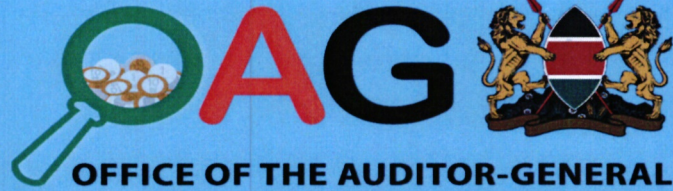
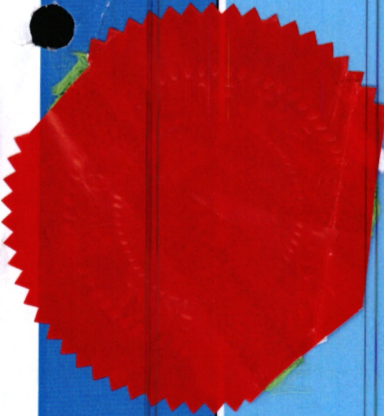


REPUBLIC OF KENYA



*Enhancing Accountability*



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TABLED BY	
COMMITTEE	
CLERK AT THE TABLE	

**THE AUDITOR-GENERAL**

**ON**

**BOMET MUNICIPALITY**

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

PAPERS LAID	
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COMMITTEE	—
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Issued 30<sup>th</sup> June 2022



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**BOMET MUNICIPALITY**  
**County Government of Bomet**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>TH</sup> JUNE 2022**

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

**County Government of Bomet**  
**Bomet Municipality**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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**County Government of Bomet**  
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**1. Key Entity Information and Management**

**a) Background information**

Bomet Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011 and Cities and Municipal Charter on 26<sup>th</sup> May 2018. The Municipality is under the County Government of *Bomet* and is domiciled in Kenya.

**b) Principal Activities**

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

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

**c.) Board of Trustees/Fund Administration Committee**

Ref	Position	Name
1.	Chairman of the Board	Rev. Philex Korir
2.	Chief Officer ( <i>Responsible department</i> )	David Koech
3.	Chief Officer finance	Mr. Bernard Cheruiyot
4.	Other trustees/Committee Members	Cherono Kosgei
5.	Board member	Flavian Kenduiywa
6.	Board member	Jonah Rotich
7.	Board member	Shadrack David Rotich
8.	Fund Manager/ Administrator	Richard Kirui

**d.) Key Management**

Ref	Position	Name
1	Fund Manager/ Administrator	Richard Kirui
2	Deputy CFO	Benard Koskei

**e.) Fiduciary Oversight Arrangements**

i) Audit and Risk Management Committee

1. Cherono Kosgei
2. Flavian Kenduiwa
3. Hon. Shadrack Rotich
4. Charlotte Chelangat

**County Government of Bomet**  
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5. Dr. Alexander Chirchir

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

**f.) Registered Offices**

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

**g.) Fund Contacts**

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

**h.) Fund Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
UIG Account number 1000385747  
P.O Box 60000  
City Square 00200  
Nairobi, Kenya
2. Central Bank of Kenya  
Haile Selassie Avenue  
UDG Account number 1000385758  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
3. Equity Bank of Kenya  
Bomet Branch  
Account number 1220278947148  
P.O Box 75104-00200  
Nairobi.
4. Equity Bank of Kenya  
Bomet Branch  
Account number 1220278947204  
P.O Box 75104-00200  
Nairobi.

**County Government of Bomet**  
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**i.) Independent Auditor**




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

**j.) Principal Legal Advisers**





i.) The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya  
ii.) County Attorney  
P.O Box 19  
Bomet – 20400

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2. Municipality Board

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


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 <p>Mrs. Flavian Kenduiwo</p>	<p><b>D.O.B:</b> 16/03/1987</p> <p><b>Academic /Professional qualification:</b></p> <ul style="list-style-type: none"> <li>• Bachelors in Science in Natural Resource Management</li> <li>• Certificate in Environmental Impact Assessment</li> </ul> <p><b>Work experience:</b></p> <ul style="list-style-type: none"> <li>• Finance Chairperson, Nyongores Water Resource Users Association (2016 to date)</li> <li>• Registration Assistant, Ministry of Interior and Coordination of National Government (2019)</li> <li>• Board member, Bomet Municipality (2018 to date)</li> </ul>
 <p>Hon. Shadrack David Rotich</p>	<p><b>D.O.B:</b> 1962</p> <p><b>Academic /Professional qualification</b></p> <ul style="list-style-type: none"> <li>• BED Arts- Mathematics &amp; Chemistry</li> </ul> <p><b>Work experience:</b></p> <ul style="list-style-type: none"> <li>• Kabianga high school</li> <li>• Association of Local Government Authorities of Kenya, ALGAK</li> <li>• speaker of county assembly 2017 - 2020</li> <li>• CEC-Lands, Housing and Urban Planning</li> <li>• Deputy Governor- Bomet County (2019 to date)</li> <li>• Member of the board, Bomet Municipality</li> </ul>
 <p>David Koech</p>	<p><b>D.OB:</b> 1968</p> <p><b>Academic/Professional qualification:</b></p> <ul style="list-style-type: none"> <li>• Doctor of philosophy in leadership and management</li> <li>• MSC- Water</li> <li>• BSC - water</li> </ul> <p><b>Work Experience:</b></p> <ul style="list-style-type: none"> <li>• Chief manager, KEBS (1995-2017)</li> <li>• Chief officer, water and irrigation (2018-2020)</li> <li>• Chief officer, Environment and natural resources (2021)</li> <li>• Chief officer- Lands, Housing and Urban Planning (2021 to date)</li> <li>• Member of the board, Bomet Municipality</li> </ul>
 <p>Joseph Langat</p>	<p><b>D.O.B:</b> 09/11/1973</p> <p><b>Academic /Professional qualification:</b></p> <ul style="list-style-type: none"> <li>• BED (Arts)- Kiswahili &amp; C.R.E</li> <li>• Primary Teachers Certificate, P1 Certificate</li> <li>• Leadership MLM Certificate – International Christian Ministries</li> <li>• Certificate in Principles of Good Primary Practice</li> </ul>

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

3.Management Team

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

#### 4. Municipality Board Chairperson's Report

##### Forward Note by The Municipal Manager

###### Overview

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

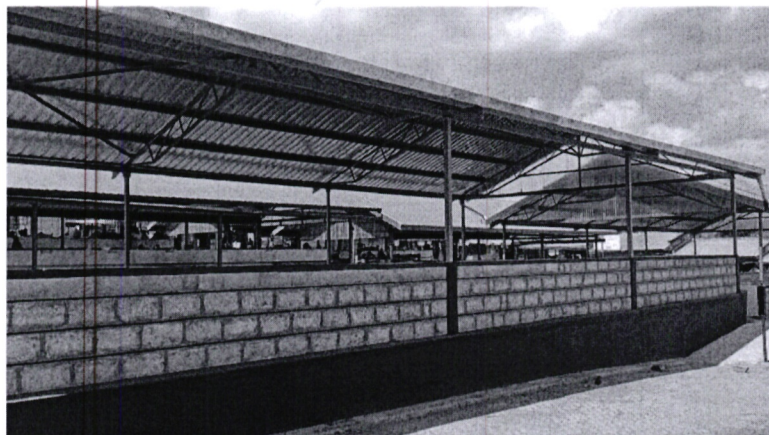
Notable achievements in Bomet municipality under Kenya urban Support Program includes but not limited to:

- i. Transformational infrastructure projects implemented in Bomet Municipality is the improvement of selected town roads to bitumen standards and improvement of Bomet market
- ii. Urban residents experiencing enhanced and efficient social amenities in numerous Municipal entities
- iii. Peer review and learning has been enhanced among the Urban entities
- iv. Although a work in progress, Municipal establishment has created a convergence point for various government institutions & Agencies, development partners and other stake holders to synergize

for an effective and efficient urban service delivery charter.

Captioned Project Photos

- a) **BOMET MARKET CABRO WORKS, STALLS AND SHEDS CULVERT AND DRAINAGE WORKS, FLOOD LIGHTS AND SUPPLY OF TRUCK MOUNTED SKIP LOADER.**



Bomet Market Mitumba sheds



Longisa Road markings and road signage

### **Municipal flagship projects and how they have been achieved**

The Municipal projects which were carried out during the period under review are:

1. Construction of Storm Water Drains Within Municipality: this project targets to improve drainage within the Bomet town CBD.
2. Construction of Bomet Market Cabro Works and Stalls: the aim was to improve working environment and mobility within the market.
3. Recarpeting of 1.5km Of Selected Bomet Town Roads for Municipality. The perennial numerous pot holes that had characterized Bomet town CBD has been fixed by this program.
4. Extension of Bomet Town Sewer Line. This program intents to improve on the number of people connected to the sewer line from the current 23% to 47% as per four zones according to the project design
5. Installation of transfer stations and litter pins. This has been done to improve on solid waste management within Bomet municipality.

### **Value-for-money achievements**

Once the projects being undertaken are complete, they will be put into use as intended use by the beneficiaries.

### **Implementation challenges of strategic objectives for the municipality**

The Board of the Municipality of Bomet and the County Government of Bomet will work towards implementing municipal plans that are prepared and implemented as per the County Governments Act of 2012 and the Urban areas and Cities Act of 2011 (amended 2019). The

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Integrated Urban Development Plan of Bomet will ensure the municipality is able to deal with the effects of urbanization such as urban sprawl, rise of informal settlements and uncontrolled developments. Below are the specific objectives:

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

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

.....  
**Name: Rev Philex Korir**  
**Chairperson of the Board**

**Date:**.....

COUNTY GOVERNMENT OF BOMET  
BOMET MUNICIPALITY  
16 MAR 2023  
P. O. Box 19-220400, BOMET, KENYA

### **5. Report of the Bomet Municipality Manager**

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

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

- i. Transformational infrastructure projects implemented in each Municipality such as Markets, NMT corridors, transport termini, paving of roads etc.
- ii. Urban residents experiencing enhanced and efficient social amenities in numerous Municipal entities
- iii. Peer review and learnings has been enhanced among the Urban entities

Although a work in progress, Municipal establishment has created a convergence point for various government institutions & Agencies, development partners and other stake holders to synergize for an effective and efficient urban service delivery charter.

### **Performance against actual amounts for current year and for cumulative to-date based on programmes**

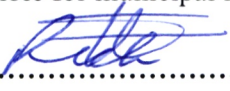
During the financial year under review, the Municipality anticipated and budgeted for Kshs 168,000,000 for development but received only Kshs.92,307,577. This affected the implementation of projects.

### **Brief Description of Priority Projects for Fy 2023/2024**

1. Construction of Bomet Municipal fire station
2. Maintenance of Bomet market
3. Maintenance of Bomet stage

### **Key risk management strategies applied by the Municipality**

The municipal board has a subcommittee in charge of finance and the internal audit. The board is entirely responsible for municipal finances

Sign.....  
**MUNICIPAL MANAGER**  
**BOMET MUNICIPALITY**



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

### *Guidance*

#### **Introduction**

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a County Government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board including a statement of the county government entity's performance against predetermined objectives. The key development objectives of the Bomet Municipality integrated development plan 2020- 2025

#### **Strategic development objectives**

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

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

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

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

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8) To increase revenue for the Municipality through optimal utilization of existing sources, enhanced revenue collection measures and promotion of local investments

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

<i>Ref</i>	<i>Objective as per idep</i>	<i>Performance/Progress made up since 2018 up to date</i>	<i>Remarks (Explain the reasons underperformance/Overperformance)</i>
1.	Provide quality physical infrastructure in Bomet municipality.	<ul style="list-style-type: none"> <li>- 2 km of town roads improved to bitumen standards</li> <li>- 1.5 km of roads recarpeted</li> <li>- Improved drainage in towns of Bomet and Silibwet</li> <li>- Laying of cabros in Bomet market</li> <li>- 45 additional market stalls constructed</li> <li>- Bomet sewerline extended by 5.9 km</li> </ul>	<p>The kenya urban support program (KUSP) provided funds on time</p> <p>The community collaborated during identification of the projects and issues which arose during implementation were sorted out through grievance redress system</p>

## **7. Corporate Governance Statement**

Bomet Municipality 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 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

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

Accountability is one of the processes whereby a leader or government seeks to ensure integrity. In a global stakeholder society, accountability is among the key challenges of organizations. Responsible leaders are concerned with reconciling and aligning the demands, needs, interests, and communities, shareholders, nongovernmental organizations (NGOs), the environment, and society at large. The government's track record in terms of CSR accounting will be effective when appropriate CSR measures are included in its internal activities.

Economic sustainability implies that macroeconomic and financial stability, as well as the prevention of balance-of-payments crises are a basic requirement for sustained economic and social development. It also implies that human and financial resources must be used in a way that ensures continuous and lasting improvements in standards of living. Inappropriate consumption and production patterns and waste of human, natural and financial resources compromise the quality of the natural environment and jeopardize peace.

### **2. Environmental performance**

Environmental sustainability implies that the quality and protection of the natural environment, as well as successful adaptation to climate change, influence the scope for long-term social progress and economic development. Environmental degradation, waste of non-renewable natural resources and the various impacts of climate change have a direct effect on living conditions. They also raise the risk of social friction and reduce the scope for economic growth and the allocation of public finances.

In ensuring a sustainable consumption and production patterns, the county shall leverage on this goal in ensuring that cleaner production mechanisms are adopted and promote the principle of 3Rs (Reduction, Reuse and Recycle) to reduce production of wastes.

## **8. Management Discussion and Analysis**

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

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

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

## **9.Environmental and Sustainability Reporting**

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

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

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

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

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

### **2. Environmental performance**

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

### **3. Employee welfare**

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

**4. Market place practices**

*The Bomet Municipality outline its efforts to:*

**a) Responsible competition practice.**

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

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

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

**c) Responsible marketing and advertisement**

**d) Product stewardship**

**5. Community Engagements**

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

**County Government of Bomet**  
**Bomet Municipality**  
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**10. Report of the Municipality Board Members**

The Board Members submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of the Municipality affairs.

**Principal activities**

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

**Performance**

The performance of the Municipality for the year ended June 30, 2022, set out on page xv

**Board Members**

The members of the Board who served during the year are shown on page vii to x.

**Auditors**

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

By Order of the Board



.....  
**Name: Richard Kirui**  
**Secretary of the Board**



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

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

The Municipality manager is responsible for the preparation and presentation of the Municipality financial statements, which give a true and fair view of the state of affairs of the Municipality for and as at the end of the financial year ended on June 30, 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 Bomet Municipality,
- (v) Selecting and applying appropriate accounting policies, and
- (vi) Making accounting estimates that are reasonable in the circumstances.

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

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

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

**County Government of Bomet  
Bomet Municipality  
Annual Report and Financial Statements for the year ended June 30, 2022**

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**Approval of the financial statements**

The Municipality's financial statements were approved by the Board on...16/03/23 and signed on its behalf by:



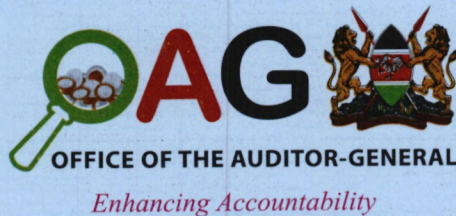
.....  
**Name: Rev. Philex Korir  
Chairperson of the Board**



.....  
**Name: Richard Kirui  
Fund Administrator of the Board**



# REPUBLIC OF KENYA



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Website: www.oagkenya.go.ke

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

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

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### 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

#### Qualified Opinion

I have audited the accompanying financial statements of Bomet Municipality set out on pages 1 to 39, which comprise the statement of financial position as at 30 June, 2022 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory

information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Bomet Municipality 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 Urban Areas and Cities Act, 2011 and Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

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

The statement of financial position reflects property, plant and equipment balance of Kshs.45,932,989 and referenced to disclosure Note 22 to the financial statements. However, the disclosure note is blank. Further, the respective asset category, description of assets, valuations and locations were not provided for audit.

In the circumstances, the accuracy, existence and fair statement of the property, plant and equipment balance of Kshs.45,932,989 as at 30 June, 2022 could not be confirmed.

#### **2. Other Reserves**

The statement of financial position also reflects other reserves balance brought forward of Kshs.15,365,114. However, the detailed schedule in support of the balance was not provided for audit.

In the circumstances, the accuracy, existence and fair statement of other reserves balance of Kshs.15,365,114 as at 30 June, 2022 could not be confirmed.

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

### **Key Audit Matters**

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

### **Other Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final income budget and actual comparable basis of Kshs.213,000,000 and Kshs.110,048,598 respectively resulting to underfunding of Kshs.102,951,402.

The budget underfunding and under-expenditure may have negatively affected service delivery to the residents of Bomet Municipality.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Non-Operationalization of the Municipality**

The Municipality has an approved staff establishment of 50 staff comprising of 37 technical and 13 non-technical staff. However, as at the time of the audit only one technical staff had been recruited.

In the circumstances, the operationalization of the Municipality has been delayed which has impacted negatively on the service delivery.

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015 based on the audit procedures performed, except for the 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**

#### **Failure to Maintain a Fixed Assets Register**

The statement of financial position reflects property, plant and equipment balance of Kshs.45,032,989. However, the detailed register indicating classification, description and values of assets was not provided for audit.

In the circumstances, it was not possible to confirm that internal controls in relation to assets control and management were working as intended during the period under review.

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control 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 control, risk management and governance.

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

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

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

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

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

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

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. 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 Municipality'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:

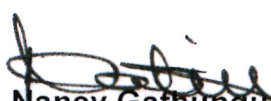
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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 the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of

my audit report. However, future events or conditions may cause the Municipality to cease to sustain its services.

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

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi


29 May, 2023


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

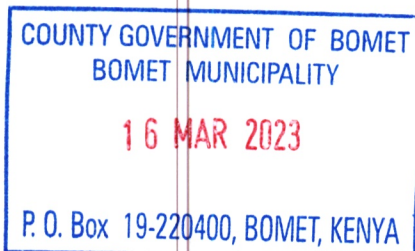
13. Statement of Financial Performance for The Year Ended 30 June 2022.

	Notes	2021/22	2020/21
		Kshs.	Kshs.
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	2,375,908	-
Public contributions and donations	7	92,307,576	-
Levies Fines and Penalties	8	-	-
Other revenues (Balance b/f)	9	-	-
<b>Revenue from exchange transactions</b>			
Interest income	10	-	-
Other Income	11	-	-
<b>Total revenue</b>		<b>94,683,484</b>	<b>-</b>
<b>Expenditure</b>			
Use of goods and services	12	2,375,908	-
Staff costs	13	-	-
Board expenses	14	-	-
Finance costs	15	6,250	-
<b>Total expenses</b>		<b>2,382,158</b>	<b>-</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets	16	-	-
<b>Surplus/(deficit) for the period</b>		<b>92,301,326</b>	<b>-</b>

The notes set out on pages 24 to 32 form an integral part of these Financial Statements. The entity financial statements were approved on 16/03/2023 and signed by:

  
 .....  
**Name: Richard Kirui**  
**Municipality Manager**

  
 .....  
**Name: Leonard Sang**  
**Accountant**  
**ICPAK M/No 12577**



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

14. Statement of Financial Position as at 30 June 2022

	Note	2021/22	2020/21
		Kshs.	Kshs.
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	17	61,733,451	-
Receivables from exchange transactions	18	-	-
Receivables from Non- exchange transactions	19	-	-
Prepayments	20	-	-
Inventories	21	-	-
<b>Non-current assets</b>			
Property, plant, and equipment	22	45,932,989	-
Intangible assets	23	-	-
<b>Total Non-current Assets</b>		<b>45,932,989</b>	-
<b>Total assets</b>		<b>107,666,440</b>	
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	24	-	-
Provisions	25	-	-
Borrowings	26	-	-
Employee benefit obligations	27	-	-
<b>Non-current liabilities</b>			
Provisions	25	-	-
Borrowings	26	-	-
Non-current employee benefit obligation	27	-	-
<b>Total liabilities</b>		-	
<b>Net assets</b>			
<b>Capital/Development Grants/Fund</b>			
Other reserves(Bal B/F)		15,365,114	-
Surplus for the period		92,301,326	
<b>Total net assets and liabilities</b>		<b>107,666,440</b>	-

**County Government of Bomet  
Bomet Municipality  
Annual Report and Financial Statements for the year ended June 30, 2022**

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 16<sup>th</sup> March 2023 and signed by:

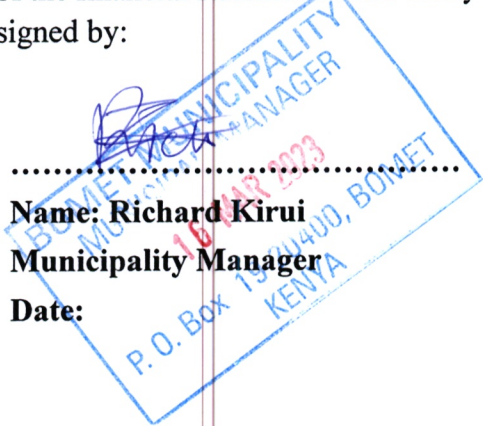
.....  
**Name: Richard Kirui  
Municipality Manager**

**Date:**

.....  
**Name: Leonard Sang  
Accountant**

**ICPAK M/No 12571**

**Date:**



.....  
**Name: Leonard Sang  
Accountant**

**Name: Leonard Sang**

**Accountant**

**ICPAK M/No 12571**

**Date:**

**Bomet Municipality**  
**County Government of Bomet**  
**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 Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
<b>Balance as at 1 July 2020</b>	-	-	-	-
Surplus/(deficit) for the period	-	-	-	-
Funds received during the `year	-	-	-	-
Revaluation gain	-	-	-	-
<b>Balance as at 30 June 2021</b>	-	-	-	-
<b>Balance as at 1 July 2021</b>	<b>15,365,114</b>	-	-	<b>15,365,114</b>
Surplus/(deficit) for the period	-	-	92,301,326	92,301,326
Revaluation gain	-	-	-	-
<b>Balance as at 30 June 2022</b>	<b>15,365,114</b>	-	<b>92,301,326</b>	<b>107,666,440</b>

.....  
**Name: Richard Kirui**  
**Municipality Manager**

.....  
**Name: Leonard Sang**  
**Accountant**  
**ICPAK M/No 12571**

*Bomet Municipality  
County Government of Bomet  
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	2021/22 Kshs.	2020/21 Kshs.
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		2,375,908	-
Public contributions and donations		92,307,575.6	-
Interest received		-	-
<i>Other receipts (Specify)</i>		-	-
<b>Total Receipts</b>		<b>94,683,484</b>	-
<b>Payments</b>			
Use of goods and services		2,375,908	-
Staff costs		-	-
Board expenses		-	-
Finance costs		6,250	-
<b>Total Payments</b>		<b>2,382,158</b>	-
<b>Net cash flows from operating activities</b>	28	<b>92,301,326</b>	
<b>Cash flows from investing activities</b>			
Purchase of PPE & intangible assets		(45,932,989)	-
Proceeds from sale of PPE			
<b>Net cash flows used in investing activities</b>		<b>(45,932,989)</b>	-
<b>Cash flows from financing activities</b>			
Receipts from Capital grants		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
<b>Net cash flows used in financing activities</b>		<b>-</b>	-
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>46,368,337</b>	-
Cash And Cash Equivalents At 1 July	17	15,365,114	-
<b>Cash And Cash Equivalents At 30 June</b>	17	<b>61,733,451</b>	-


**County Government of Bomet**  
**Bomet Municipality**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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*(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation. The above illustration assumes direct method)*

.....  


**Name: Richard Kirui**  
**Municipality Manager**

.....  


**Name: Leonard Sang**  
**Accountant**  
**ICPAK M/No 12571**



*Bomet Municipality  
County Government of Bomet  
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	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	c=(a+b)	D	e=(c-d)	f=d/c
<b>Revenue</b>		<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	
Transfers from the County Government	45,000,000	-	45,000,000	2,375,908	42,624,092	5%
Public contributions and donations	168,000,000	-	168,000,000	92,307,576	75,692,424	55%
Interest income	-	-	-	-	-	-
Other income (Bal. B/F)	-	-	-	15,365,114	(15,365,114)	-
<b>Total Revenue</b>	<b>213,000,000</b>	<b>-</b>	<b>213,000,000</b>	<b>110,048,598</b>	<b>102,951,402</b>	<b>44%</b>
<b>Expenses</b>						
Use of goods and services	4,980,000	-	4,980,000	2,375,908	2,604,092	48%
Board expenses	-	-	-	-	-	-
Staff Costs	40,000,000	-	40,000,000	0	40,000,000	0%
Finance costs	20,000	-	20,000	6,250	13,750	31%
<b>Total Expenditure</b>	<b>45,000,000</b>	<b>-</b>	<b>45,000,000</b>	<b>2,382,158</b>	<b>42,617,842</b>	<b>5%</b>
<b>Surplus for the period</b>	<b>168,000,000</b>	<b>-</b>	<b>168,000,000</b>	<b>107,666,440</b>	<b>60,333,560</b>	<b>64%</b>
<b>Capital Expenditure</b>	<b>168,000,000</b>	<b>-</b>	<b>168,000,000</b>	<b>45,932,988</b>	<b>122,067,012</b>	<b>27%</b>

**County Government of Bomet**  
**Bomet Municipality**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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**Budget notes**

*Provide an explanation of differences between actual and budgeted amounts (10% over/ under)*

*-Public contributions and donations had a budgeted and expected amount of kshs. 168,000,000 against kshs.92,307,576 received.*

*Transfers from County government had a budgeted personal emolument of kshs 40,000,0000 of which it was not paid since the staff were not recruited.*



.....  
**Name: Richard Kirui**  
**Municipality Manager**  
**Date:**



.....  
**Name: Leonard Sang**  
**Accountant**  
**ICPAK M/No 12577**  
**Date: 16/03/23**



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

### **1. General Information**

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

The entity's principal activity is to deliver quality and sustainable services in fiscally responsible manner that promotes social, economic and environmental prosperity.

### **2. Statement of Compliance and Basis of Preparation**

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

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

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

*(Notes to financial statements continued)*

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

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

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



Standard	Effective date and impact:
	<p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.  <i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.  <i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>Other improvements to IPSAS</p>	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.  <i>State the impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 43</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.  <i>State the impact of the standard to the Entity if relevant</i></p>

Standard	Effective date and impact:
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>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.</p> <p><b><i>State the impact of the standard to the Entity if relevant</i></b></p>

**iii. Early adoption of standards**

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

*(Notes to financial statements continued)*

#### **4. Significant Accounting Policies**

##### **a) Revenue recognition**

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

###### **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 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 2021/22 was approved by the County Assembly 19<sup>th</sup> April 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Municipality upon receiving the respective approvals in order to conclude the final budget.

The Municipality budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial

***(Significant accounting policies continued)***

statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 2 of these financial statements.

**c) Property, plant and equipment**

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

**d) Intangible assets**

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

*(Significant accounting policies continued)*

**e) Financial instruments**

**Financial assets**

**Initial recognition and measurement**

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

**Loans and receivables**

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

**Held-to-maturity**

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

**Impairment of financial assets**

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

***(Significant accounting policies continued)***

Evidence of impairment may include the following indicators:

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

**Financial liabilities**

**Initial recognition and measurement**

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

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

**Loans and borrowing**

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

**f) Inventories**

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

Raw materials: purchase cost using the weighted average cost method

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

***(Significant accounting policies continued)***

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

***(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

*(Significant accounting policies continued)*

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

**j) Nature and purpose of reserves**

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

**k) Changes in accounting policies and estimates**

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

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

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

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

**m) Foreign currency transactions**

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

***(Significant accounting policies continued)***

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

**n) Borrowing costs**

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

**o) Related parties**

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

**p) Cash and cash equivalents**

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

**q) Comparative figures**

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

*(Significant accounting policies continued)*

**r) Events after the reporting period**

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

Two types of events can be identified:

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

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

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

**s) Currency**

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

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

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

State all judgements, estimates and assumptions made.

**Estimates and assumptions**

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

*(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.

*(Notes to the Financial Statements)*

**6. Transfers from the County Government**

Description	2021/22	2020/21
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	2,375,908	-
Payments by County on behalf of the entity	-	-
<b>Total</b>	<b>2,375,908</b>	<b>-</b>

*(The transfers from County Government of Bomet are payments made directly to suppliers and/or staff of Bomet Municipality by the County Government through the IFMIS system)*

**7. Public Contributions and Donations**

Description	2021/22	2020/21
	Kshs.	Kshs.
Donation from development partners	92,307,576	-
Contributions from the public	-	-
<b>Total</b>	<b>92,307,576</b>	<b>-</b>

**8. Levies, Fines and penalties**

Description	2021/22	2020/21
	Kshs.	Kshs.
Levies	-	-
Fines	-	-
Penalties	-	-
Others <i>(indicate and specify)</i>	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**9. Other Revenues from Non-Exchange Transactions**

Description	2021/22	2020/21
	Kshs.	Kshs.
Transfers from other government entities	-	-
Others <i>(Bal. B/F)</i>	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

*(Provide a brief explanation for this revenue)*

*(Notes To the Financial Statements (Continued))*

**10. Interest income**

Description	2021/22	2020/21
	Kshs.	Kshs.
Interest income from investments	-	-
Interest income on bank deposits	-	-
Others <i>(Specify)</i>	-	-
<b>Total interest income</b>	<b>-</b>	<b>-</b>

*(Provide brief explanation for this revenue)*

**11. Other income**

Description	2021/22	2020/21
	Kshs.	Kshs.
Income from sale of tender documents	-	-
Others <i>(specify)</i>	-	-
<b>Total other income</b>	<b>-</b>	<b>-</b>

*(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified).*

**12. Use of Goods and Services**

Description	2021/22	2020/21
	Kshs.	Kshs.
Supplies of Computers and Printers	549,000	-
Committee Allowances	600,000	-
Other operating expenses	449,908	-
Daily subsistence allowances	233,100	-
Domestic travel costs	16,000	-
Travel costs	527,900	-
<b>Total</b>	<b>2,375,908</b>	<b>-</b>

*(The transfers from County Government of Bomet are payments made directly to suppliers and/or staff of Bomet Municipality by the County Government through the IFMIS system)*

**13. Staff costs**

Description	2021/22	2020/21
	Kshs.	Kshs.
Salaries and wages	-	-
Staff gratuity	-	-
Social security contribution	-	-
Other staff costs ( <i>Specify</i> )	-	-
<b>Total</b>	-	-

**14. Board expenses**

Description	2021/22	2020/21
	Kshs.	Kshs.
Chairman/Members' Honoraria	-	-
Sitting allowances	-	-
Medical Insurance	-	-
Induction and Training	-	-
Travel and accommodation	-	-
Conference Costs	-	-
Other allowances ( <i>Specify</i> )	-	-
<b>Total</b>	-	-

**15. Finance costs**

Description	2021/22	2020/21
	Kshs.	Kshs.
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
Bank charges	6,250	-
<b>Total</b>	<b>6,250</b>	-

*(Notes To the Financial Statements Continued)*

**16. Gain/(loss) on disposal of assets**

Description	2021/22	2020/21
	Kshs.	Kshs.
Property, plant and equipment	-	-
Intangible assets	-	-
<b>Total</b>	-	-

**17. Cash and cash equivalents**

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Account	61,733,451.13	-
<b>Total Cash And Cash Equivalents</b>	<b>61,733,451.13</b>	-

*(The amount should agree with the closing and opening balances as included in the statement of cash flows)*

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

*{Notes To the Financial Statements Continued}*

Financial Institution	Account number	2021-2022	2020-2021
		Kshs	Kshs
<b>Current Account</b>			
Equity Bank	1220278947148	61,690,998.62	-
Equity Bank	1220278947204	42,452.51	-
<b>Sub- Total</b>		<b>61,733,451.13</b>	-
<b>Grand Total</b>		<b>61,733,451.13</b>	-

**18. Receivables from exchange transactions**

Description	2021/22	2020/21
	Kshs.	Kshs.
<b>Current Receivables</b>		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-

County Government of Bomet  
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Less: impairment allowance	-	-
<b>Total Current receivables (a)</b>	-	-
	-	-
<b>Non-Current receivables</b>	-	-
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
<b>Total Non- current receivables (b)</b>	-	-
<b>Total receivables from exchange transactions</b>	-	-

**19. Receivables from Non-Exchange transaction**

Description	2021/22	2020/21
	Kshs.	Kshs.
Transfer from County Executive	-	-
Transfer from XXXX Fund	-	-
<b>Total receivables from non-exchange transactions</b>	-	-

**20. Prepayments**

Description	2021/22	2020/21
	Kshs.	Kshs.
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments( <i>specify</i> )	-	-
<b>Total</b>	-	-

*(Notes To The Financial Statements Continued)}*

**21. Inventories**

Description	2021/22	2020/21
	Kshs.	Kshs.
Stationery	-	-
Consumables	-	-
Other inventories( <i>specify</i> )	-	-
<b>Total inventories at the lower of cost and net realizable value</b>	-	-

*(Notes to the Financial Statements Continued)*

**22. Property, Plant and Equipment**

	Land, Buildings and other infrastructure	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
<b>At 1<sup>st</sup> July 2020</b>					
Additions					
Disposals					
Transfers/Adjustments					
<b>At 30<sup>th</sup> June 2021</b>					
<b>At 1<sup>st</sup> July 2021</b>					
Additions	45,932,989				
Disposals					
Transfer/Adjustments					
<b>At 30<sup>th</sup> June 2022</b>					
<b>Depreciation And Impairment</b>					
<b>At 1<sup>st</sup> July 2022</b>	<b>45,932,989</b>				

*(Other PPE figures are not included since the municipality has not defined the policy of valuation/depreciation nor the assets have been subjected to any form of valuation and auditing and therefore may not give a fair realistic figure. Also IPSAS 33 has been used in preparation of the financial statements. Only kshs 45,932,989 for PPE acquisition was included for the current year since it must balance the financial position.)*

*(Notes to The Financial Statements Continued)*

**23. Intangible assets**

Description	2021/22	2020/21
	Kshs.	Kshs.
<b>Cost</b>		
At beginning of the year	-	-
Additions	-	-
<b>At end of the year</b>	-	-
<b>Amortization and impairment</b>		
At beginning of the year	-	-
Amortization	-	-
<b>At end of the year</b>	-	-
Impairment loss	-	-
<b>At end of the year</b>	-	-
<b>NBV</b>	-	-

**24. Trade and other payables from exchange transactions**

Description	2021/22	2020/21
	Kshs.	Kshs.
Trade payables	-	-
Refundable deposits (Retentions, court bonds etc)	-	-
Accrued expenses	-	-
Other payables ( <i>Specify</i> )	-	-
<b>Total trade and other payables</b>	-	-

**25. Provisions**

Description	2021/22	2020/21
	Kshs.	Kshs.
Balance at the beginning of the year	-	-
Additional Provisions ( <i>Specify</i> )	-	-
Provision utilised	-	-
<b>Balance at the end of the year</b>	-	-
Current Portion of provision	-	-
Long term portion of provision	-	-
<b>Total Provisions</b>	-	-

*(Notes To The Financial Statements Continued)*

**26. Borrowings**

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

Description	2021/22	2020/21
	Kshs.	Kshs.
Short term borrowings (current portion)	-	-
Long term borrowings	-	-
<b>Total</b>	-	-

*(NB: the total of this statement should tie to note 20 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed)*

Description	2021/22	2020/21
	Kshs.	Kshs.
<b>Balance at beginning of the period</b>	-	-
Borrowings during the year	-	-
Repayments of borrowings during the period	-	-
<b>Balance at end of the period</b>	-	-

The table below shows the Distribution of borrowings:

	2021/22	2020/21
	Kshs.	Kshs.
<b>Borrowings</b>		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
<b>Total balance at end of the year</b>	-	-

*(Notes To The Financial Statements Continued)*

**27. Employee benefit obligations**

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

**28. Cash generated from operations**

	2021/22	2020/21
	Kshs.	Kshs.
<b>Surplus/ (deficit) for the year before tax</b>	-	-
<b>Adjusted for:</b>		
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
<b>Working Capital adjustments</b>		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
<b>Net cash flow from operating activities</b>	-	-

*(The total of this statement should tie to the cash flow section on net cash flows from operating activities)*

**Other Disclosures**

**29. Related party balances**

**a) Nature of related party relationships**

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

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

**b) Related party transactions**

	2021/22	2020/21
	Kshs.	Kshs.
Transfers from related parties'	-	-
Transfers to related parties	-	-

**c) Key management remuneration**

	2021/22	2020/21
	Kshs.	Kshs.
Board Members	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

**d) Due from related parties**

	2021/22	2020/21
	Kshs.	Kshs.
Due from parent Ministry	-	-
Due from County Government	-	-
Due from County Assembly	-	-
<b>Total</b>	-	-

*(Other Disclosures continued)*

**e) Due to related parties**

	2021/22	2020/21
	Kshs.	Kshs.
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Due to County Assembly	-	-
<b>Total</b>	-	-

**30. Contingent liabilities**

Contingent liabilities	2021/22	2020/21
	Kshs.	Kshs.
Court case xxx against the entity	-	-
Bank guarantees	-	-
<b>Total</b>	-	-

*(Give details)*

**31. Contingent Assets**

Contingent liabilities	2021/22	2020/21
	Kshs.	Kshs.
Court case xxx against the entity	-	-
Others Specify	-	-
<b>Total</b>	-	-

**32. Financial risk management**

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

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

***(Other Disclosures Continued)***

**I. Credit risk**

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

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

	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
<b>At 30 June 2022</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2021</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-

***(Other Disclosures Continued)***

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

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

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

**II. Liquidity risk management**

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

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

	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
<b>At 30 June 2022</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2021</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-

*(Other Disclosures continued)*

**III. Market risk**

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Municipality income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Municipality Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the Municipality exposure to market risks or the manner in which it manages and measures the risk.

**IV. Foreign currency risk**

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

		Other currencies	Total
	Kshs.	Kshs.	Kshs.
<b>At 30 June 2022</b>			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables	-	-	-
<b>Liabilities</b>			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

*(The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.)*

**Foreign currency sensitivity analysis**

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

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs.	Kshs.	Kshs.
<b>20xx</b>			
Euro	10%	-	-
USD	10%	-	-
<b>20xx-1</b>			
Euro	10%	-	-
USD	10%	-	-

**V. Interest rate risk**

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

**Management of interest rate risk**

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

*(Other Disclosures continued)*

**VI. Capital risk management**

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

	2021/22	2020/21
	Kshs.	Kshs.
Revaluation reserve	-	-
Capital/Development Grants/Municipality	-	-
Accumulated surplus	-	-
<b>Total Funds</b>	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	-	-

**2. Annexes**

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

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

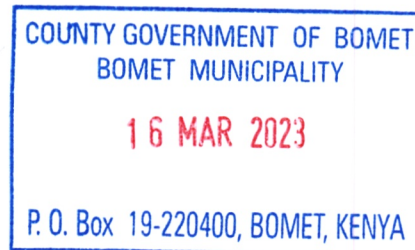
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

**Guidance Notes:**

- a) Use the same reference numbers as contained in the external audit report.
- b) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- c) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue.
- d) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to County Treasury.

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



**Annex 2: Inter Entity Transfers**

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

*(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

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

Name of the Organization

Telephone Number

Email Address

Name of CEO/MD/Head

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

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

**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

County Government of Bomet  
Bomet Municipality  
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