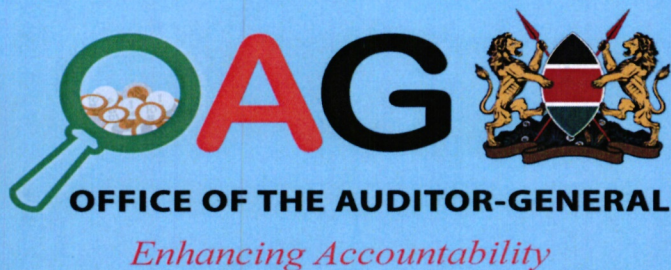
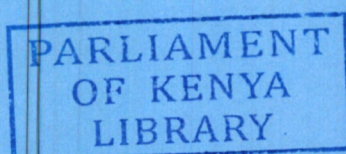


REPUBLIC OF KENYA



REPORT



PAPERS LAID	
DATE	27/6/2023
TABLED BY	Magonby Whip
COMMITTEE	—
CLERK AT THE TABLE	Angela

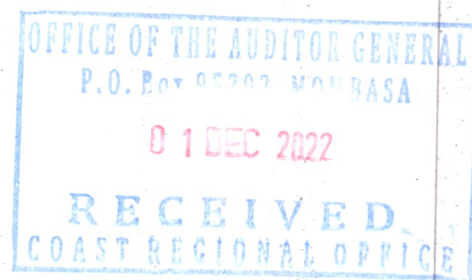
OF

THE AUDITOR-GENERAL

ON

**SPECIAL MUNICIPALITY OF
MWATATE FUND/BOARD**

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



SPECIAL MUNICIPALITY OF MWATATE

County Government of Taita Taveta

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2022**

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

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

Table of Contents

1. Key Entity Information and Management	iii
2. Municipality Board	vi
3. Management Team	viii
4. Municipality Board Chairperson's Report	x
5. Report of the Municipality Manager	xii
6. Statement of Performance Against Predetermined Objectives for the FY 2021/2022	xiv
7. Corporate Governance Statement	xv
8. Management Discussion and Analysis	xviii
9. Environmental And Sustainability Reporting	xx
10. Report of the Municipality Board Members	xxii
11. Statement of Management's Responsibilities	xxiii
12. Report of the Independent Auditor	xxv
13. Statement of Financial Performance for The Year Ended 30 June 2022.	1
14. Statement of Financial Position as at 30 June 2022	2
15. Statement of Changes in Net Assets as at 30 June 2022	3
16. Statement Of Cash Flows for The Year Ended 30 June 2022	4
17. Statement of Comparison of Budget & Actual Amounts for the Year ended 30 June 2022	5
18. Notes to the Financial Statements	6
19. Annexes	32

**County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022**

1. Key Entity Information and Management

a) Background information

Special Municipality of Mwatate is established by and derives its authority and accountability from Urban Areas and Cities Act, (No.13 of 2011) dated 8th May 2019. The Municipality is wholly owned by the County Government of Taita Taveta and is domiciled in Kenya.

The Municipality's objective is to:

- i. Establish and strengthen the urban institutions, notably the municipal board(s) and the municipal administration(s)
- ii. Integrate and regularly update the section on urban development issues (challenges and opportunities) in the County's development strategy and its ensuing development plan;
- iii. Assist the County Government and their urban institutions in meeting the minimum conditions necessary to access the urban development grant.

The Municipality's principal activity is to:

1. The proposed priority projects for the UDG implementation in the financial 2021/2022 are as follows: -
 - ✓ Construction of a modern market facility

b) Principal Activities

The principal activity mission mandate of the Municipality is to:

- 1) Conduct urban planning activities, training and capacity building, and preparation of better urban annual investment plans and urban development plans.
- 2) Support the cost of operations in the offices of the Municipal and other urban areas
- 3) Furnishing of urban boards and management with equipment and furniture
- 4) Train and capacity build the urban boards and key county staffs on urban issues and
- 5) Conduct peer to peer learning with other counties which have better working urban management.

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

c) Municipality Board

Ref	Name	Position
1	THOMAS JUMWA	CHAIRMAN
2	GLADYS MAGHUWA NDAU	VICE CHAIRPERSON
3	JONES MTOTO	MEMBER
4	LUCY WAMACHI MGHOI	MEMBER
5	JULIUS K. NGONDO	MEMBER
6	MERCY KIBIBI MWASIGHWA	MEMBER
7	SAMUEL MWABILI WANGIO	MEMBER
8	REUBEN NGETI.	CCO LANDS
9	MWADAWIRO MGHANGA	CECM Lands
10	EDWARD MWAKALAMU	MUNICIPAL MANAGER

d) Key Management

Ref	Name	Position
1	EDWARD MWAKALAMU	MUNICIPAL MANAGER
2	HARRISON MWAKULOMBA	CIVIL ENGINEER
3	AMINA SULEIMAN	ACCOUNTANT
4	ANNIE MSHIMBA	PROCUREMENT OFFICER.
5	PETER MWASHIGHADI	PCT COORDINATOR
6	ABIGAIL MWALUMA	HR OFFICER

e) Fiduciary Oversight Arrangements

The key fiduciary oversight bodies at the Municipality for the year ended 30th June 2022 were:

- 1.) County Assembly of Taita Taveta County
- 2.) County Audit Committee
- 3.) Committees of the Senate
- 4.) County Budget and Economic Forum (CBEF)

f) Registered Offices

Municipal office Building-Mwatate
Mwatate Town, Off Voi – Taveta Highway,
P.O. Box 1066-80304
Mwatate, Kenya

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

g) Contacts

Telephone: +254721255099

E-mail: mwatate.municipality@gmail.com

Website: www.mwatatemunicipality.go.ke

h) Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
Wundanyi Branch
Along Posta Road
P.O. Box 1067-80304
Wundanyi, Kenya

i) Independent Auditor

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

j) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

Square 00200

Nairobi, Kenya

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

2. Municipality Board

Name	Details of qualifications and experience
1. Thomas Jumwa 	BSc. Business administration: University of the People. KCB from 1994-2011 Branch Manager.
2. Julius Ngondo 	Bachelors in Education Masters in Education 34 years in management and Teaching.
3. Mercy Mwazo 	Diploma in Education Management Kenya Education Management Institute. Teacher from 1979-2020 Head teacher 2009-2020
4. Jones Kiwishi 	Doctor of philosophy in Administration (ongoing) Kabarak University. Master of Business Administration –Kenya Methodist University (Upper Division) Bachelor of Business Administration- Kenya Methodist University (Second class-lower division).
5. Gladys Ndaui 	Bachelor of education arts, Nairobi University. Project Managing director NGO for 2 years.
6. Reuben Ngeti 	Masters in Urban Science and Human settlement, German. Msc. Urban Environmental Management, Netherlands. Msc. Urban and Regional Planning UON. Practising Urban Planner 1998 to date.

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

7. Samuel Mwabili 	BSc. Ecotourism & Hospitality management. Egerton University. Marketing and sales 10 years' experience.
8. Lucy Mghoi 	Tailoring G3, Representative for the PWD (People with Disability)
9. Mwandawiro Mghanga. 	CEM Lands Taita Taveta county Master of Arts in Literature Msc. in Development Studies Researcher in Scandinavian institute in African studies. MP 2002-2007 Wundanyi. Delegate 131 in constitution making conference. Left in FEBRUARY 2022 for elective position.

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

3. Management Team

Name	Details of qualifications and experience
1. EDWARD MWAKALAMU 	MUNICIPAL MANGER. Bachelor of Business Management MKU. CPS K. Accounting Technician 2. MBA Strategic Management (ongoing) MKU. Senior management position for a period of 13 years.
2. PETER MWASHIGHADI 	PCT COORDINATOR B.Sc., Agricultural Economics, Chuka University Computer Studies-Pwani institute of Professional studies Livestock production officer-Taita Taveta County
3. HARRISON MWAKULOMBA 	CIVIL ENGINEER Degree in Civil Engineering, Technical university of Mombasa (Tum) Higher national diploma civil engineering (Tum) Diploma in Civil Engineering (Tum)
4. ANNIE MSHIMBA 	PROCUREMENT OFFICER. Bachelor of Business Management & Supply Chain Management-KEMU. Procurement officer for 3 years.
5. ABIGAIL MWALUMA 	HR OFFICER. BCOM, HR Option, Taita Taveta University. Human Resource Management 1 year experience.

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022



5.

AMINA SULEIMAN

ACCOUNTANT

- MBA Finance.

-CPAK

-

**County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022**

4. Municipality Board Chairperson's Report

It is my pleasure to present, on behalf of the special Municipality of Mwatate Board financial statements for the year ended 30th June 2022. The financial statements present the financial performance of the Municipality over the past year.

Sustainability

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

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

Board and Management Changes

Initially the board had 11 members; after the Urban Areas and Cities Act 2011 was amended to read, "a board of a municipality shall consist of nine members appointed by the county governor with approval of the county assembly". Therefore, the board was reconstituted to nine members where the organisational arrangement is expected to enhance efficiency in service delivery.

Review of performance

Income

In the year ended 30th June 2022, the Municipality had projected revenue of Ksh's 10,000,000 from Exchequer issues.

Projects implementation during the period was carried out as per the plan with the coordinated efforts by all stakeholders. The performance was also attributed to a favourable opening cash balance of Kshs. 9,558,689 at the beginning the year.

Expenditures

The total expenditures during the period amounted to Kshs. 15,559,620 representing an absorption rate of 29%. The expenditure comprised of Kshs 14,300,313 spent on development activities while Kshs 1,259,307 was spent recurrent activities.

Future outlook

The outlook of the Municipality for 2022/2023 looks brighter. The municipality focus, looks to build a robust and sustainable fund with a motivated workforce and structures that enhance efficiency and effectiveness in the service delivery. The Municipality looks forward to continued support from the county government and development partners to the realization of its mandate.

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

Appreciation

I take this opportunity to express my sincere gratitude and appreciation to the county government, development partners, stakeholders, management staff and fellow Board Members for their continued support which made us achieve these results.

I look forward to your continued support in the year 2022/2023

Signed:  _____

Thomas Jumwa
Board Chairman

**County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022**

5. Report of the Municipality Manager

It is my pleasure to present the Special Municipality of Mwatate Board Financial Statements for the year ended 30th June 2022. The financial statements present the financial performance of the Municipality over the past year.

The Special Municipality of Mwatate Board was conferred a charter as per the powers conferred by 9(1) and 9(4) of the Urban Areas and Cities Act, (No. 13 of 2011) as complemented by section 72 of the Interpretations and General Provisions Act (Chapter 2), gazetted on 8TH May 2019 in Kenya Gazette Supplement No. 4, LEGAL NOTICE No. 2 (Taita Taveta County Legislative Supplement No. 2) and started with an initial budget amount of Kshs 91,200,000 in the year ended 30th June 2019.

Financial Performance

a) Revenue

In the year ended 30th June 2022, the Board had projected a revenue of Kshs 53,609,632 consisting of; Kshs 10,000,000 from Exchequer issues, Kshs 8,800,000 as county contribution and Kshs 34,809,632 as balance brought forward from previous financial year. A graphical representation of the revenue budget is as shown below:

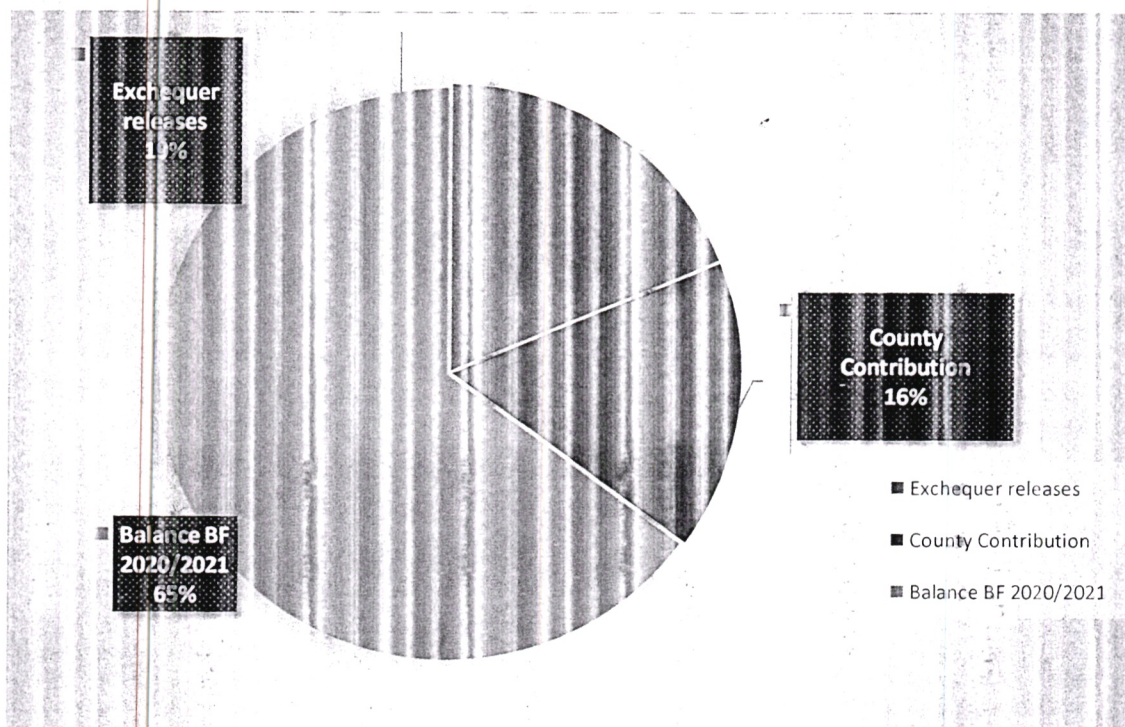


Figure 1: Municipality's sources in FY 2021/2022

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

Out of the projected revenue, the Board was able to realize Kshs 19,558,689 in actual revenues, representing 36% performance. This performance was as a result of 36% realization of the Municipality's Exchequer Issues.

The table below shows an analysis of revenue performance during the year ended 30th June, 2022.

Revenue Classification	Revenue Budget (Ksh)	Actual (Ksh)	Realization (%)
Exchequer releases	10,000,000	10,000,000	100%
County contribution	8,800,000	-	-
Balance BF 2020/2021	34,809,632	9,558,689	27%
Total	53,609,632	19,558,689	36%

Table 1: Revenue performance in FY 2021/2022

b) Payments

In the year under review, the Board had projected expenditures of Kshs. 19,558,689 and was able to utilize a total of Kshs. 15,559,620 representing an absorption rate of 29%. The expenditure comprised of Kshs 14,300,313 spent on development activities while Kshs 1,259,307 was spent recurrent activities.

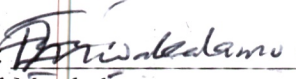
c) Cash flows

In the FY 2021/22, the cash and cash equivalents decreased from Kshs 9,558,689 as at 30th June 2021 to Kshs 3,999,069 as at 30th June 2022.

d) Conclusion

FY 2021/22 was a good year in general. Good progress was made and the momentum has been created to enable The Special Municipality of Mwatate continue on a trajectory into prosperity.

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

Signed: 
Edward Mwakalamu
Municipality Manager

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

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

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each County Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

The key development objectives of the County Government of Taita Taveta CIDP 2018-2022 plan are to:

- a) Provide quality physical infrastructure in the County
- b) Foster the economic, social and environmental well-being of the community.
- c) Providing for services on all matters for the Municipality's benefit.
- d) Costs effectively provide a high standard of social services to the inhabitants of the municipality.
- e) Provide for efficient and accountable management of the affairs of the municipality.
- f) Pursue the developmental opportunities which are available in the municipality.

Progress on attainment of Strategic development objectives adopted from Municipality of Mwatate integrated development plan, (2020-2025)

Below we provide the progress on attaining the stated objectives:-

Program	Objective	Outcome	Indicator	Performance
Public Works, Roads & Transport	To develop and maintain roads and storm water drainage to global standards	Increased efficient transportation of people, goods and services	700 m	In FY 1920 we increased motor able and passable roads. Mwatate administration Access Road was done.
Modern Market Facility	Provision of market sheds, stalls flood lights, storm water drains and Ablution block	Increased efficiency in trade and revenue generation	Project 100% complete	Modernization of market operations with clean and efficient trade.

**County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022**

7. Corporate Governance Statement

THE BOARD

The Special Municipality of Mwatate was conferred a charter as per the powers conferred by 9(1) and 9(4) of the Urban Areas and Cities Act, (No. 13 of 2011) as complemented by section 72 of the Interpretations and General Provisions Act (Chapter 2), gazette on 8TH May 2019 in Kenya Gazette Supplement No. 4, LEGAL NOTICE No. 2 (Taita Taveta County Legislative Supplement No. 2)

The board, also known as the Mwatate Municipality Board (MMB) performs all functions vested in boards of municipalities under the Urban Areas and Cities Act, the County Government Act and the Municipality Regulations.

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

THE BOARD OF SPECIAL MUNICIPALITY OF MWATATE

The Special Municipality of Mwatate Charter 2019 provides that the board of municipality shall be made up of Nine (9) Members, including the chairman, and shall consist of a chairperson and eight (8) other members identified for appointment through a competitive process. The board of municipality is responsible for the long-term strategic direction of the municipality and recruitment of the municipal manager and senior management. The board of municipality exercises leadership, enterprise, integrity and judgment in directing the Municipality.

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

Members of the board have been taken through an induction programme; however, there is need for capacity building to be adequately trained on their roles as board members. The members are professional, committed and guided by the mission, vision and core values of the municipality in execution of their duties.

BOARD MEETINGS.

The board of Special Municipality of Mwatate holds at least one sitting every three months or as required in order to monitor the implementation of the municipality strategic plan and

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

achievement of the targets as outlined in the charter. The board also plays an oversight role over all other financial and operational issues. The Board held one full board one special board meeting and one committee meeting during the FY 2021/2022

AUDIT AND RISK COMMITTEE

The County internal Audit committee and internal Auditors are tasked with ensuring that corporate governance and integrity is enhanced in between the governance of the Municipality. The committee was established to advise the board on institutional risk management and compliance.

STATEMENT OF COMPLIANCE

The board confirms that the Municipality has throughout the FY2021/2022 complied with all statutory and regulatory requirements and that the Municipality has been managed in accordance with the principles of good corporate governance.

The Municipality conducted an external legal audit which confirmed that the institution had complied with all relevant laws, regulations and requirements.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

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

Standing Instructions

The Municipality has a Code of Ethics and Service Charter that is applicable to all employees. These have a number of standing instructions to employees of the Municipality designed to enhance internal control.

Organization Structure

A clear organizational structure exists, detailing lines of authority and control responsibilities. The professionalism and competence of staff is maintained both through rigorous recruitment policies and a performance appraisal system which establishes targets, reinforces accountability and awareness of controls, and identifies appropriate training requirements. Training plans are prepared and implemented to ensure that staff develop and maintain the required skills to fulfil their responsibilities, and that the Municipality can meet its future management requirements.

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

Strategic Plan

The business of the Municipality is determined by the strategic plan. The strategic plan sets out the objectives of the Municipality, and the annual targets to be met to attain those objectives. The strategic plan is evaluated annually to assess the achievement of those objectives. The board on an annual basis approves the work plan supported by the financial plan for the year. Progress against the plan is monitored on a quarterly basis.

Internal Control Framework

The Municipality continues to review its internal control framework to ensure it maintains a strong and effective internal control environment. Business processes and controls are reviewed on an ongoing basis. A risk-based audit plan, which provides assurance over key business processes and operational and financial risks facing the Municipality, is approved by the audit and risk committee.

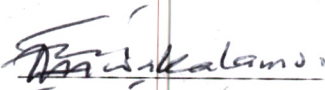
The audit and risk committee considers significant control matters raised by management and both the internal and external auditors and reports its findings to the board. Where weaknesses are identified, the committee ensures that management takes appropriate action. No significant failings or weaknesses were identified during the FY 2021/22.

Management Team

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

Auditor

The Municipality is audited by the Office of the Auditor-General.



Edward Mwakalamu
Municipal Manager

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

8. Management Discussion and Analysis

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

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

BUSINESS PERFORMANCE

Revenue

The Board has so far received over 145,000,000 million as revenues from the exchequer issues since its inception, this will go a long way to see the proposed development plan are achieved within the stipulated period. This will see elevation of the lives of residents of Mwatate

Cash flow

The cash and cash equivalents decreased from Kshs 9,558,689 as at 30 June 2021 to Kshs 3,999,071 as at 30 June 2022. The decrease was significant since the service providers were paid for the service rendered in compliances with the law.

OPERATIONAL PERFORMANCE

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

Employees

Human capital is a critical ingredient towards ensuring realisation of our key strategic objectives and mandate. As our stakeholders increase their expectations, it is imperative to ensure adequate and motivated human resource capacity is available to provide services.

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

During the year, the Municipality reviewed its organization structure that resulted to growth of staff from (13) thirteen (14) fourteen for increased efficiency and effectiveness to achieve the strategic objectives.

Conclusion

We appreciate the unrelenting support from the board members, management, staff, the county government, development partners and all the key stakeholders. We look forward to the continued partnerships and cooperation in areas of mutual interest in the FY 2022/2023.

9. Environmental And Sustainability Reporting

The Special Municipality of Mwatate exists to transform lives. This is our purpose; the driving force behind everything we do. It is what guides us to deliver our strategy, which is founded on five (5) pillars: putting the customer Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

a. Sustainability strategy and profile

The Special Municipality of Mwatate has continued to structure its programs towards development projects and activities that depicts high sense of value for money and goes a long way in alleviating the residents suffering and improving their ease of doing business.

To improve on the ease of doing business and security of our markets and residential areas, the Municipality continued to maintain its several street lights, drainage and sewerage systems across its environs.

b. Environmental performance

To promote sustainable land use and environmental conservation the Municipality undertook various capacity city building and provision of materials geared towards environmental protection and sustainable land use. Some of these activities include, but not limited to promote water harvesting structures, running tree planting campaigns during rainy seasons and waste management. This has greatly contributed in creation of a conducive environment to its residents.

c. Employee welfare

The Municipality has revamped its efforts in improving the welfare of its employees as a key ingredient to employee motivation and satisfactory work performance. Some of these activities includes the provision of Comprehensive Medical Cover to all its cadre of staff.

d. Market place practices-

To entrench the spirit of competition in its activities, the Municipality has enhanced openness and transparency in procuring of goods and services i.e., tenders were advertised on the local dailies.

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

As a strategy in promoting the growth of its markets, efforts were made to ensure that hawkers were directed to the available slots in the urban markets and all advertisements were registered and licensed by the County Government before undertaking their activities.

e. Community Engagements-

The Municipality through its various stakeholders has been engaging in various community initiatives that have helped improved people's living standards. Several public participation exercises were conducted to collect views and contributions from the County residents on issues such proposed projects, progress reports, budgets.

**County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022**

10. Report of the Municipality Board Members

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

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

Principal activities

The principal activities of the Municipality are

- a. Conduct urban planning activities, training and capacity building, and preparation of better urban annual investment plans and urban development plans.
- b. Support the cost of operations in the offices of the Municipal and other urban areas
- c. Furnishing of urban boards and management with equipment and furniture
- d. Train and capacity build the urban boards and key county staffs on urban issues and
- e. Conduct peer to peer learning with other counties which have better working urban management.

Performance

The performance of the Municipality for the year ended June 30, 2022 are set out on page 1 to 7

Board Members

The members of the Board who served during the year are shown on page VI

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

EDWARD S. K. MWAKALAMU

Name:

Secretary of the Board

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

H1. Statement of Management's Responsibilities

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

The Municipality manager is responsible for the preparation and presentation of the Municipality's financial statements, which give a true and fair view of the state of affairs of the Municipality for and as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Municipality, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) Safeguarding the assets of the Municipality, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances

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

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

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

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

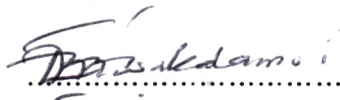
Nothing has come to the attention of the Municipality Manager to indicate that the Municipality will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Special Municipality of Mwatate's financial statements were approved by the Board on _____ 2022 and signed on its behalf by:

.....


Name: **Thomas Jumwa**
Chairperson of the Board

.....


Name: **Edward Mwakalamu**
Municipality Manager

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON SPECIAL MUNICIPALITY OF MWATATE FUND/BOARD FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Special Municipality of Mwatate Fund/Board set out on pages 1 to 35, which comprise of the statement of financial position

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Special Municipality of Mwatate Fund/Board as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Urban Areas and Cities Act, 2011.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.59,729,632 and Kshs.19,558,689 respectively, resulting in a shortfall of Kshs.40,170,943 or 67% of the budget. Similarly, the Fund/Board spent Kshs.14,614,370 against an approved budget of Kshs.59,729,632, resulting in under-expenditure of Kshs.45,115,262 or 76% of the budget.

In the circumstances, the underfunding and under-performance affected the planned activities of the Fund/Board and may have impacted negatively on service delivery to the stakeholders.

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.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Approved Integrated Development Plan

The Special Municipality of Mwatate did not have an approved Integrated Development plan as provided under Section 38 of the Urban Areas and Cities Act, 2011 which states that 'a city or urban area shall prepare an integrated city or urban area development plan in accordance with the Third Schedule to the Act'.

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

2. Lack of Demonstrable Revenue Collection Potential

During the year under review, Special Municipality of Mwatate received Kshs.10,000,000 from the Kenya Urban Support Programme (KUSP) but failed to receive budgeted revenue from the County Treasury and from own sources, as similarly observed in the previous financial year. Consequently, the Municipality has not demonstrated its revenue collection potential, contrary to the provisions of Section 9(3) of the Urban Areas and Cities Act, 2011 which requires towns eligible for the conferment of municipal status under the Act to have demonstrable revenue collection potential.

In the circumstances, should the situation persist, the Municipality may not sustain its services, thereby threatening its status.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in

an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal 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 controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Fund/Board's 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 Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund/Board's ability 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 Fund/Board 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 Fund/Board to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

02 June, 2023

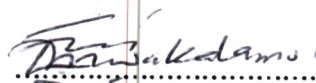
County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

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

	Note	FY 2021-2022 KShs	FY 2020-2021 KShs
Revenue from non-exchange transactions			Restatement
Public contributions and donations	1	10,000,000	9,964,101
Transfers from the County Government	2	-	-
Fines, penalties and other levies	3	-	-
Revenue from exchange transactions			
Interest income	4	-	-
Other income	5	-	-
Total revenue		10,000,000	9,964,101
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	314,057	38,325,325 *
Board expenses	8	-	-
Finance Costs	9	-	-
Total expenses		314,057	38,325,325
Other gains losses			
Gain loss on disposal of assets	10	-	-
Surplus(deficit) for the period		9,685,943	(28,361,225)

Restated Balance as explained in the Note 7 and Note 17

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 30th June 2022 and signed by:



Name: Edward Mwakalamu
 Municipality Manager



Name: Amina Suleiman
 Municipal Accountant
 ICPAK MNo: 15011

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

14. Statement of Financial Position as at 30 June 2022

	Note	FY 2021-2022 KShs	FY 2020-2021 KShs Restatement
Assets			
Current assets			
Cash and cash equivalents	11	3,999,071	9,558,688
Receivables from exchange transactions	12	-	-
Receivables from Non- exchange transactions	12	-	-
Prepayments	13	-	-
Inventories	14	-	-
Non-current assets			
Property, plant, and equipment	15	102,230,564	87,930,253
Intangible assets	16	-	-
Total Assets		106,229,635	97,488,941
Liabilities			
Current liabilities			
Trade and other payables	17	-	945,250 *
Provisions	18	-	-
Borrowings	19	-	-
Employee benefit obligations	20	-	-
Non-current liabilities			
Provisions	18	-	-
Borrowings	19	-	-
Non-current employee benefit obligation	20	-	-
Total liabilities		-	945,250
Net assets		106,229,635	96,543,691
Capital Development Grants Fund		-	-
Reserves		-	-
Accumulated surplus		106,229,635	96,543,692
Net Value of the Municipality		106,229,635	96,543,692

* Restated Balance as explained in the Note 7 and Note 17

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 30th June 2022 and signed by:


 Name: Edward Mwakalamu

Municipality Manager


 Name: Amina Suleiman

Municipal Accountant

ICPAK MNo:15011

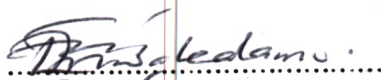
County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

15. Statement of Changes in Net Assets as at 30 June 2022

	Capital Development Grant Fund	Revaluation Reserves	Accumulate d surplus	Total
	KShs	KShs	KShs	KShs
			Restatement	
Balance as at 1 July 2020	-	-	124,904,917	124,904,917
Surplus(deficit) for the period	-	-	(28,361,225)	(28,361,225) *
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2021	-	-	96,543,692	96,543,692
Balance as at 1 July 2020	-	-	96,543,692	96,543,692
Surplus(deficit) for the period	-	-	9,685,943	9,685,943
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2022	-	-	106,229,635	106,229,635

* Restated Balance as explained in the Note 7 and Note 17

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 30th June 2022 and signed by:



Name: Edward Mwakalamu
Municipality Manager



Name: Amina Suleiman
Project Accountant
ICPAK MNo:15011

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

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

	Note	FY 2021-2022 KShs	FY 2020-2021 KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations	1	10,000,000	9,964,101
Transfers from the County Government	2	-	-
Fines, penalties and other levies	3	-	-
Interest received	4	-	-
Other income	5	-	-
Total Receipts		10,000,000	9,964,101
Payments			
Employee Costs	6	-	-
Use of goods and services	7	1,259,307	37,380,076
Board expenses	8	-	-
Finance Costs	9	-	-
Total Payments		1,259,307	37,380,076
Net cash flows from operating activities		8,740,693	(27,415,976)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	15	(14,300,313)	(37,019,575)
Proceeds from sale of property, plant and equipment		-	-
Net cash flows used in investing activities		(14,300,313)	(37,019,575)
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 and cash equivalents		(5,559,620)	(64,435,551)
Cash and cash equivalents at 1 JULY	11	9,558,688	73,994,238
Cash and cash equivalents at 30 JUNE	11	3,999,069	9,558,688
Financial Position		3,999,071	9,558,688

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 30th June 2022 and signed by:


.....

Name: Edward Mwakalamu
Municipality Manager


.....

Name: Amina Suleiman
Project Accountant
ICPAK MNo:15011

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	2022	2022	2022	2022	2022	2022
Revenue	KShs	KShs	KShs	KShs	KShs	
Public contributions and donations	-	10,000,000	10,000,000	10,000,000	-	100%
Exchequer releases	-		-	-	-	0%
County Contribution		8,800,000	8,800,000	-	8,800,000	0%
Balance BF 2020/2021	7,120,000	33,809,632	40,929,632	9,558,689	31,370,943	23%
Total income	7,120,000	52,609,632	59,729,632	19,558,689	40,170,943	33%
Expenses						
Employee Costs	-	-	-	-	-	0%
Use of goods and services	7,120,000	10,000,000	17,120,000	314,057	16,805,943	2%
Board expenses	-	-	-	-	-	0%
Finance cost	-	-	-	-	-	0%
Non-Current assets	-	42,609,632	42,609,632	14,300,313	28,309,319	34%
Total expenditure	7,120,000	52,609,632	59,729,632	14,614,370	45,115,262	24%
Surplus for the period	-	-	-	4,944,319	(4,944,319)	



Name: Edward Mwakalamu
Municipality Manager



Name: Amina Suleiman
Project Accountant
ICPAK MNo:15011

**County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022**

18. Notes to the Financial Statements

1. General Information

The Special Municipality of Mwatate is established by and derives its authority and accountability from Urban Areas and Cities Act, (No.13 of 2011). The Municipality is under the Taita Taveta County Government and is domiciled in Kenya.

2. Statement of Compliance and Basis of Preparation

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

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

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

**County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022**

(Notes to financial statements continued)

3. Application of New and revised standards (IPSAS)

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

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

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: 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: • 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.
IPSAS 42: Social Benefits	Applicable: 1st January 2023 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: (a) The nature of such social benefits provided by the Entity;

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

	(b) The key features of the operation of those social benefit schemes; and (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	Applicable: 1st January 2023: 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. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. 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.
Other improvements to IPSAS	Applicable 1st January 2023 • <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. • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.
IPSAS 43	Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

	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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2021/22

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.

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

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

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

b) Budget information

The original budget for FY 2021/2022 was approved by the County Assembly on 11th June 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

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

(Significant accounting policies continued)

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.

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

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.

**County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022**

(Significant accounting policies continued)

e) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

(Significant accounting policies continued)

Evidence of impairment may include the following indicators:

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

f) Inventories

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

Raw materials: purchase cost using the weighted average cost method

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

**County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022**

(Significant accounting policies continued)

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

(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) Contingent liabilities

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

i) Contingent assets

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

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

(Significant accounting policies continued)

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

j) Nature and purpose of reserves

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

k) Changes in accounting policies and estimates

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

l) Employee benefits – Retirement benefit plans

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

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

m) Foreign currency transactions

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

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

(Significant accounting policies continued)

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

n) Borrowing costs

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

o) Related parties

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

p) Cash and cash equivalents

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

q) Comparative figures

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

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

(Significant accounting policies continued)

r) Events after the reporting period

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

Two types of events can be identified:

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

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

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

s) Currency

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

5. Significant judgments and sources of estimation uncertainty

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

1. Cost of goods caused by inflation
2. Uncertainty in the business industry
3. Change in political good will

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.

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

(Significant accounting policies continued)

Useful lives and residual values

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

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

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

Notes to the Financial Statements

1 Public contributions and donations

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Donation from development partners-KUSP UDG	10,000,000	7,384,101
Donation from development partners-KUSP UIG		2,580,000
Contributions from the public	-	-
Total	10,000,000	9,964,101

2 Transfers from County Government

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Transfers from County Govt. -KUSP UDG		
Transfers from County Govt. -KUSP UIG	-	-
Total	-	-

3 Fines, penalties and other levies

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Late payment penalties	-	-
Fines	-	-
Total	-	-

(Provide brief explanation for this revenue)

4 Interest income

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Interest received from Loans		
Interest accrued from Loans		
Total interest income	-	-

(Provide brief explanation for this revenue)

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

Notes to the Financial Statements

5 Other income

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Miscellaneous income	-	-
Total other income	-	-

6 Employee Costs

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Admin Cost		
Loan processing costs		
Professional services costs		
Total	-	-

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

Notes to the Financial Statements

7 Use of goods and services

Description	FY 2021-2022	FY 2020-2021
	Kshs.	Kshs.
		Restated
Utilities, supplies and services		
Communication, supplies and services		
Domestic travel and subsistence	305,000	4,123,700 *
Foreign travel and subsistence		
Printing, advertising, supplies & services		908,800
Rent and rates		
Training expenses		1,262,808
Hospitality supplies and services		6,078,075
Insurance costs		
Specialized materials and services		
Office and general supplies and services		1,948,400
Fuel, oil and lubricants		
Other operating expenses	-	23,432,690 *
Routine maintenance – vehicles and other equipment		
Routine maintenance – other assets		548,909
Contracted Professional Services		
Audit fees		
Hire of Transport, equipment etc		
Bank Charges	9,057.00	21,943
Depreciation and amortisation		
Total	314,057	38,325,325

Restatement: Domestic Travel: - A Payment of Kshs 464,000 which occurred and accrued in FY 2020-21 was wrongly expensed in the Current year. It has now been correctly expensed.

Restatement: Other operating expenses: - A Payment of Kshs 481,250 which occurred and accrued in FY 2020-21 was wrongly expensed in the Current year. It has now been correctly Expense in FY 2020-21.

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

Notes to the Financial Statements

8 Board expenses

Description	FY 2021-2022	FY 2020-2021
	Kshs.	Kshs.
Chairman Members' Honoraria		
Sitting allowances		
Medical Insurance		
Induction and Training		
Travel and accommodation		
Conference Costs		
Other allowances (<i>Specify</i>)		
Total		

9 Finance costs

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
Total	-	-

10 Gain on disposal of assets

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

Notes to the Financial Statements

11 Cash and cash equivalents

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Fixed deposits account	-	-
On - call deposits	-	-
Current account	1	1
Current account	3,999,070	9,558,687
Total cash and cash equivalents	3,999,071	9,558,688

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

Financial institution	Account number	FY 2021-2022	FY 2020-2021
		KShs	KShs
a) Fixed deposits account			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
Sub- total		-	-
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
Sub- total		-	-
c) Current Account-CBK			
Mwatate Municipality Urban Grant-Dev	1000386835	-	-
Mwatate Municipality Urban Inst Gr-Rec	1000370858	1	1
Sub- total		1	1
d) Current Account -KCB			
Taita Tvt County MTT MUNI.KUSP.UDG-KCB	1259752836	3,975,835	8,765,467
Taita Tvt County MTT MUNI.KUSP.UIG-KCB	1264488491	23,235.00	793,220
M Pesa		-	-
Sub- total		3,999,070	9,558,687
Grand total		3,999,071	9,558,688

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

Notes to the Financial Statements

12 Receivables from exchange transactions

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Current Receivables		
Interest receivable		
Current loan repayments due		
Other exchange debtors		
Less: impairment allowance		
Total Current receivables	-	-
Non-Current receivables		
Long term loan repayments due		
Total Non-current receivables	-	-
Total receivables from exchange transactions	-	-

13 Prepayments

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Total	-	-

14 Inventories

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Total inventories at the lower of cost and net realizable value	-	-

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

Notes to the Financial Statements

15. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Infrastructure Assets	Total
Cost	KShs	KShs	KShs			KShs
At 1 st July 2020	35,513,617	9,360,000.00	2,683,997.00	530,000	39,842,640.00	87,930,254.00
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfers adjustments	-	-	-	-	-	-
At 30 th June 2021	35,513,617	9,360,000	2,683,997	530,000	39,842,640	87,930,254
At 1 st July 2021	35,513,617	9,360,000	2,683,997	530,000	39,842,640	87,930,254
Additions	14,300,313	-	-	-	-	14,300,313
Disposals	-	-	-	-	-	-
Transfer adjustments	-	-	-	-	-	-
At 30 th June 2022	49,813,930	9,360,000	2,683,997	530,000	39,842,640	102,230,567
Depreciation and impairment						-
At 1 st July 2020	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
At 30 th June 2021	-	-	-	-	-	-
At 1 st July 2021	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Transfer adjustment	-	-	-	-	-	-
At 30th June 2022	-	-	-	-	-	-
Net book values						
At 30th June 2021	35,513,617	9,360,000	2,683,997	530,000	39,842,640	87,930,254
At 30th June 2022	49,813,928	9,360,000	2,683,997	530,000	39,842,640	102,230,565

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Intangible assets-software

Description	FY 2021-2022	FY 2020-2021
	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	-	-

17 Trade and other payables from exchange transactions

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	-	945,250
Other payables	-	-
Total trade and other payables	-	945,250

Restatement: Domestic Travel: - A Payment of Kshs 464,000 which occurred and accrued in FY 2020-21 was wrongly expensed in the Current year. It has now been correctly expensed.

Restatement: Other operating expenses: - A Payment of Kshs 481,250 which occurred and accrued in FY 2020-21 was wrongly expensed in the Current year. It has now been correctly Expense in FY 2020-21.

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	-	-	-	
Additional Provisions	-	-	-	
Provision utilized	-	-	-	
Change due to discount and time value for money	-	-	-	
Transfers from non-current provisions	-	-	-	
Total provisions	-	-	-	

19 Borrowings

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Balance at beginning of the period	-	
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	-	-
Repayments of domestic's borrowings during the period		-
Balance at end of the period	-	-

The table below shows the classification of borrowings into external and domestic borrowings:

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
External Borrowings		
Dollar denominated loan from organization'	-	-
Sterling Pound denominated loan from 'organization'	-	-
Euro denominated loan from organization'	-	-
Domestic 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	-	-

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

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Short term borrowings (current portion)	-	-
Long term borrowings	-	-
Total	-	-

20 Employee benefit obligations

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

21 Cash generated from operations

	FY 2021-2022	FY 2020-2021
	KShs	KShs
Surplus for the year before tax	-	-
Adjusted for:		
Depreciation	-	-
Gains losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
Net cash flow from operating activities	-	-

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 Related party balances

a) Related party transactions		
	FY 2021-2022	FY 2020-2021
	KShs	KShs
Transfers from related parties	-	-
Transfers to related parties	-	-

b) Key management remuneration		
	FY 2021-2022	FY 2020-2021
	KShs	KShs
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due to related parties		
	FY 2021-2022	FY 2020-2021
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Total	-	-

Contingent assets and contingent liabilities

Contingent liabilities		
	FY 2021-2022	FY 2020-2021
	KShs	KShs
Court case xxx against the Municipality	-	-
Bank guarantees	-	-
Total	-	-

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

19. Annexes

Annex 1. Progress on Follow up of Auditors Recommendations.

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

Reference No. on the external audit Report	Issue Observations from Auditor	Management comments	Status: (Resolved Not Resolved)	Time frame: (Put a date when you expect the issue to be resolved)
1.	Budgetary Control and Performance	Observation explained	Resolved	30th June 2022
2.	Irregular Variation of Contract	Observation dully explained	Resolved	30th June 2022
3.	Lack of Depreciation Policy on Property, Plant and Equipment (PPE)	Liaison with National Treasury for adoption of the policy.	Resolved	30th June 2022

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

Annex 2: Inter Entity Transfers

MUNICIPALITY NAME: MMWATATE MUNICIPALITY			
Breakdown of Transfers from the County Executive of TAITA TAVETA County			
FY 2021-2022			
a. Recurrent Grants	Bank Statement Date	Amount (Kish's.)	2021-2022
	Total		
b. Development Grants	Bank Statement Date	Amount (Kish's.)	2021-2022
		10,000,000	
	Total	10,000,000	
c. Direct Payments	Bank Statement Date	Amount (Kish's.)	2021-2022
	Total		

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

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

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

Annex 3: Reporting of Climate Relevant Expenditures

Name of the Organization

Telephone Number

Email Address

Name of Seedhead

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

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

County Government of Taita Taveta
Special Municipality of Mwatate
Annual Report and Financial Statements for the year ended June 30, 2022

Annex 4: Disaster Expenditure Reporting Template

Date:

Entity

Period to which this report refers (FY)	Year			Quarter		
Name of Reporting Officer						
Contact details of the reporting officer:	Email			Telephone		
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response recovery mitigation preparedness)	Expenditure item	Amount (Kshs.)	Comments

