya urban centres and towns

2. Statement of Compliance and Basis of Preparation

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

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

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

County Government of Bomet
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3. Application of New and revised standards (IPSAS)

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

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

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

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

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

iii. Early adoption of standards

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

(Notes to financial statements continued)

4. Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2022/23 was approved by the County Assembly on April 2022. 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 statements were

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recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 6 of these financial statements.

c) Property, plant and equipment

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

d) Intangible assets

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

(Significant accounting policies continued)

e) Financial instruments

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

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

Financial assets

Classification of financial assets

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

(Significant accounting policies continued)

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

(Significant accounting policies continued)

Impairment

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

Financial liabilities

Classification

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

f) Inventories

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

Raw materials: purchase cost using the weighted average cost method

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

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

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(Significant accounting policies continued)

g) Provisions

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

h) Social Benefits

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

i) Contingent liabilities

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

(Significant accounting policies continued)

j) Contingent assets

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

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits – Retirement benefit plans

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

(Significant accounting policies continued)

n) Foreign currency transactions

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

o) Borrowing costs

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

p) Related parties

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

q) Cash and cash equivalents

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

(Significant accounting policies continued)

r) Comparative figures

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

s) Events after the reporting period

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

Two types of events can be identified:

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

(b) Those that are indicative of conditions that arose after the reporting date.

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

t) Currency

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

5. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made.

Estimates and assumptions.

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

Useful lives and residual values

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

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

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6. Transfers from the County Government

Description	2023	2022
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	-	
Payments by County on behalf of the entity	1,756,300	2,375,908
Unconditional development grants	-	-
Total	1,756,300	2,375,908

(a) Transfers from County Government entities (Categorized)

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

7. Public Contributions and Donations

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Donation from development partners	2,339,915	92,307,576
Contributions from the public	-	-
Total	2,339,915	92,307,576

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Notes to the Financial Statements

8. Levies, Fines and penalties

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Levies	-	-
Fines	-	-
Penalties	-	-
Total	-	-

9. Other Revenues from Non-Exchange Transactions

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Transfers from other government entities	-	-
Others (Balance b/f)	-	-
Total	-	-

10. Interest income

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Interest income from investments	-	-
Interest income on bank deposits	-	-
Total interest income	-	-

11. Miscellaneous income

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Income from sale of tender documents	-	-
Total other income	-	-

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12. Use of Goods and Services

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Domestic travel and subsistence	1,049,600	527,900
Accommodation - Domestic Travel	949,300	16,000
Travel costs	-	-
Committee Allowances	-	600,000
Office and general supplies and services	2,000	-
Bank Charges	8,940	-
Other operating expenses	-	449,908
Supplies of Computers and Printers	-	549,000
Daily subsistence allowances	-	233,100
Conference Costs	137,000	-
Total	2,146,840	2,375,908

13. Staff costs

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Salaries and wages	-	-
Staff gratuity	-	-
Social security contribution	-	-
Total	-	-

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14. Board expenses

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Chairman/Members' Honoraria	-	-
Sitting allowances	303,000	600,000
Medical Insurance	-	-
Induction and Training	425,000	-
Travel and accommodation	1,272,000	-
Conference Costs	-	-
Total	2,000,000	600,000

15. Finance costs

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Bank Charges	-	6,250
Total	-	6,250

16. Depreciation and amortization

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

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Notes to the Financial Statements

17. Repairs and Maintenance

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

18. Gain/(loss) on disposal of assets

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

19. Cash and cash equivalents

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Fixed deposits account	4,179,126	-
On – call deposits	-	-
Current account	607,332	61,733,451.13
Total cash and cash equivalents	4,786,458	61,733,451.13

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Notes to the Financial Statements

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

Financial institution	Account number	2022/2023	2021/2022
		Kshs.	Kshs.
a) Fixed deposits account			
Equity Bank -UDG RETENTION ACCOUNT	1220284039609	4,179,126	-
Sub- total		4,179,126	-
b) Current account			
Equity Bank	1220278947148	607,285	61,690,998.62
Equity Bank	1220278947204	47	42,452.51
CBK UDG Account	1000385758	0	0
CBK UIG Account	1000385747	0	0
Sub- total		607,332	61,733,451.13
Grand total		4,786,458	61,733,451.13

20. Receivables from exchange transactions

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

Ageing analysis for Receivables from exchange transactions

Description	2022/2023		2021/2022	
	Kshs	% of the total	Kshs	% of the total
Less than 1 year	-	-	-	-

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Between 1- 2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total (a+b)	-	-	-	-

21. Receivables from Non-Exchange transaction

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Transfer from County Executive	-	-
Total receivables from non-exchange transactions	-	-

Ageing analysis for Receivables from non-exchange transactions

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

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22. Prepayments

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Total	-	-

23. Inventories

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Stationery	-	-
Consumables	-	-
Total inventories at the lower of cost and net realizable value	-	-

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(Notes to the Financial Statements Continued)

24. Property, Plant and Equipment

Description	Land	Build	Motor	Furniture	Comp	Other	Capital	Total
	sh	ing	vehicles	and fittings	puters	Assets	Work in	
	s	Shs	Shs	Shs	Shs	(specif	progress	Shs
		Shs	Shs	Shs	Shs	y)	Shs	Shs
As at 30 June 2022	-	-	-	-	-	45,932,989	-	45,932,989
Depreciation for the year	-	-	-	-	-	-	-	-
Disposals for the year	-	-	-	-	-	(48,272,905)	-	(48,272,905)
Impairment for the year	-	-	-	-	-	-	-	-
Addition during the year	-	11,196,011	9,500,000	-	2,339,915	35,160,085	-	58,196,011
As at 30th June 2023	-	11,196,011	9,500,000	-	2,339,915	32,820,169	-	56,896,368
				-	-	-	-	-
NBV as at 30th Jun 2022	-		45,932,989	-	45,932,989	45,932,989	-	45,932,989
NBV as at 30th Jun 2023	-	11,196,011	9,500,000	-	2,339,915	31,520,526	-	56,896,368

- (Other PPE figures are not included since the municipality has not defined the policy of valuation/depreciation nor the assets have been subjected to any form of valuation and auditing and therefore may not give a fair realistic figure. Also, IPSAS 33 has been used in preparation of the financial statements ended 30th June 2022. Only kshs 56,896,368 for PPE acquisition was included for the current year since it must balance the financial position.)
-Other Assets includes Recarpeting of Longisa roads, Extension of Sewer lines, Construction of Bomet Markets, Installation of floodlights and repair of Bomet upper markets

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(Notes to The Financial Statements Continued)

25. Intangible assets

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

26. Trade and other payables from exchange transactions

Description	2022/2023		2021/2022	
	Kshs.		Kshs.	
Trade payables	-	-	-	-
Retentions	4,179,126	-	-	-
Accrued expenses	-	-	-	-
Total trade and other payables	4,179,126			
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	4,179,126	100%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

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Notes to the Financial Statements

27. Refundable deposits from customers

Description	2022/2023		2021/2022	
	KShs		KShs	
Rent deposits	-		-	
Total	-		-	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

28. Provisions

Description	2022/2023		2021/2022	
	Kshs.		Kshs.	
Balance at the beginning of the year	-		-	
Provision utilised	-		-	
Balance at the end of the year	-		-	
Current Portion of provision	-		-	
Long term portion of provision	-		-	
Total Provisions	-		-	

29. Borrowings

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

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

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

The table below shows the Distribution of borrowings:

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

30. Employee Benefit Obligations

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

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Notes to the Financial Statements

31. Deferred Income

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

The deferred income movement is as follows:

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

Analysed as:

Description	Amount
	Kshs
Current	-
Non- Current	-
Total	-

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Notes to the Financial Statements

32. Social Benefit Liabilities

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

33. Cash generated from operations

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Receipts		
Transfers from the County Government	1,756,300	2,375,908
Public contributions and donations	2,339,915	92,307,575.6
Interest received	-	-
Total Receipts	4,096,215	94,683,484
Payments		
Use of goods and services	(2,146,840)	(2,375,908)
Staff costs	-	-
Office and general supplies and services	-	-
Bank Charges	-	-
Conference Costs	-	-
Board expenses	2,000,000	-
Finance costs	-	6,250
Total Payments	(4,146,840)	(2,382,158)
Net cash flows from operating activities	(50,625)	92,301,326

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Notes to the Financial Statements

34. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

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

c) Key management remuneration

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Board Members	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

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

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e) Due to related parties

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

35. Contingent liabilities

Contingent liabilities	2022/2023	2021/2022
	Kshs.	Kshs.
Bank guarantees	-	-
Total	-	-

36. Contingent Assets

Contingent liabilities	2022/2023	2021/2022
	Kshs.	Kshs.
-	-	-
Total	-	-

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Notes to the Financial Statements

37. Financial risk management

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

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

I. Credit risk

The Municipality has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Municipality's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the Municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
At 30 June 2023 (current year)				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2022 (previous year)				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

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

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

II. Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 Jun 2023 (current year)				
Trade payables	-	4,179,126	-	4,179,126
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	4,179,126	-	4,179,126
At 30 Jun 2022 (previous year)				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

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III. Market risk

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

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

IV. Foreign currency risk

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

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

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Foreign currency sensitivity analysis

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

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

V. Interest rate risk

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

Management of interest rate risk

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

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VI. Capital risk management.

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

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

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4. Appendices

Appendix 1. Progress on Follow up of Auditors Recommendations.

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Unsupported Property, Plant and Equipment	The disclosure note was blank since IPSAS 33 has been used in preparation of the financial statements ended 30th June 2022 and furthermore the Municipality has not defined the policy of valuation/depreciation nor the assets have been subjected to any form of valuation and auditing and therefore may not give a fair realistic figure. However, a detailed asset register is in place for audit verification.	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.	Other Reserves	Other reserves as depicted in the statement of financial position was the balance brought forward from the previous financial year as per the bank balances of UIG and UDG as at the beginning of the financial year.	Resolved	

BOMET MUNICIPALITY
 MUNICIPAL MANAGER
 17 JAN 2024
 P. O. Box 19-20400, BOMET
 KENYA

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Appendix 2: Inter Entity Transfers

MUNICIPALITY NAME:				
Break-down of Transfers from the County Executive of Bomet County				
FY 2022/2023				
a.	Recurrent Grants	<u>Bank Statement</u> <u>Date</u>	<u>Amount</u> <u>(Kshs.)</u>	<u>Indicate the FY to which the amounts</u> <u>relate</u>
	-	-	-	-
		Total	-	-
b.	Development Grants	<u>Bank Statement</u> <u>Date</u>	<u>Amount</u> <u>(Kshs.)</u>	<u>Indicate the FY to which the amounts</u> <u>relate</u>
	-	-	-	-
	-	-	-	-
	-	-	-	-
		Total	-	-
c.	Direct Payments	<u>Bank Statement</u> <u>Date</u>	<u>Amount</u> <u>(Kshs.)</u>	<u>Indicate the FY to which the amounts</u> <u>relate</u>
	Paid through IFMIS		1,756,300	2022/2023
		Total	1,756,300	-

[Handwritten Signature]

CO FINANCE

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Appendix 3: Reporting of Climate Relevant Expenditures

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

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

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Appendix 4: Disaster Expenditure Reporting Template

Date:

Bomet Municipality

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