

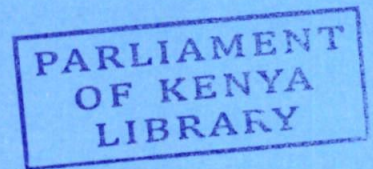
REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF



THE AUDITOR-GENERAL

ON

TAVETA MUNICIPALITY

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

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



OFFICE OF THE AUDITOR GENERAL
P.O.Box 95262 ,MOMBASA

23 DEC 2024

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TAVETA MUNICIPALITY

County Government of Taita Taveta

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2024

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

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

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1. Acronyms and Definition of Key Terms

A. Acronyms

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

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Municipality of Taveta Information and Management

a) Background information

Taveta Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011 (amended 2019) and Cities and Municipal Charter on 28th July 2023. The City/ Municipality is under the County Government of Taita Taveta and is domiciled in Kenya.

b) Principal Activities

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

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

Vision

To be the best municipality in provision of sustainable affordable, quality and timely services to the people of Taveta Municipality

Mission.

To promote quality, affordable timely services to the people of Taveta Municipality and provide sustainable equitable development through participatory planning.

Core Objectives

- ✓ Professionalism
- ✓ Team work
- ✓ Integrity and governance to reflect ethnic diversity
- ✓ Customer focused
- ✓ Transparent and accountability
- ✓ Unity of purpose
- ✓ Respect
- ✓ Commitment to duty
- ✓ Integrative
- ✓ Partnership and collaboration

c) Key Management

The Taveta Municipality management is under the following key organs:

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

Board of Management

Ref	Name	Position
1.	CONSTANTINE A. MALAI	CHAIRMAN
2.	RITA KAVASHE NARIANGAI	VICE CHAIRPERSON
3.	DR. HUSSEIN JIMMY KIHARA	MEMBER
4.	MANDE MOHAMMED JUMANNE	MEMBER
5.	GEORGE NGURUZI KIMBOI	MEMBER
6.	ANGELINE WAWUDA MNENE	MEMBER
7.	MARLEY DINGIRIA	MEMBER
8.	JIMMY M MTAWA	CCO LANDS
9.	ELIZABETH WUGHANGA MKONGO	CECM LANDS
10.	NOEL JUMA MWACHADU	MUNICIPAL MANAGER

d) Fiduciary Management

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

Ref	Position	Name
1.	City/Municipality Manager	NOEL MWACHADU
2.	ACCOUNTANT	CONSTANCE MARURA
3.	PROCUREMENT OFFICER.	ANNIE MSHIMBA

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e) Fiduciary Oversight Arrangements

- i) Audit and Risk Management Committee
- ii) County Assembly committees
- iii) Committees of the Senate

f) Registered Offices

Municipal office Building-Taveta
Taveta Town, Off Taveta – Holili Highway,
P.O. Box 195-80302
Taveta, Kenya

g) Contacts

Telephone: +2547 12702912 / +2547 34044718
E-mail: taveta.municipality@gmail.com
Website: www.tavetamunicipality.go.ke

h) Bankers

Equity bank
Taveta Branch
P.O Box 325-80300
Njiiri Plaza ,
TAVETA





i) Independent Auditor

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

j) Principal Legal Adviser

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





3. Municipality Board

Name	Details of qualifications and experience
<p>1. CONSTANTINE A. MALAI</p> 	<p>Bachelor's degree in Business Administration (Marketing) From Irish International University Graduate Diploma in Management from Irish International University 28 years in Consultancy and Management in Banking and Private Sector in Kenya, Liberia, Zimbabwe and Zambia</p>
<p>2. RITA KAVASHE NARIANGAE</p> 	<p>Bachelor's degree in Education from Moi University Master's Degree in Business Administration (MBA) from the University of Nairobi. 29 years on Management in Private sector</p>
<p>3. MARLEY DINGIRIA</p> 	<p>Master of Commerce (M.com) Pg.. Diploma Financial Management Bachelor in Business Management Strategic Leadership-KSG 5 years in county government (CEM- Water and Irrigation-Health Services</p>
<p>4. DR. HUSSEIN JIMMY KIHARA</p> 	<p>PhD in parasitology, JKUAT, MSc. In infection diagnosis, Kenyatta University, Higher Diploma in parasitology & Entomology in KMTC, Diploma in medical laboratory Technology KMTC, certificate in Medial laboratory technology & entomology MTC. 40yrs in medical research</p>
<p>5. GEORGE NGURUZI KIMBOI</p>	<p>Bsc Environmental Science (Egerton University, Njoro) 7yrs Banking industry experience working with Barclays/Absa Bank 5yrs public service experience working with the county</p>

County Government of Taita Taveta

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	<p>Government of Taita Taveta as a Ward Administrator Board member & Marketing chairman - Taita Taveta Banana Farmers Cooperative Society Ltd Board Member & Academic Chairman - Bishop John Njenga Secondary School Board Vice Chairman - Kiwalwa Secondary School</p>
<p>6. MANDE MOHAMMED JUMANNE</p>	<p>The University of Nairobi 1987-1990(Undergraduate level) Institute of Foreign Relations Kuala Lumpur, Malaysia 1998 The University of Nairobi 2006-2007 (Postgraduate Diploma in International Relations) Kenya Institute of Administration Kabete Nairobi for Senior Management Course (2010) 27 Years in Public and County Government</p>
	<p>7. ANGELINE WAWUDA MNENE</p> <p>Master's degree in Plant Protection and a Bachelor's degree in Seed Science and Technology -Eldoret University. 10 Years researcher on safeguarding food systems and promoting environmental sustainability.</p>
	<p>JIMMY M. MTAWA</p> <p>CCO Lands Taita Taveta County Bachelor of Laws(LLB)-Second Class Honours-University of London Bachelor of Science in Criminology & Security Management-Dedan Kimathi University of Technology Diploma in Security Management-Kenya Institute of Studies in Criminal Justice</p>
	<p>NOEL MWACHADU</p> <p>Municipal Manager Bachelor of Commerce -Taita Taveta University</p>

County Government of Taita Taveta

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Bachelors of Theology- African Outreach Ministries-South Africa

CPA II Sec IV

Public sector (Local Government and County Government) position for a period of 27 years.

**County Government of Taita Taveta
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4. Key Management Team

Name	Details of qualifications and experience
<p>1. NOEL MWACHADU</p> 	<p>MUNICIPAL MANGER. Bachelor of Commerce -Taita Taveta University Bachelors of Theology- African Outreach Ministries-South Africa CPA II Sec IV Public sector (Local Government and County Government) position for a period of 27 years.</p>
<p>2. ANNIE MSHIMBA</p> 	<p>PROCUREMENT OFFICER. Bachelor of Business Management & Supply Chain Management-KEMU. Procurement officer for 4 years.</p>
<p>3. CPA CONSTANCE MARURA</p> 	<p>SENIOR ACCOUNTANT - BCOM –ACCOUNTING-Kisii University - CPA (K) - ICPAK NO. 33731</p>

5. Municipality Board Chairperson's Report

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

Sustainability

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

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

Board and Management Changes

The board was appointed and gazetted by the Governor of the County Government of Taita Taveta as per the urban areas and cities act 2011 revised in 2022. (14. (1) A board of a municipality shall consist of nine members appointed by the county governor with the approval of the county assembly. (2) The members of the board appointed under subsection (1) shall be constituted as follows— (a) **the county executive member for the time being responsible for cities and urban areas or his representative;** (b) three members who shall be appointed by the county governor, with the approval of the county assembly; (c) four members who shall be nominated by an association and appointed by the county governor, with the approval of the county assembly; (d) **the chief officer responsible for urban development;** and (e) the municipal manager appointed under section 28 who shall be the secretary of the board and an ex officio member of the board.)

Review of performance

Income

In the year ended 30th June 2024, the Municipality had projected allocation of Kshs 2,000,000.00 from exchequer issues.

Expenditures

The total expenditures during the period amounted to Kshs 694,680 representing an absorption rate of 35% recurrent activities.

Future outlook

The outlook of the Fund for 2023/2024 looks brighter. The municipality focus, looks to build a robust and sustainable Municipality with a motivated workforce and structures that enhance efficiency and effectiveness in the service delivery. The fund looks forward to continued support from the county government and development partners to the realization of its mandate.

**County Government of Taita Taveta
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Appreciation

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

I look forward to your continued support in the year 2023/2024

Sign: 

Name: **CONSTATINE MALAI**

Chairperson of the Board

6. Report of the Municipality Manager

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

Sustainability

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

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

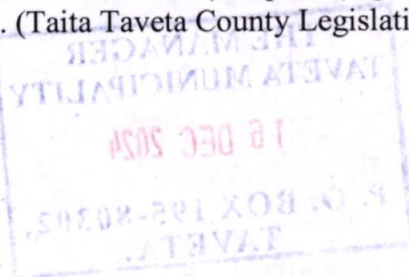
Board and Management Changes

The board was reconstituted after the gazette of Taveta Municipality vide gazette notice No 9928 and as per the urban areas and cities act 2011 amended 2019. (14. (1) A board of a municipality shall consist of nine members appointed by the county governor with the approval of the county assembly. (2) The members of the board appointed under subsection (1) shall be constituted as follows— (a) **the county executive member for the time being responsible for cities and urban areas or his representative**; (b) three members who shall be appointed by the county governor, with the approval of the county assembly; (c) four members who shall be nominated by an association and appointed by the county governor, with the approval of the county assembly; (d) **the chief officer responsible for urban development**; and (e) the municipal manager appointed under section 28 who shall be the secretary of the board and an ex officio member of the board.)

The chairmanship also changed hands after the former chairperson accepted the position of the economic advisor to the governor of Taita Taveta County.

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

The Municipality of Taveta Board was conferred a charter as per the powers conferred by section 9(1) and 9(4) of the Urban Areas and Cities Act, (No. 13 of 2011) as complemented by section 72 of the Interpretations and General Provisions Act (Chapter 2), gazetted on 28th July 2023 in Kenya Gazette notice 9928 Supplement No. (Taita Taveta County Legislative Supplement No. 3).



**County Government of Taita Taveta
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Financial Performance

a) Revenue

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

Out of the, allocated amount, the Board was able to realize Kshs 790,499 in actual transfers from the county government, representing 40% performance.

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

Revenue Classification	Revenue Budget (Ksh)	Actual (Ksh)	Realization (%)
Exchequer releases	-	-	0%
Transfer from the County	2,000,000	790,499	40%
Balance BF 2023/2024	0	0	0%
Total	2,000,000	790,499	40%

Table 1: Revenue performance in FY 2023/2024

b) Payments

In the year under review, the Board had projected expenditures of Kshs 2,000,000.00 and was able to utilize a total of Kshs. 694,680 representing an absorption rate of 35%.

c) Cash flows

In the FY 2023/2024, the cash and cash equivalents amounted to Kshs. 95,819 as at 30th June 2024.

d) Conclusion

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

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

**THE MANAGER
TAVETA MUNICIPALITY
16 DEC 2024
P. O. BOX 195-80302,
TAVETA.**

Signed: 
Name: NOEL MWACHADU
Municipality Manager

7. Statement of Performance against Predetermined Objectives for the FY 2023-2024

The key development objectives of the Taveta Municipality plan are to:

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

Although the municipality is in the initial stages of formulating

- a) Integrated development plan
- b) Spatial Plan
- c) Any other relevant policies

**County Government of Taita Taveta
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Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Urban planning	To control urban development	To create orderly development in urban areas	Number of developments conforming with rules and regulations governing urban development	In FY under review we increased Housing unit by xx%.
Program 2	-	-	-	-

8. Corporate Governance Statement

a) Process of appointment and removal of Board members.

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

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

b) Roles and functions of the City/Municipality Board members,

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

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

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

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

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

The board of Municipality of Taveta holds at least one sitting every three months or as required in order to monitor the implementation of the Municipality's strategic plan and achievement of the targets as outlined in the charter. The board also plays an oversight role over all other financial and operational issues. The Board held inception meeting board during the FY 2023/2024

f. Existence of a service charter

The Municipality of Taveta was conferred a charter as per the powers conferred by Section 9(1) and 9(4) of the Urban Areas and Cities Act, (No. 13 of 2011) as complemented by section 72 of the Interpretations and General Provisions Act (Chapter 2), gazette on 28th July 2023 in *Kenya Gazette Supplement No. 9928, LEGAL NOTICE No. 2 (Taita Taveta County Legislative Supplement No. 2)*

g. Conflict of interest

AUDIT AND RISK COMMITTEE

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

STATEMENT OF COMPLIANCE

The board confirms that the Municipality has throughout the FY 2023/2024 complied with all statutory and regulatory requirements and that the Municipality has been managed in accordance with the principles of good corporate governance.

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

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

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

Standing Instructions

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

Organization Structure

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

Strategic Plan

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

Internal Control Framework

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

The audit and risk committee considers significant control matters raised by management and both the internal and external auditors and reports its findings to the board. Where weaknesses are identified, the committee ensures that management takes appropriate action. No significant failings or weaknesses were identified during the FY 2023/2024.

Management Team

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

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

The Municipality is audited by the Auditor - General.

9. Management Discussion and Analysis

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

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

BUSINESS PERFORMANCE

Revenue

The Board has not received and revenue from exchequer during the year under review.

Cash flow

The cash and cash equivalents as at 30th June 2024 was Kshs 95,819.

OPERATIONAL PERFORMANCE

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

Employees

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

During the year, the Taveta Municipality has a proposed organization structure borrowed from Mwatate Municipality still awaiting approval by Cabinet, County service board and the county Assembly.

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Conclusion

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

10. Environmental and Sustainability Reporting

1. Sustainability strategy and profile

The Special Municipality of Taveta has continued to structure its programs towards development projects and activities that depict high sense of value for money and goes a long way in alleviating the residents suffering and improving their ease of doing business. In the year under review the Municipality has not develop and project since it was 2 months since inception and no development budget was allocated to the municipality

2. Environmental performance

To promote sustainable land use and environmental conservation, the Special Municipality of Taveta undertook feasibility studies as well as environmental impact assessments to all its project activities. Moreover, various capacity building activities, provision of materials geared towards environmental protection and sustainable land use management were provided.

3. Employee welfare

The Special Municipality of Taveta revamped its efforts in improving the welfare of its employees as a key ingredient to employee motivation and satisfactory work performance. Additionally, the Municipality has continued equipping its offices in Taveta Sub-County hence providing the necessary office space and equipment needed for effective and efficient service delivery to its residents and other stakeholders.

4. Market place practices

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

a) Responsible competition practice.

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

b) Responsible Supply chain and supplier relations

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

c) Responsible marketing and advertisement

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

d) Product stewardship

The management ensured that all the projects complied with NEMA, Environmental and Social safeguards

5. Community Engagements

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

11. Report of the Municipality Board Members

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

Principal activities

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

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

**County Government of Taita Taveta
Taveta Municipality
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Performance

The performance of the Municipality for the year ended June 30, 2024 are set out on page xx

Board Members

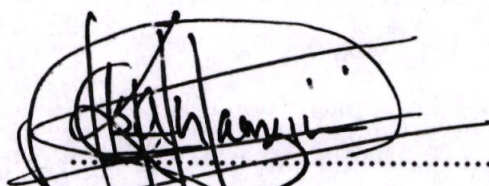
The members of the Board who served during the year are shown on page v. The changes in the Board during the financial year are as shown below:

Ref	Name	Position
11.	CONSTANTINE A. MALAI	CHAIRMAN
12.	RITA KAVASHE NARIANGAI	VICE CHAIRPERSON
13.	DR. HUSSEIN JIMMY KIHARA	MEMBER
14.	MANDE MOHAMMED JUMANNE	MEMBER
15.	GEORGE NGURUZI KIMBOI	MEMBER
16.	ANGELINE WAWUDA MNENE	MEMBER
17.	MARLEY DINGIRIA	MEMBER
18.	JIMMY M MTAWA	CCO LANDS
19.	ELIZABETH WUGHANGA MKONGO	CECM Lands
20.	NOEL JUMA MWACHADU	MUNICIPAL MANAGER

Auditors

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

By Order of the Board


.....
NOEL JUMA MWACHADU
Secretary of the Board



12. Statement of Management's Responsibilities

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

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

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

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

In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern, 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.

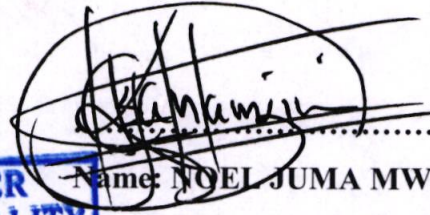
**County Government of Taita Taveta
Taveta Municipality
Annual Report and Financial Statements for the year ended June 30, 2024.**

Approval of the financial statements

The City/Municipal/City's financial statements were approved by the Board on 30th June, 2024 and signed on its behalf by:

.....


Name: CONSTANTINE A. MALAI
Chairperson of the Board

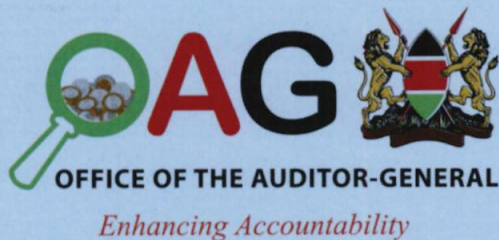
.....


Name: NOEL JUMA MWACHADU
Accounting officer of the Board



REPUBLIC OF KENYA

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



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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of the Taveta Municipality set out on pages 1 to 42 comprise the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Taveta Municipality as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Urban Areas and Cities Act, 2011 (amended 2019) and the Public Finance Management Act, 2012.

Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total revenue budget and actual on a comparative basis of Kshs. 2,000,000 and Kshs.790,499 respectively, resulting in income shortfall of Kshs.1,209,501 or 60% of the budget. Similarly, the Fund Management spent Kshs.738,780 against an approved expenditure budget of Kshs.2,000,000 resulting in an under-expenditure by Kshs.1,261,220 or 63% of the budget.

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

My opinion is not modified in respect to this matter.

Key Audit Matters

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

Other Information

The Management is responsible for the other information set out on page iii to xxviii which comprise of Key Municipality Information and Management, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Environmental

and Sustainability Reporting and Statement of Management Responsibilities. The other information does not include the financial statements and my audit report thereon.

In connection with my audit on the Taveta Municipality financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the revenue statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. Based on the audit procedures performed, I confirm that other information is not materially inconsistent with the financial statements.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES.

Conclusion

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

Basis for Conclusion

1. Failure to Prepare an Urban Area Integrated Development Plan

The Municipality Management did not prepare an Urban Area Integrated Development Plan contrary to Section 9 (3) (b) of the Urban Areas and Cities Act, 2011 (amended in 2019) which states that, 'a town is eligible for the conferment of municipal status under this Act if the town satisfies a number of criteria including having an integrated development plan in accordance with this Act'.

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

2. Lack of Strategic Plan

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of the Management and Fund Management Committee

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

In preparing the financial statements, Management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

The Taveta Municipality Management Committee is responsible for overseeing the Municipality of Taveta financial reporting process, reviewing the effectiveness of how

Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


27 December, 2024

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

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

Description	Note	2023/2024	2022/2023
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from the County Government	6	790,499	-
Public contributions and donations	7	-	-
Levies Fines and Penalties	8	-	-
Other revenues (<i>Specify</i>)	9	-	-
		790,499	-
Revenue from exchange transactions			
Interest income	10	-	-
Miscellaneous Income	11	-	-
		-	-
Total revenue		-	-
Expenditure			
Use of goods and services	12	738,780	-
Staff costs	13	-	-
Board expenses	14	-	-
Finance costs	15	-	-
Depreciation and amortization	16	-	-
Repairs and maintenance	17	-	-
Total expenses		738,780	-
Other gains/losses			
Gain/loss on disposal of assets	18	-	-
Surplus/(deficit) for the period		51,719	-

The notes set out on pages 7 to 45 form an integral part of these Financial Statements. The Municipality of Taveta financial statements were approved on 30th June 2024 and signed by:


Name: NOEL JUMA
Municipality Manager

THE MANAGER
TAVETA MUNICIPALITY
16 DEC 2024
P. O. BOX 195-80302,
TAVETA.
Name: CONSTANCE MARURA
Head of Finance
ICPAK M/No: 33731

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

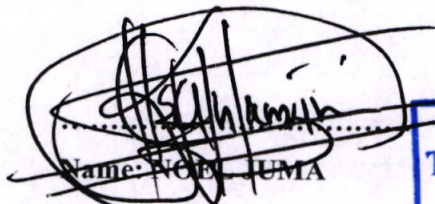
15. Statement of Financial Position As At 30 June 2024

Description	Note	2023/2024	2022/2023
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	19	95,819	-
Receivables from exchange transactions	20	-	-
Receivables from non-exchange transactions	21	-	-
Prepayments	22	-	-
Inventories	23	-	-
Total current assets		95,819	-
Non-current assets			
Property, plant, and equipment	24	-	-
Intangible assets	25	-	-
Total Non-current Assets		-	-
Total assets (A)		95,819	-
Liabilities			
Current liabilities			
Trade and other payables	26	44,100	-
Refundable deposits from customers	27	-	-
Provisions	28	-	-
Borrowings	29	-	-
Employee benefit obligations	30	-	-
Deferred Income	31	-	-
Social Benefits	32	-	-
Total current liabilities		44,100	-
Non-current liabilities			
Provisions	28	-	-
Borrowings	29	-	-
Non-current employee benefit obligation	30	-	-
Deferred Income	31	-	-
Social Benefits	32	-	-
Total liabilities (B)		44,100	-


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

Net Assets (A-B)		51,719	-
Represented by:			
Capital/Development Grants/Fund		-	-
Reserves		-	-
Accumulated surplus		51,719	-
Net Assets/Equity		51,719	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Municipality of Taveta financial statements were approved on 30TH JUNE 2024 and signed by:


 Name: NCPM JUMA
 Municipality Manager
 Date:

**THE MANAGER
TAVETA MUNICIPALITY**
16 DEC 2024
**P. O. BOX 195-80302,
TAVETA.**


 Name: CONSTANCE MARURA
 Head of Finance
 ICPAK M/No. 33731
 Date:

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

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

Description	Capital/ Development Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
Bal as at 1 July 2022	-			
Surplus/(deficit) for the year			-	-
Funds received during the year	-			-
Revaluation gain/loss	-			-
Bal as at 30 Jun 2023	-			-
				-
Bal as at 1 July 2023	-		-	-
Surplus/(deficit) for the year			51,719	51,719
Funds received during the year	-			-
Revaluation gain/loss	-			-
Balance as at 30 June 2024	-		51,719	51,719

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

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

Description	Note	2023/2024	2022/2023
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government		790,499	
Public contributions and donations		-	-
Interest received		-	-
Miscellaneous receipts (Specify)		-	-
Total Receipts		790,499	-
Payments			
Use of goods and services		694,680	-
Staff costs		-	-
Board expenses		-	-
Finance costs		-	-
Total Payments		694,680	-
Net cash flows from operating activities	33	95,819	-
Cash flows from investing activities			
Purchase of PPE & intangible assets		-	
Proceeds from sale of PPE		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Receipts from Capital grants		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash equivalents		95,819	-
Cash And Cash Equivalents At 1 July	19	-	
Cash And Cash Equivalents At 30 June	19	95,819	-

County Government of Taita Taveta

Taveta Municipality

Annual Report and Financial Statements for the year ended June 30, 2024.

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
Revenue		Kshs.	Kshs.	Kshs.	Kshs.	
Transfers from the County Government	2,500,000	(500,000)	2,000,000	790,499	1,209,501	40%
Public contributions and donations	-	-	-	-	-	
Interest income	-	-	-	-	-	
Miscellaneous income (<i>specify</i>)	-	-	-	-	-	
Total Revenue	2,500,000	(500,000)	2,000,000	790,499	1,209,501	40%
Expenses						
Use of goods and services	2,000,000	-	2,000,000	738,780	1,261,220	37%
Board expenses	500,000	(500,000)	-	-	-	
Staff Costs	-	-	-	-	-	
Finance costs	-	-	-	-	-	
Total Expenditure	2,500,000	(500,000)	2,000,000	738,780	1,261,220	37%
Surplus for the period	-	-	-	51,719	(51,719)	
Capital Expenditure	-	-	-	-	-	

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

19. Notes to the Financial Statements

1. General Information

The Municipality of Taveta was conferred a charter as per the powers conferred by Section 9(1) and 9(4) of the Urban Areas and Cities Act, (No. 13 of 2011) as complemented by section 72 of the Interpretations and General Provisions Act (Chapter 2), gazette on 28th July 2023 in *Kenya Gazette Supplement No. 9928, LEGAL NOTICE No. 2 (Taita Taveta County Legislative Supplement No. 2)*

The Municipality of Taveta principal activities is to perform the following functions;

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

County Government of Taita Taveta

Taveta Municipality

Annual Report and Financial Statements for the year ended June 30, 2024.

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 Municipality of Taveta 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 Municipality of Taveta.

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

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

3. Application of New and revised standards (IPSAS)

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

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<p>Applicable 1st January 2025</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 Municipality of Taveta. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>State the expected impact of the standard to the Municipality of Taveta if relevant</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>State the expected impact of the standard to the Municipality of Taveta if relevant</p>
IPSAS 45: Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>State the expected impact of the standard to the Municipality of Taveta if relevant</p>

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

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

iii. Early adoption of standards

The Municipality of Taveta did not early – adopt any new or amended standards in the financial year or the Municipality of Taveta adopted the following standards early (state the standards, reason for early adoption and impact on Municipality of Taveta’s financial statements.)

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 of Taveta and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2023/2024 was approved by the County Assembly on 20th June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Taveta Municipality upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Municipality recorded additional appropriations of 2,500,000.00 on 15th November 2023 following the governing body's approval.

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

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

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Municipality recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in 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.

e) Financial instruments

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

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

Financial assets

Classification of financial assets

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

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Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

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Impairment

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

Financial liabilities

Classification

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

f) Inventories

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

Raw materials: purchase cost using the weighted average cost method

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

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

g) Provisions

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

h) Social Benefits

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

i) Contingent liabilities

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

j) Contingent assets

The Municipality does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an

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inflow of economic benefits or service potential will arise and the asset's value can be measured

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

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits – Retirement benefit plans

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

n) Foreign currency transactions

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

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

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o) Borrowing costs

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

p) Related parties

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

q) Cash and cash equivalents

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

r) Comparative figures

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

s) Events after the reporting period

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorized for issue. Two types of events can be identified:

- (a) Those that provide evidence of conditions that existed at the reporting and

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

t) Currency

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

5. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made.

Estimates and assumptions.

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

Useful lives and residual values

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

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

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Notes to the Financial Statements

6. Transfers from the County Government

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	790,499	
Payments by County on behalf of the entity	-	-
Unconditional development grants	-	
Total	790,499	-

(a) Transfers from County Government entities (Categorized)

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

7. Public Contributions and Donations

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

8. Levies, Fines and penalties

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

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

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

10. Interest income

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Interest income from investments	-	-
Interest income on bank deposits	-	-
Others (Specify)	-	-
Total interest income	-	-

11. Miscellaneous income

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Income from sale of tender documents	-	-
Others (specify)	-	-
Total other income	-	-

12. Use of Goods and Services

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Utilities, supplies and services	15,000	-
Communication, supplies and services	-	-
Domestic travel and subsistence	717,320	-
Foreign travel and subsistence	-	-
Printing, advertising, supplies & services	-	-
Rent and rates	-	-
Training expenses	6,000	-
Hospitality supplies and services	-	-

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MEMBERSHIP FEES,DUES AND SUBSCRIPTIONS		
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services		
Fuel, oil and lubricants	-	-
Other operating expenses (<i>Specify</i>)	-	-
Routine maintenance	-	-
– vehicles and other equipment		-
Routine maintenance – other assets	-	-
Contracted Professional Services	-	
Audit fees	-	-
Hire of Transport, equipment etc	-	-
Bank Charges	460	
Social Benefit expenses*	-	-
Total	738,780	-

13. Staff costs

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

14. Board expenses

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

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15. Finance costs

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

16. Depreciation and amortization

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

17. Repairs and Maintenance

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

18. Gain/(loss) on disposal of assets

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

19. Cash and cash equivalents

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Fixed deposits account	-	-

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On – call deposits	-	-
Current account	95,819	
Others(specify)	-	-
Total cash and cash equivalents	95,819	-

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

Financial institution	Account number	2023/2024	2022/2023
		Kshs.	Kshs.
a) a) Fixed deposits account			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
Sub- total		-	-
b) b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
Sub- total		-	-
c) c) Current account			
Kenya Commercial bank			
Kenya Commercial bank			
Equity Bank - etc	0790284839642	95,819	-
d) Sub- total		-	-
d) Others(specify)		-	-
Cash in transit		-	-
Cash in hand		-	-
Mobile Money		-	-
Sub- total		-	-
Grand total		95,819	-

20. Receivables from exchange transactions

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

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Total	-	-
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Ageing analysis for Receivables from exchange transactions

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

21. Receivables from Non-Exchange transaction

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

Ageing analysis for Receivables from non-exchange transactions

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

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22. Prepayments

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

23. Inventories

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

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24. Property, Plant and Equipment

Description	Land	Building	Motor vehicles	Furniture and fittings	Computers	Other Assets	Capital	Total
						(specify)	Work in progress	
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 1 July 2023 (previous year)	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
As at 30th June 2024	-							
Additions for the year	-							
Disposals for the year	-							
Transfer/adjustments	-							
As at 30th June 2024	-							
Depreciation and impairment								
At 1 July 2023								
Additions for the year	-							
Depreciation	-							
Impairment	-							
Transfers/ Adjustments	-							

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Description	Land	Building	Motor vehicles	Furniture and fittings	Computers	Other Assets	Capital	Total
						(specify)	Work in progress	
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 30 June 2024	-							
Depreciation for the year	-							
Disposals for the year	-							
Impairment for the year	-							
Transfer/adjustment	-							
As at 30th June 2024	-							

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25. Intangible assets

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

26. Trade and other payables from exchange transactions

Description	2023/2024		2022/2023	
	Kshs.		Kshs.	
Trade payables	-		-	
Retentions	-		-	
Accrued expenses	44,100		-	
Other payables (<i>Specify</i>)	-		-	
Total trade and other payables	44,100		-	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	44,100.00	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	44,100.00	%	-	%

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27. Refundable deposits from customers

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

28. Provisions

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

29. Borrowings

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

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

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

The table below shows the Distribution of borrowings:

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

30. Employee Benefit Obligations

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

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31. Deferred Income

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

The deferred income movement is as follows:

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

Analysed as:

Description	Amount
	Kshs
Current	-
Non- Current	-
Total	-

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32. Social Benefit Liabilities

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

33. Cash generated from operations

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax	51,719	-
Adjusted for:		
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
Net cash flow from operating activities	51,719.	-

34. Related party balances

a) Nature of related party relationships

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

- a) The County Government.
- b) The Parent County Government Ministry.
- c) County Assembly.
- d) Key management.

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e) Municipality Board; etc.

b) Related party transactions

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

c) Key management remuneration

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

d) Due from related parties

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

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e) Due to related parties

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

35. Contingent liabilities

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

36. Contingent Assets

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

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37. Financial risk management

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

I. Credit risk

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

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

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

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

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

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

II. Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 Jun 2024 (current year)				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 Jun 2023 (previous year)				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

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III. Market risk

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

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

IV. Foreign currency risk

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

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

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Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs.	Kshs.	Kshs.
2024 (current year)			
Euro	10%	-	-
USD	10%	-	-
2024 (previous year)			
Euro	10%	-	-
USD	10%	-	-

V. Interest rate risk

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

Management of interest rate risk

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

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VI. Capital risk management.

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

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

38. Program for Results (PforR) Disclosure

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

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20. Appendices

Appendix 1. Progress on Follow up of Auditors Recommendations.

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

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

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 Municipality of Taveta 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.

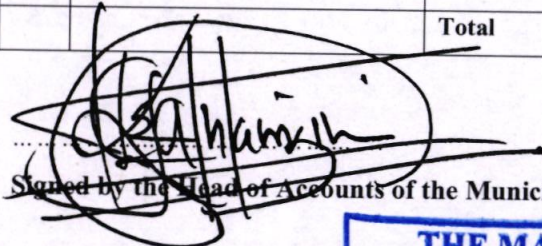
[Handwritten signature]
To be signed by the Accounting officer of the Municipality of Taveta

**THE MANAGER
TAVETA MUNICIPALITY**
16 DEC 2024
**P. O. BOX 195-80302,
TAVETA.**

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Appendix 2: Inter-Municipality of Taveta Transfers

MUNICIPALITY NAME: TAVETA MUNICIPALITY				
Breakdown of Transfers from the County Executive of County				
FY 2023/2024				
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
		Total	-	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
		Total	-	
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
		03/05/2024	790,499	2023/2024
			-	
		Total	-	



Signed by the Head of Accounts of the Municipality of Taveta and the transferring Entities

**THE MANAGER
TAVETA MUNICIPALITY
16 DEC 2024
P. O. BOX 195-80302,
TAVETA.**

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Appendix 3: Reporting of Climate Relevant Expenditures

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

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

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

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Appendix 4: Disaster Expenditure Reporting Template

Date:

Municipality of Taveta

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