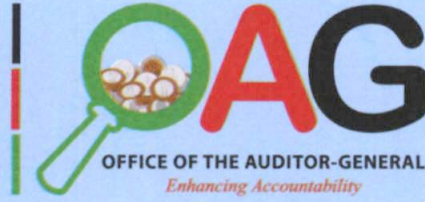


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REPORT

OF

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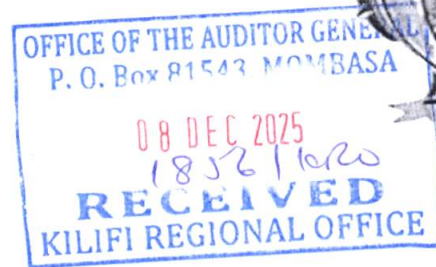
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MUNICIPALITY OF MTWAPA

FOR THE EIGHTEEN (18) MONTH'S  
PERIOD ENDED 30 JUNE, 2025

COUNTY GOVERNMENT OF KILIFI

22



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**MUNICIPALITY OF MTWAPA  
COUNTY GOVERNMENT OF KILIFI**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE EIGHTEEN MONTHS (18) PERIOD ENDED 30 JUNE 2025**

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

*County Government of Kilifi*  
*Municipality of Mtwapa*  
*Report And Financial Statements for the Eighteen Months (18) Period Ended 30 June 2025*

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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 entity's financial resources.

**Comparative Year**- Means the prior period.

|       |  |
|-------|--|
| CO    | Chief Officer                            |
| FY    | Financial Year                           |
| GPO   | General Post Office                      |
| PAYE  | Pay as you Earn                          |
| NHIF  | National Hospital Insurance Fund         |
| NSSF  | National Social Security Fund            |
| PSASB | Public Sector Accounting Standards Board |

## 2. Key Entity Information and Management

### a) Background information

Mtwapa Municipality is established under the Urban Areas and Cities Act No. 13 of 2011, amended in 2019, and its Municipal Charter. The Municipality covers Shimo la Tewa, Mtepeni, and Junju wards, and serves as the commercial hub of Kilifi County due to its strategic location along the A7 highway, proximity to Mombasa, and access to the Indian Ocean. The Municipal Board's objective is to enhance the provision of quality urban services, promote environmental sustainability, and harness Mtwapa's potential as a vibrant centre for trade, tourism, and investment.

### b) Principal Activities

#### Vision

#### Mission

#### Core Objectives are: -

- Promotion, regulation and provision of refuse collection and solid waste management services
- Construction and maintenance of storm drainage and flood controls
- Construction and maintenance of walkways and other non-motorized transport infrastructure
- Construction and maintenance of recreational parks and green spaces
- Construction and maintenance of street lighting
- Construction, maintenance and regulation of traffic controls and parking facilities
- Construction and maintenance of bus stands and taxi stands
- Municipal administration services (including construction and Maintenance of administrative offices).

### c) Key Management

The *Municipality's* management is under the following key organs:

- County Division of Housing and Urban Development
- The Municipal Board
- The Municipality Manager
- Key management personnel

### d) Fiduciary Management

The key management personnel who held office during the eighteen months (18) period ended 30 June 2025 and who had direct fiduciary responsibility were:

| Ref | Name             | Position               |
|-----|------------------|------------------------|
| 1   | Carolyn Kamino   | Municipality Manager   |
| 2   | Swabra Muhaji    | Chief Accountant       |
| 3   | Jannet Tsuma     | Administrative Officer |
| 4   | Lucy Nduta       | Human Resource Officer |
| 5   | Shadrack Munga   | Municipal Engineer     |
| 6   | Gladys Kasichana | Environment Officer    |
| 7   | Naomi Yanga      | Executive Secretary    |
| 8   | Walter Ogana     | Municipal Planner      |

*County Government of Kilifi*

*Municipality of Mtwapa*

*Report And Financial Statements for the Eighteen Months (18) Period Ended 30 June 2025*

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|   |            |                  |
|---|------------|------------------|
| 9 | Edwin Leja | Internal Auditor |
|---|------------|------------------|

**e) Fiduciary Oversight Arrangements**

i) Audit and Risk Management Committee

| Ref | Position               | Name               |
|-----|------------------------|--------------------|
| 1   | Chairperson            | Mr. Charles Nyoka  |
| 2   | Member                 | Hon. John Mumba    |
| 3   | Member                 | Hon. Barka Mohamed |
| 4   | Member                 | Hon. Jane Kamto    |
| 5   | Member                 | Mr. Ali Abubakar   |
| 6   | Chief Internal Auditor | Mr. Edwin Leja     |

**f) Registered Offices**

P.O. Box 519-80108  
Shifa Arcade Building  
Mombasa – Malindi Highway  
Mtwapa, Kenya

**g) Contacts**

E-mail: [Mtwapamunicipality@kilifi.go.ke](mailto:Mtwapamunicipality@kilifi.go.ke)  
Website: [www.kilifi.go.ke](http://www.kilifi.go.ke)

**h) Bankers**

FAMILY BANK  
Malindi Branch  
P.O. Box 74145-00200  
Nairobi, Kenya




**1. Independent Auditor**



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

**2. Principal Legal Adviser**



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


3. Municipality Board

| Serial No. | Name   | Details of qualifications and experience   |
|------------|--|--|
| 1          | <p><b>Joseph BM Chillumoh</b></p>       | <p><b>Date of birth:</b> 5<sup>th</sup> October 1958<br/> <b>Age:</b> 66<br/> <b>Date of appointment:</b> 10<sup>th</sup> December 2024<br/> <b>Academic Qualification:</b></p> <ul style="list-style-type: none"> <li>• Bachelor of Arts (BA) in Social Sciences</li> <li>• Diploma in Planning and Management.</li> </ul> <p><b>Experience:</b></p> <ul style="list-style-type: none"> <li>• Has over 40 years' experience in Public Administration and Management</li> </ul> <p>He is the Board Chairperson for the Municipality of Mtwapa.</p> |
| 2          | <p><b>Honourable Hazel Katana</b></p>  | <p><b>Date of birth:</b> 1<sup>st</sup> April 1959<br/> <b>Age:</b> 65<br/> <b>Date of appointment:</b> 10<sup>th</sup> December 2024<br/> <b>Academic Qualification:</b></p> <ul style="list-style-type: none"> <li>• Bachelor of Arts</li> </ul> <p><b>Experience:</b></p> <ul style="list-style-type: none"> <li>• 32 years of Experience in Project Management and Corporate Affairs.</li> <li>• Served as the Deputy Governor of Mombasa County.</li> </ul> <p>She is the Board Vice- Chairperson for the Municipality of Mtwapa.</p>         |
| 3          | <p><b>Honourable Jane Kamto</b></p>   | <p><b>Date of birth:</b> 28<sup>th</sup> November 1968<br/> <b>Age:</b> 57<br/> <b>Date of appointment:</b> 10<sup>th</sup> December 2024<br/> <b>Academic Qualification:</b><br/> Bachelors of Education in English Literature</p> <p><b>Experience:</b><br/> 27 years of Experience in education administration</p> <p>She is the CECM Lands, Energy, Physical Planning, Housing and Urban Development</p>   |


|   |  |  |
|---|--|--|
| 4 | <p><b>Mr. Ali Abubakar</b></p>  | <p><b>Date of Birth:</b>1<sup>st</sup> July 1988<br/><b>Age:</b> 37<br/><b>Date of appointment:</b>10<sup>th</sup> December 2024<br/><b>Academic Qualification</b><br/>Master’s in Business Administration</p> <p><b>Experience:</b><br/>Over 8 years’ experience in Finance and Accounting</p> <p>He is the Chief Officer for Housing and Urban Planning</p>  |
| 5 | <p><b>Hassan Ojura</b></p>     | <p><b>Date of Birth:</b>24<sup>th</sup> April 1980<br/><b>Age:</b> 45<br/><b>Date of appointment:</b> 10th December 2024<br/><b>Academic Qualification:</b><br/>Certificate in Disaster Management (Kenya Institute of Criminal Justice)</p> <p><b>Experience:</b></p> <ul style="list-style-type: none"><li>• CIPK Project Officer of HIV global funds project Under Kenya Red Cross Society - Lamu County (2020 – 2022)</li><li>• Boarding Master and a teacher - Darul Ulum Secondary School- Likoni (2014 - 2017).</li><li>• Imam and Madrasa teacher from 2009</li></ul> <p>He is the Chairperson of the Finance and Administration committee</p> |

*County Government of Kilifi  
Municipality of Mtwapa  
Report And Financial Statements for the Eighteen Months (18) Period Ended 30 June 2025*



|          |   |  |
|----------|---|--|
| <p>6</p> | <p><b>Charles Kazungu Nyoka</b></p>  | <p><b>Date of Birth:</b> 3<sup>rd</sup> July 1970<br/> <b>Age:</b> 55<br/> <b>Date of appointment:</b> 10th December 2024<br/> <b>Academic Qualification:</b><br/>         Bachelor of Business Administration in Finance.</p> <p><b>Experience:</b></p> <ul style="list-style-type: none"> <li>• Certified Public Accountant of Kenya (CPAK) and a member of Institute of Certified Public Accountants of Kenya (ICPAK).</li> <li>• Serving as Finance and Administration Officer at the European Union Delegation to Kenya.</li> </ul> <p>He is the Chairperson of the Audit Committee.</p>                          |
| <p>7</p> | <p><b>Mohamed Omar Sheikh</b></p>  | <p><b>Date of Birth:</b> 10th November 1997<br/> <b>Age:</b> 28<br/> <b>Date of appointment:</b> 10th December 2024<br/> <b>Academic Qualification:</b></p> <ul style="list-style-type: none"> <li>• Bachelor of Science in Finance with a concentration in Investment Management from United States International University–Africa (USIU–Africa).</li> <li>• Postgraduate Diploma in Tax Administration at the Kenya School of Revenue Administration (KESRA),</li> </ul> <p><b>Experience:</b><br/>         Manager at Jibril Hardware.</p> <p>He is the Chairperson of Transport and Infrastructure Committee.</p> |



|   |  |   |
|---|--|---|
| 8 | <p><b>Hon. John Safari Mumba</b></p>  | <p><b>Date of Birth:</b>23<sup>rd</sup> February 1946<br/><b>Age:</b> 79<br/><b>Date of appointment:</b> 10th December 2024<br/><b>Academic Qualification:</b></p> <ul style="list-style-type: none"><li>• Bachelor of Science (Honours) in Zoology</li><li>• University of Nairobi, Kenya</li><li>• Postgraduate Diploma in Education</li><li>• Grimsby College of Technology, United Kingdom</li><li>• Postgraduate Diploma in Fisheries Management</li><li>• Harvard University, USA – Harvard Institute for International Development (HIID)</li><li>• Postgraduate Diploma in Management of Public Enterprises</li><li>• Kenya Methodist University, Kenya</li><li>• Master of Business Administration (MBA) – Ongoing</li></ul> <p><b>Experience:</b></p> <ul style="list-style-type: none"><li>• Provincial Director of Fisheries, Coast Region (1975–1982).</li><li>• Managing Director &amp; CEO, Kenya Cashew Nuts Ltd. (1982–1987).</li><li>• Member of Parliament, Bahari Constituency – Kilifi (1992–1997).</li></ul> <p>He is the Chairperson of the Environment and Physical planning committee.</p> |
|---|--|---|




*County Government of Kilifi  
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Report And Financial Statements for the Eighteen Months (18) Period Ended 30 June 2025*



|           |   |   |
|-----------|---|---|
| <p>9.</p> | <p><b>Hon. Barka Ali Mohammed</b></p>  | <p><b>Date of birth:</b> 12<sup>th</sup> December 1972<br/> <b>Age:</b> 53<br/> <b>Date of appointment:</b> 10th December 2024<br/> <b>Academic Qualification:</b></p> <ul style="list-style-type: none"> <li>• Diploma in County Governance and Management</li> <li>• Certificate in E-Commerce</li> </ul> <p><b>Experience:</b></p> <ul style="list-style-type: none"> <li>• County Assembly of Kilifi<br/>Nominated Member of County Assembly (MCA)</li> <li>• County Government of Kilifi</li> <li>• Chairperson, Finance and Planning Committee, Malindi Water and Sewerage Company (MAWASCO).</li> </ul> <p>She is the Chairperson of Social Services Committee</p> |
|-----------|---|---|

4. Key Management Team

| S/No | Name  | Details of qualifications and experience  |
|------|---|---|
| 1.   | <p><b>Carolyn Rose Kamino</b></p>  | <p><b>Date of Birth:</b> 01<sup>st</sup> July 1989</p> <p><b>Academic Qualification:</b></p> <ul style="list-style-type: none"> <li>• Master of Arts (Urban Management) Ongoing</li> <li>• Bachelor of Science (Environmental Science)</li> </ul> <p><b>Professional Qualifications:</b></p> <ul style="list-style-type: none"> <li>• Associate EIA &amp; Audit Expert -Reg. No.8141</li> <li>• Kenya Institute of Planners- Reg No 0018A</li> </ul> <p><b>Experience:</b></p> <ul style="list-style-type: none"> <li>• She has over 3 years in Senior Administration</li> <li>• She has over 10 years of experience in Environmental Impact Assessment and Audit, environmental awareness creation and conservation</li> <li>• Assistant Director: Forestry and Climate Change, County Government of Kilifi</li> <li>• Environmental officer – Municipality of Kilifi</li> <li>• Environmental Impact Assessment officer – Kilifi County</li> </ul> <p>She is the Municipality Manager for the Municipality of Mtwapa.</p> |
| 2.   | <p><b>Jannet Tsuma</b></p>       | <p><b>Date of Birth:</b> 09<sup>th</sup> October 1975</p> <p><b>Academic Qualification:</b></p> <ul style="list-style-type: none"> <li>• Master’s in Development Studies</li> <li>• Master’s in Business Administration (Strategic Management option)</li> <li>• Bachelor of Development Studies</li> </ul> <p><b>Professional Qualifications:</b></p> <ul style="list-style-type: none"> <li>• Member of the Institute of Certified Administrators - Member No. F074.</li> </ul> <p><b>Experience:</b></p>   |

|    |   |   |
|----|---|---|
|    |   | <ul style="list-style-type: none"> <li>• Over five (5) years' experience in Administration</li> <li>• Over fifteen (15) years' experience in Community Development and Social Safeguards</li> </ul> <p>She is the Administrative Officer for the Municipality of Mtwapa.<br/>She is also the Social Safeguards representative</p>   |
| 3. | <p><b>Lucy Nduta</b></p>      | <p><b>Date of Birth:</b> 17<sup>th</sup> March 1984</p> <p><b>Academic Qualification:</b></p> <ul style="list-style-type: none"> <li>• Bachelor of Business Administration in Human Resource Management.</li> </ul> <p><b>Professional Qualifications</b><br/>Institute of Human Resource Management – Member No. 013902</p> <p><b>Experience:</b></p> <ul style="list-style-type: none"> <li>• Has over five years' experience in Human Resources Management.</li> </ul> <p>She is the Human Resource Officer for the Municipality of Mtwapa</p> |
| 4. | <p><b>Swabra Muhaji</b></p>  | <p><b>Date of Birth:</b> 29<sup>th</sup> December 1991</p> <p><b>Academic Qualification:</b><br/>Masters in Business Administration (Finance option) ongoing<br/>Bachelor of Business Administration (Finance option).</p> <p><b>Professional Qualifications:</b><br/>ICPAK-CPA-K Member No.32588</p> <p><b>Experience:</b></p> <ul style="list-style-type: none"> <li>• She has over 6 years' experience in Finance and Accounting</li> </ul> <p>She is the Chief Accountant in charge of the Municipality of Mtwapa.</p>                        |

|           |  |  |
|-----------|--|--|
| <p>5.</p> | <p><b>Humphrey Juma</b></p>       | <p><b>Date of Birth:</b> 15<sup>th</sup> January 1980<br/> <b>Academic Qualification:</b><br/>                 Bachelor of Business Management (Supplies and Procurement Management)</p> <p><b>Professional Qualifications:</b><br/>                 Kenya Institute of Supply Management - Member No.79516</p> <p><b>Experience:</b></p> <ul style="list-style-type: none"> <li>• He has 7 years' experience in Supply Chain Management</li> <li>• He is the Procurement Officer in charge of the Municipality of Mtwapa.</li> </ul>  |
| <p>6.</p> | <p><b>Naomi Yanga</b></p>        | <p><b>Date of Birth:</b> 6<sup>th</sup> June 1973<br/> <b>Academic Qualification:</b><br/>                 Bachelor of Business Administration (HR)option</p> <p><b>Professional Qualifications:</b></p> <ul style="list-style-type: none"> <li>• KENASA-Member No 2117</li> <li>• Institute of Human Resource Management –Member No. 20263</li> </ul> <p><b>Experience:</b></p> <ul style="list-style-type: none"> <li>• Has 15 years' experience in Human Resources Management.</li> </ul> <p>She is the Executive Secretary of the Municipality of Mtwapa.</p>  |
| <p>7.</p> | <p><b>Gladys Kasichana</b></p>  | <p><b>Date of Birth:</b> 13<sup>th</sup> September 1991<br/> <b>Academic Qualification:</b><br/>                 Bachelor of Environmental Science.</p> <p><b>Professional Qualifications</b></p> <ul style="list-style-type: none"> <li>• Registered Associate EIA &amp; Audit Expert .Reg. No.9090</li> <li>• Member Environment Institute of Kenya (EIK)-Reg. No EIK/2/5494</li> </ul> <p><b>Experience</b></p> <ul style="list-style-type: none"> <li>• She has over 7 years of experience in Environmental Impact Assessment and Audit, environmental awareness creation and conservation.</li> </ul> |

|    |  |   |
|----|--|---|
|    |  | She is the Environment Officer in the Municipality of Mtwapa.   |
| 8. | <p><b>Shadrack Munga</b></p>  | <p><b>Date of Birth:</b> 17<sup>th</sup> October 1989</p> <p><b>Academic Qualification:</b><br/>Bachelor of Science in Civil Engineering.</p> <p><b>Professional Qualifications</b><br/>Kilifi County-Ministry of Lands, Planning and Urban Development</p> <p><b>Experience</b></p> <ul style="list-style-type: none"><li>• He has over 5 years of experience in Civil Engineering.</li></ul> <p>He is the Municipal Engineer in the Municipality of Mtwapa.</p> |
| 9. | <p><b>Walter Ogana</b></p>  | <p><b>Date of Birth:</b> 8<sup>th</sup> March 1987</p> <p><b>Academic Qualification:</b><br/>Bachelor of Arts in Urban and Regional planning</p> <p><b>Professional Qualifications:</b><br/>Kenya Institute of Planners</p> <p><b>Experience:</b></p> <ul style="list-style-type: none"><li>• He has over 3 years' Experience in Physical Planning</li></ul> <p>He is the Municipal Physical Planner in charge of the Municipality of Mtwapa.</p>                 |

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

It gives me great pleasure to present this foreword on behalf of the Mtwapa Municipality Board. This year marks an important milestone for our Municipality, as the Board became fully constituted and commenced its operations in line with the Urban Areas and Cities Act, 2011 (as amended in 2019), and the Municipal Charter.

Since inception, the Board has made significant progress in laying the foundation for effective urban governance and service delivery. Notable among our early successes has been the strengthening of community engagement, which has enabled residents to actively participate in shaping the future of Mtwapa. Through numerous public forums and stakeholder consultations, the Board has continued to foster inclusivity, transparency, and accountability in decision-making processes.

The Municipality has also demonstrated commitment to promoting environmental sustainability. Regular participation in community-led initiatives such as town clean-ups has not only improved the urban environment but also cultivated a sense of collective responsibility among residents, businesses, and partners. These activities represent the Board's resolve to ensure that Mtwapa grows as a clean, livable, and vibrant Municipality.

While much remains to be done, the progress achieved within this first year of operations reflects the resilience, dedication, and shared vision of the people of Mtwapa. Moving forward, the Board is committed to building on these successes, strengthening partnerships, and unlocking the full potential of the Municipality as a hub for trade, tourism, and sustainable development in Kilifi County.

I wish to sincerely thank all stakeholders, partners, and the community at large for their continued support and active participation. Together, we shall make Mtwapa a model Municipality that delivers quality services and a better quality of life for its residents.



.....

**Mr. Joseph Chillumoni**

**Chairperson of the Board**

**6. Report of the Municipality Manager**

It is my honour to present this report on behalf of Mtwapa Municipality for the Financial Year 2024/2025, our first full year of operations since conferment. During this period, the Municipality recorded notable progress in strengthening service delivery, improving infrastructure, and engaging the community in sustainable urban development.

Significant milestones were achieved in environmental management with the procurement of two solid waste tippers, 25 waste bins, 140 assorted PPEs, and 300 assorted tools to boost waste handling capacity. To reinforce these efforts, twelve town clean-up exercises were conducted alongside four community sensitization forums, while three national environmental events—Mazingira Day, World Wetlands Day, and World Environment Day—were actively marked. Four environmental education programs were also carried out in local schools to nurture environmental consciousness among young people.

The Municipality also enhanced its governance and operational capacity. Administrative offices were fully operationalized, supported by the installation of essential ICT infrastructure including Wi-Fi, desktops, and laptops. Board members and staff benefited from capacity-building sessions that strengthened institutional performance, while community sensitization initiatives created greater awareness of the Municipality’s existence and mandate.

Infrastructure development contributed to improved safety and urban livability. Streetlights were rehabilitated and maintained along Lambada–Luxury-Wise, Jambo Caltwapa–KREP, Mtomondoni, and Mikanjuni streets, improving security and visibility at night. Additionally, partial unclogging of drainage channels at Dzalamkadze–Kwa Chief, Golden Key, and sections of the Mtwapa–Kilifi highway reduced flooding risks and enhanced stormwater management.

The Municipality managed a revised budget of Kshs. 111,500,000 against actual expenditure of Kshs. 108,338,471, reflecting an absorption rate of 97% percent. Out of Kshs. 111,500,000 the County Treasury only disbursed Kshs.39,245,000 by end of the eighteen months (18) months priod ended 30 June 2025.

While notable progress has been achieved, challenges such as delayed cash releases, rapid population growth, and the increasing demand for urban services continue to affect the pace of implementation. Going forward, the Municipality seeks to consolidate gains in waste management, expand urban infrastructure, strengthen planning and development control, and mobilize additional resources to meet the growing needs of residents.

The year under review has laid a firm foundation for urban governance in Mtwapa. With sustained support from the County Government, development partners, stakeholders, and the community, the Municipality is well-positioned to continue its transformation into a clean, safe, and vibrant hub for trade, tourism, and sustainable development.



.....  
**Carolyn Kamino**

*County Government of Kilifi*  
*Municipality of Mtwapa*  
*Report And Financial Statements for the Eighteen Months (18) Period Ended 30 June 2025*

---

**Municipality Manager**

## **7. Statement of Performance Against Predetermined Objectives for the FY**

### **Guidance**

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

The key development objectives of the Mtwapa Municipality Annual Development Plan are to:

- a) To enhance the provision of quality urban services.
- b) To promote environmental sustainability.
- c) To strengthen participatory governance and inclusivity in urban management.
- d) To promote socio-economic development through trade, tourism, and investment.
- e) To ensure sustainable urban planning, infrastructure development, and orderly growth.

Below we provide the progress on attaining the stated objectives:

| Program                                       | Objective  | Outcome  | Indicator  | Performance   |
|---|--|--|--|---|
| General Administration and Corporate Services | To enhance governance, transparency, and efficiency in service delivery through robust administrative systems and capacity building                | Improved institutional capacity, governance, and efficiency in service delivery                              | % of administrative systems and governance structures established          | Administrative offices operationalized; ICT infrastructure installed (Wi-Fi, desktops, laptops); Board and staff capacity built; Stakeholders sensitized on Municipality status   |
| Environmental Services                        | To promote sustainable environmental management by conserving natural resources, improving waste management, and mitigating climate change impacts | Improved waste management, reduced pollution, and increased public awareness on environmental sustainability | No. of clean-up exercises, bins distributed, and sensitization forums held | 12 clean-up exercises conducted; 25 waste bins, 2 solid waste tippers, 140 PPEs and 300 assorted tools provided; 4 sensitization forums held; 3 national environmental days marked; 4 school-based environmental education programs conducted |
| Social Services and Economic Development      | To improve quality of life by fostering inclusive social programs, empowering communities, and creating economic opportunities                     | Enhanced social inclusion, cultural preservation, and economic empowerment                                   | No. of social and cultural programs conducted                              | 7 public participation forums held; 3 sports tourism events conducted; 3 MICE tourism events attended; cultural heritage sites mapped   |

|   |  |   |   |   |
|---|--|---|---|---|
| Physical Planning and Urban Development | To ensure orderly and sustainable urban growth by developing and implementing spatial plans and zoning regulations | Well-structured urban spaces with organized settlement patterns | No. of urban development plans and zoning regulations prepared  | Zoning regulations prepared and adopted; spatial plans and GIS database pending due to budgetary shortfalls   |
| Transport and Infrastructure            | To improve mobility and connectivity by upgrading transport networks and infrastructure for economic growth        | Enhanced accessibility, safety, and urban mobility              | No. of streetlights rehabilitated and drainage systems improved | Streetlights rehabilitated and maintained along 4 streets (Lambada–Luxury-Wise, Jambo Caltwapa–KREP, Mtomondoni, Mikanjuni); Partial unclogging of Dzalamkadze–Kwa Chief, Golden Key, and Mtwapa–Kilifi highway drains; 2 garbage trucks procured |

## **8. Corporate Governance Statement**

The Mtwapa Municipality Board is fully constituted and became operational in the eighteen months (18) months period ended 30 June, 2025 in accordance with the Urban Areas and Cities Act (UACA), 2011 (amended 2019). The Board was appointed through a transparent and competitive process overseen by the County Government of Kilifi, with members drawn from diverse professional, community, and institutional backgrounds. This diversity in gender, age, expertise, and representation ensures inclusivity in decision-making. The Board operates under a duly adopted Board Charter, which sets out its mandate, roles, and responsibilities in steering the Municipality's governance and development agenda.

The primary role of the Board is to provide strategic oversight and policy direction in line with UACA provisions, ensuring that the Municipality delivers efficient, sustainable, and responsive urban services. Its functions include reviewing and approving key policies, ensuring compliance with legal frameworks, monitoring service delivery performance, and safeguarding the interests of the residents of Mtwapa.

To enhance governance capacity, both Board members and technical staff underwent structured induction and training sessions covering municipal management, public finance, and environmental governance. Continuous professional development remains a priority, with members encouraged to participate in refresher workshops and peer learning forums. The performance of the Board and its committees is periodically assessed to ensure accountability, efficiency, and alignment with the Municipality's strategic objectives.

During the financial year under review, the Board held regular meetings, including ordinary and special sessions, with a commendable level of attendance by members. Through these engagements, the Board was able to deliberate on budget approvals, policy frameworks, and oversight of ongoing programmes. The meetings also provided a platform for extensive stakeholder consultations and community participation.

The Municipality has put in place a succession plan to guarantee continuity in leadership and smooth transition of Board responsibilities. A Conflict of Interest Policy has also been adopted, requiring all members to disclose any personal or institutional interests in matters under consideration, thereby promoting integrity and objectivity in decision-making.

In terms of remuneration, Board members receive allowances in line with guidelines issued by the Salaries and Remuneration Commission (SRC). The compensation framework is modest and intended to support effective service delivery while upholding principles of public accountability.

The Board emphasizes ethical leadership and conduct, guided by the Public Officer Ethics Act and the Leadership and Integrity provisions under Chapter Six of the Constitution of Kenya. To reinforce accountability, the Municipality plans to conduct a governance audit as part of its long-term institutional strengthening framework.

The Board operates through specialized committees, each with clear Terms of Reference, to handle matters such as finance, environment, infrastructure, and social services. These committees ensure detailed review and recommendations to the full Board for informed decision-making. The Municipality also applies a Policy on Related Party Transactions, ensuring that all such dealings are disclosed, monitored, and approved in compliance with best governance practices.

Overall, the governance framework of Mtwapa Municipality is anchored on transparency, accountability, inclusivity, and sustainability.

The Board remains committed to strengthening institutional performance, building community trust, and ensuring that the Municipality contributes meaningfully to urban growth and socio-economic transformation in Kilifi County.

### 9. Management Discussion and Analysis

This section presents the operational and financial performance of Mtwapa Municipality for the period under review, highlighting key projects and investments undertaken, compliance with statutory requirements, risks faced, and other relevant information. The Municipality has made significant progress in infrastructure and service delivery, despite resource limitations.

#### a) Operational and Financial Performance

The Municipality had a total budget of Kshs.111,500,000 all of which was expended. However, an amount of Kshs.72,255,000 which was part of the budget had been requested but as at the closure of the financial year the Municipality had not yet received it from the County Treasury.

Table 1: Financial Performance

| Sector (A)             | Allocated amount (Kshs.)-B | Actual Expenditure (Kshs.)-C | Absorption rate (%) = (C/B) * 100 | *Remarks  |
|------------------------|----------------------------|------------------------------|-----------------------------------|---|
| Municipality of Mtwapa | 111,500,000                | 108,338,471                  | 97%                               | The County Treasury failed to release Kshs. 72,255,000 (cash request) to the Municipality. Thus leading to pending bill |

#### b) Key Projects and Investment Decisions

The Municipality prioritized investments in public lighting, solid waste management, and drainage works, which are essential to urban service delivery, safety, and environmental resilience.

Table 2: Key Projects Implemented

| Project name and Location  | Description of activities  | Estimated cost (Ksh.) as per ADP | Target | Achievement | Contract sum | Actual cumulative cost (Ksh.) | Status    | *Remarks |
|--|--|----------------------------------|--------|-------------|--------------|-------------------------------|-----------|----------|
| Supply and delivery of electrical material for maintenance of mikanjuni streetlights | Procured and delivered electrical materials to facilitate the maintenance and restoration of street lighting along Mikanjuni Road. | 4,353,132                        | 100%   | 100% done   | 4,353,132    | 4,353,132                     | Completed | Complete |
| Supply and delivery of electrical material for Mtomondoni streetlights               | Supplied electrical materials to support the repair and maintenance of streetlights in Mtomondoni area.                            | 3,390,000                        | 100%   | 100% done   | 3,390,000    | 3,390,000                     | Completed | Complete |

*County Government of Kilifi*

*Municipality of Mtwapa*

*Report And Financial Statements for the Eighteen Months (18) Period Ended 30 June 2025*

|  |  |            |      |           |            |           |           |          |
|--|--|------------|------|-----------|------------|-----------|-----------|----------|
| Supply and delivery of electrical materials for Lambada, luxury-wise streetlights                    | Delivered necessary electrical supplies for the maintenance of street lighting along Lambada and Luxury-Wise streets.                      | 2,790,000  | 100% | 100% done | 2,790,000  | 2,790,000 | Completed | Complete |
| Supply and delivery of electrical material for maintenance of Jambo Caltwapa and KREP streets lights | Provided electrical materials to enable the servicing and upkeep of streetlights on Jambo Caltwapa and KREP roads.                         | 2,730,737  | 100% | 100% done | 2,730,737  | 2,730,737 | Completed | Complete |
| Purchase of 2 no. tippers for solid waste management   | Procured two tipper trucks to improve garbage collection and solid waste transportation within Mtwapa Municipality.                        | 24,200,000 | 100% | 100% done | 24,200,000 | 0         | Ongoing   | Procured |
| Proposed cleaning of Mtomondoni/ Dzalankadze drainage system   | Undertook desilting and unclogging of the Mtomondoni and Dzalankadze drainage lines to enhance storm water flow and reduce flooding risks. | 2,200,000  | 100% | 100% done | 2,137,240  | 2,137,240 | Completed | Complete |

**c) Compliance with Statutory Requirements**

The Municipality continued to operate in line with the Urban Areas and Cities Act (UACA), 2011 (amended 2019), the Public Finance Management Act, 2012, and other relevant laws. Reporting obligations and procurement procedures were observed, with active participation from stakeholders through community engagements.

**d) Major Risks and Challenges**

The main risks facing the Municipality during the period included:

| <b>RISK CATEGORY</b> | <b>RISK DESCRIPTION</b>                              | <b>IMPLICATION</b>                          | <b>MITIGATION</b>  |
|----------------------|--|---|--|
| Financial            | Non-release of approved funds by the County Treasury | Stalled or delayed project implementation   | Strengthen intergovernmental fiscal relations, diversify resource mobilization |
| Operational          | Delays in project execution by contractors           | Reduced service delivery efficiency         | Strict contract management and regular supervision                             |
| Environmental        | Flooding risks due to poor drainage                  | Threats to infrastructure and public health | Investment in drainage systems and regular maintenance                         |

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

### **1. Sustainability Strategy and Profile**

Mtwapa Municipality recognizes that global trends such as climate change, rapid urbanization, and shifting macroeconomic dynamics have significant implications on local sustainability priorities. In line with international frameworks such as the United Nations Sustainable Development Goals (SDGs), the Municipality has prioritized environmental conservation, inclusive economic growth, and resilient infrastructure as central to its sustainability agenda.

During the reporting period, the Municipality strengthened its policy framework by aligning its plans with the County Integrated Development Plan (CIDP) and the Urban Areas and Cities Act (2011, amended 2019). Sustainability priorities included improving solid waste management systems, promoting the use of green energy, supporting youth and women enterprises in environmental conservation, and enhancing climate change adaptation and resilience.

Key achievements included improved solid waste management infrastructure and practices, rehabilitation of existing drainage systems and enhanced environmental awareness. Challenges encountered included inadequate financial resources and gaps in public awareness on environmental sustainability practices. To mitigate these challenges, the Municipality embarked on resource mobilization, stakeholder partnerships, and enhanced public participation forums.

### **2. Environmental Performance**

The Municipality operates under an environmental policy that emphasizes waste reduction, recycling, and biodiversity conservation. Implementation of this policy during the period was demonstrated through pilot initiatives on waste segregation, public environmental awareness campaigns and climate adaptation initiatives.

Shortcomings included persistent illegal dumping, vandalism of solid waste infrastructure, and limited enforcement capacity. To mitigate these, the Municipality initiated awareness programs targeting households and traders.

### **3. Employee Welfare**

The Municipality emphasizes continuous staff development through training and mentorship programs. Employee appraisal systems have been institutionalized to enhance performance and reward excellence, while career development programs are progressively being embedded into human resource practices. Compliance with the Occupational Safety and Health Act (2007) has been prioritized through provision of protective gear for staff, routine safety inspections, and awareness creation on workplace safety. During the reporting period, the Municipality recorded minimal work-related injuries.

### **4. Marketplace Practices**

#### **a) Responsible Competition Practices**

The Municipality upholds values of transparency, accountability, and fair competition. All procurement processes are conducted fairly, with strict adherence to anti-corruption regulations.

b) Responsible Supply Chain and Supplier Relations

The Municipality respects contractual obligations by honoring agreements with suppliers and ensuring timely payments, subject to resource availability. The procurement process is competitive, transparent, and inclusive, allowing equal participation by local businesses and special interest groups.

c) Responsible Engagement with Citizens

Regular consultative forums, community barazas, and media engagements have been used to ensure ethical and responsible outreach. Information is disseminated in clear, accessible formats, and efforts have been made to avoid exaggerated promises. Diversity and inclusivity are respected during all engagements, ensuring that no group is left behind.

d) Product Stewardship and Awareness Creation

The Municipality is committed to safeguarding the rights and interests of citizens. This has been demonstrated through providing adequate service information.

5. Corporate Social Responsibility and Community Engagements

Mtwapa Municipality recognizes the importance of corporate social responsibility (CSR) and community engagement in achieving sustainable development. During the reporting period, the Municipality undertook several initiatives aligned to its core mandate. These included clean up exercises in partnership with schools and community-based organizations to enhance solid waste management efforts and climate resilience.

Through these engagements, Mtwapa Municipality has fostered strong community partnerships, improved transparency in decision-making, and built trust with residents. Going forward, the Municipality remains committed to expanding CSR initiatives, strengthening civic education, and promoting inclusivity in all development interventions.

## 11. Report of the Municipality Board Members

The Board Members submit their report together with the audited financial statements for the eighteen-month (18) period ended June 30, 2025 which show the state of the Municipality affairs.

### Principal activities

The principal activities of the Municipality are:

- Promotion, regulation and provision of refuse collection and solid waste management services
- Construction and maintenance of storm drainage and flood controls
- Construction and maintenance of walkways and other non-motorized transport infrastructure
- Construction and maintenance of recreational parks and green spaces
- Construction and maintenance of street lighting
- Construction, maintenance and regulation of traffic controls and parking facilities
- Construction and maintenance of bus stands and taxi stands
- Municipal administration services (including construction and Maintenance of administrative offices).

### Performance

The performance of the Municipality for the eighteen months (18) period ended 30 June, 2025 are set out on page xv and xxi

### Board Members

The members of the Board who served during the year are shown on page v to ix

### Auditors

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

By Order of the Board



.....  
**Name: Carolyn Kamino**  
**Municipality Manager**  
**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 eighteen months (18) period ended on June 30, 2025. 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 eighteen months (18) months period ended June 30, 2025, and the financial position as at that date.

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

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

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

### **Approval of the financial statements**

The Municipality financial statements were approved by the Board on 8 December 2025 and signed on its behalf by:

.....  
**Name: Joseph Chillumoh**

**Chairperson of the Board**

.....  
**Name: Carolyn Kamino**  
**Municipality Manager**

**Accounting officer of the Board**

# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON MUNICIPALITY OF MTWAPA FOR THE EIGHTEEN (18) MONTH'S PERIOD ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF KILIFI

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Municipality of Mtwapa - County Government of Kilifi set out on pages 1 to 22, which comprise of the statement

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*Report of the Auditor-General on Municipality of Mtwapa for the eighteen (18) month's period ended 30 June, 2025 - County Government of Kilifi*

of financial position as at 30 June, 2025 and 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 period then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Municipality of Mtwapa - County Government of Kilifi for the eighteen (18) month's period ended 30 June, 2025 and of its financial performance and its cash flows for the period then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Urban areas Act, 2011, Urban Areas and Cities Act, 2019 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Inaccurate Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment balance of Kshs.34,978,037 as disclosed in Note 12 to the financial statements. However, the balance includes capital works in progress of Kshs.24,200,000 that have not been supported by detailed schedule indicating name of supplier, nature of works, contract value and duration, payments made if any and project implementation status report.

In the circumstances, the accuracy, ownership and completeness of property, plant and equipment balance of Kshs.34,978,037 could not be confirmed.

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

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.111,500,000 and Kshs.39,245,000 respectively resulting to an under-funding of Kshs.72,255,000 or 65% of the budget. Similarly, the Municipality spent Kshs.39,227,503 against actual receipts of Kshs.39,245,000 resulting to under-utilization of Kshs.17,497 or 0.04%.

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

My opinion is not modified in respect of this matter.

## **Key Audit Matters**

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

## **Other Information**

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

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Non-Compliance with Public Sector Accounting Standards Boards Requirements**

The report of the Municipality Manager on page xv reflects actual total expenditure of Kshs.108,338,471 whereas the statement of comparison of budget and actual amounts indicated Kshs.39,227,503 resulting to unexplained variance of Kshs.69,110,968.

Management did not comply with the Public Sector Accounting Standards Board reporting requirements.

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

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

### **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 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 those Charged with Governance**

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

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

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

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

Those charged with governance are responsible for overseeing the Municipality's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that

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

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

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

**08 December, 2025**

*Mtwapa Municipality  
County Government of Kilifi  
Report And Financial Statements for the Eighteen Months (18) Period Ended 30 June 2025*

**14. Statement of Financial Performance for The Eighteen Months (18) Period Ended 30 June 2025.**

| Description                                   | Note | Jan 2024-June 2025  |
|---|------|---------------------|
|   |      | Kshs.               |
| <b>Revenue from non-exchange transactions</b> |      |                     |
| Transfers from the County Government          | 6    | 39,245,000          |
| <b>Total revenue</b>                          |      | <b>39,245,000</b>   |
| <b>Expenditure</b>                            |      |                     |
| Use of goods and services                     | 7    | 40,310,907          |
| Board expenses                                | 8    | 4,873,450           |
| Repairs and maintenance                       | 9    | 25,678,451          |
| Depreciation and amortization                 | 10   | 2,566,376           |
| <b>Total expenses</b>                         |      | <b>73,429,184</b>   |
| <b>Other gains/losses</b>                     |      |                     |
| <b>Surplus/(deficit) for the period</b>       |      | <b>(34,184,184)</b> |

The notes set out on pages 8 to 33 form an integral part of these Financial Statements. The Municipality financial statements were approved on 8 December 2025 and signed by:



.....  
Name: Carolyn Kamino  
Municipality Manager




.....  
Name: Swabra Muhaji  
Head of Finance  
ICPAK M/No.32588

**15. Statement of Financial Position for the Eighteen Months (18) As At 30 June 2025**

| Description                       | Note | Jan 2024-June 2025  |
|-----------------------------------|------|---------------------|
|                                   |      | Kshs.               |
| <b>Assets</b>                     |      |                     |
| <b>Current assets</b>             |      |                     |
| Cash and cash equivalents         | 11   | 17,497              |
| Receivables from County Executive |      | -                   |
| <b>Total current assets</b>       |      | <b>17,497</b>       |
| <b>Non-current assets</b>         |      |                     |
| Property, plant, and equipment    | 12   | 34,978,037          |
| Intangible assets                 | 13   | 481,250             |
| <b>Total Non-current Assets</b>   |      | <b>35,459,287</b>   |
| <b>Total assets (A)</b>           |      | <b>35,476,784</b>   |
| <b>Liabilities</b>                |      |                     |
| <b>Current liabilities</b>        |      |                     |
| Trade and other payables          | 14   | 69,660,968          |
| <b>Total current liabilities</b>  |      | <b>69,660,968</b>   |
| <b>Non-current liabilities</b>    |      |                     |
| Provisions                        |      | -                   |
| <b>Total liabilities (B)</b>      |      | <b>69,660,968</b>   |
| <b>Net Assets (A-B)</b>           |      | <b>(34,184,184)</b> |
| <b>Represented by:</b>            |      |                     |
| Capital/Development Grants/Fund   |      | -                   |
| Accumulated surplus               |      | (34,184,184)        |
| <b>Net Assets/Equity</b>          |      | <b>35,476,784</b>   |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity amended financial statements were approved on 8 December 2025 and signed by:

.....  


Name: Carolyn Kamino

Municipality Manager

Date:08/12/2025

.....  


Name: Swabra Muhaji

Head of Finance

ICPAK M/No.32588

Date:08/12/2025

County Government of Kilifi

Municipality of Mtwapa

Report And Financial Statements for the Eighteen Months (18) Period Ended 30 June 2025

16. Statement of Changes in Net Assets for the Eighteen Months (18) Period Ended 30 June 2025

| Description                                      | Capital/<br>Development<br>Grants/Fund | Revaluation<br>Reserve | Accumulated<br>surplus | Total               |
|--|--|------------------------|------------------------|---------------------|
|  |  | Kshs.                  | Kshs.                  | Kshs.               |
| <b>Bal as at 1 July 2023</b> (previous year)     | -                                      | -                      | -                      | -                   |
| Surplus/(deficit) for the year                   | -                                      | -                      | -                      | -                   |
| Funds received during the year                   | -                                      | -                      | -                      | -                   |
| Revaluation gain/loss                            | -                                      | -                      | -                      | -                   |
| <b>Bal as at 30 Jun 2024</b>                     | -                                      | -                      | -                      | -                   |
| <b>Bal as at 1 July 2024 (current year)</b>      | -                                      | -                      | -                      | -                   |
| Surplus/(deficit) for the year                   | -                                      | -                      | (34,184,184)           | <b>(34,184,184)</b> |
| Funds received during the year - Purchase of PPE | -                                      | -                      | -                      | -                   |
| Revaluation gain/loss                            | -                                      | -                      | -                      | -                   |
| <b>Balance as at 30 June 2025</b>                | -                                      | -                      | <b>(34,184,184)</b>    | <b>(34,184,184)</b> |

*(Provide details on the nature and purpose of reserves)*

*Mtwapa Municipality  
County Government of Kilifi  
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**17. Statement Of Cash Flows for The Eighteen Months (18) Period Ended 30 June 2025**

| Description   | Note | Jan 2024-June 2025 |
|---|------|--------------------|
|   |      | Kshs.              |
| <b>Cash flows from operating activities</b>                   |      |                    |
| <b>Receipts</b>   |      |                    |
| Transfers from the County Government - Recurrent              |      | 39,245,000         |
| <b>Total Receipts</b>   |      | <b>39,245,000</b>  |
| <b>Payments</b>   |      |                    |
| Use of goods and services                                     |      | 25,032,270         |
| Board expenses  |      | 4,086,600          |
| Repairs and maintenance                                       |      | 3,122,500          |
| <b>Total Payments</b>   |      | <b>32,241,370</b>  |
| <b>Net cash flows from operating activities</b>               |      | <b>7,003,630</b>   |
|   |      |                    |
| <b>Cash flows from investing activities</b>                   |      |                    |
| Purchase of PPE & intangible assets                           |      | (6,986,133)        |
| Proceeds from sale of PPE                                     |      | -                  |
| <b>Net cash flows used in investing activities</b>            |      | <b>(6,986,133)</b> |
|   |      |                    |
| <b>Cash flows from financing activities</b>                   |      |                    |
| Receipts from Capital grants                                  |      | -                  |
| Proceeds from borrowings                                      |      | -                  |
| Repayment of borrowings                                       |      | -                  |
| <b>Net cash flows used in financing activities</b>            |      | <b>-</b>           |
| <b>Net increase/(decrease) in cash &amp; cash equivalents</b> |      | <b>-</b>           |
| Cash And Cash Equivalents At 1 July                           |      | -                  |
| <b>Cash And Cash Equivalents At 30 June</b>                   | 10   | <b>17,497</b>      |

*(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting).  
Comparative FY refers to the financial year preceding the current year.*

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**18. Statement of Comparison of Budget & Actual Amounts for the Eighteen Months (18) Period Ended 30 June 2025**

| 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            |
| <b>Budget carryovers from the previous year*</b> | -               | -           | -            | -                          | -                      | -                |
| <b>Receipts</b>                                  |                 |             |              |                            |                        |                  |
| Transfers from the County Government             | 78,500,000      | 33,000,000  | 111,500,000  | 39,245,000                 | 72,255,000             | 35%              |
| <b>Total Receipts</b>                            | 78,500,000      | 33,000,000  | 111,500,000  | 39,245,000                 | 72,255,000             | 35%              |
| <b>Payments</b>                                  |                 |             |              |                            |                        |                  |
| Capital expenditure                              | 26,350,000      | 17,000,000  | 43,350,000   | 6,986,133                  | 36,363,867             | 16%              |
| Use of Goods and Services                        | 33,550,000      | 8,700,000   | 42,250,000   | 25,032,270                 | 17,217,730             | 59%              |
| Board Expenses                                   | 3,000,000       | 2,000,000   | 5,000,000    | 4,086,600                  | 913,400                | 82%              |
| Repairs and Maintenance                          | 15,600,000      | 5,300,000   | 20,900,000   | 3,122,500                  | 17,777,500             | 15%              |
| <b>Total expenditure Payments</b>                | 78,500,000      | 33,000,000  | 111,500,000  | 39,227,503                 | 72,272,497             | 35%              |
| <b>Surplus for the period</b>                    | -               | -           | -            | 17,497                     | (17,497)               |                  |

*(Budget carryovers\* This is for entities whose budget lapses at year-end, but the surpluses are not legally required to be remitted to the CRF. The funds need to be budgeted afresh. Budget carryovers should not include third-party funds such as contractors' retention.)*

*(Entities can present the Statement of Comparison of Budget & Actual amounts in a different format/categorization as approved by the governing body.)*

**Budget notes**

*The difference between actual amount and budget amount is because of delaying of the funds disbursement from the county treasury as we have a cash request of Ksh. 39,255,000 which the Municipality did not receive which was part of the budgeted amount.*

*The change between the original and final budget was due to the supplementary amount of Ksh. 33,000,000 which the Municipality was allocated.*

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**19. Notes to the Financial Statements**

**1. General Information**

Mtwapa Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act of 2011 and as amended in 2019 and the Municipal Charter. The Municipality is under the Kilifi County Government and is domiciled in Kenya.

The Municipal Board's objective is to enhance provision of quality urban services and promote environmental sustainability.

**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* 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*.

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.

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3. Application of New and revised standards (IPSAS)

- i. *New and amended standards and interpretations in issue effective in the period ended 30 June 2025.*

There were no new and amended standards issued in the financial year.

- ii. *New and amended standards and interpretations in issue but not yet effective in the period ended 30 June 2025.*

| Standard   | Effective date and impact:  |
|--|---|
| IPSAS 43:<br>Leases  | <b><i>Applicable 1<sup>st</sup> January 2025</i></b><br>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.<br>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.  |
| IPSAS 44:<br>Non- Current<br>Assets Held for<br>Sale and<br>Discontinued<br>Operations | <b><i>Applicable 1<sup>st</sup> January 2025</i></b><br>The Standard requires,<br>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:<br>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.  |
| IPSAS 45:<br>Property Plant and<br>Equipment   | <b><i>Applicable 1<sup>st</sup> January 2025</i></b><br>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. |
| IPSAS 46:<br>Measurement   | <b><i>Applicable 1<sup>st</sup> January 2025</i></b><br>The objective of this standard was to improve measurement guidance across IPSAS by:<br>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.<br>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.<br>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.<br>The standard also introduces a public sector specific measurement bases called the current operational value.  |

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|  |   |
|--|---|
| IPSAS 47:<br>Revenue   | <b><i>Applicable 1<sup>st</sup> January 2026</i></b><br>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 entity 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.  |
| IPSAS 48:<br>Transfer<br>Expenses                                    | <b><i>Applicable 1<sup>st</sup> January 2026</i></b><br>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.  |
| IPSAS 49:<br>Retirement<br>Benefit Plans                             |   |
| IPSAS 50:<br>Exploration For &<br>Evaluation of<br>Mineral Resources | <b><i>Applicable 1<sup>st</sup> January 2027</i></b><br>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:<br>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.<br>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.<br>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. |

***iii. Early adoption of standards***

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

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**4. Significant Accounting Policies**

**a) Revenue recognition**

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

***Transfers from other government entities***

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services, and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *Municipality* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that 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 the eighteen Months (18) period ended 30 June, 2025 was approved by the County Assembly on 26<sup>th</sup> June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Municipality upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Municipality recorded additional appropriations of Ksh.33,000,000 on 12<sup>th</sup> March 2025 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 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 Cashflows has been presented under section 18 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

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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) Biological Assets**

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

**f) Financial instruments**

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

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

## **Financial assets**

### **Classification of financial assets**

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

### **Subsequent measurement**

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

### **Amortized cost**

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

### **Fair value through net assets/ equity**

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

### **Fair value through surplus or deficit**

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

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**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.

**Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note (not applicable)*.

**Financial liabilities**

**Classification**

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

**g) 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.

**h) 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.

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**i) 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 entity 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 entity will incur in fulfilling the present obligations represented by the liability.

**j) 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.

**k) Contingent assets**

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

**l) Nature and purpose of reserves**

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

**m) 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.

**n) 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

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future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**o) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

**p) 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.

**q) Related parties**

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

**r) 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.

**s) Comparative figures**

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

**t) Events after the reporting period**

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

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

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

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

**u) 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                             | Jan 2024-June 2025   |
|---|----------------------|
|   | Kshs.                |
| Transfers from County Govt. – Recurrent | 39,245,000           |
| <b>Total</b>                            | <b>39,245,000.00</b> |

(Provide brief explanation for this revenue)

7. Use of Goods and Services

| Description                                | Jan 2024-June 2025 |
|--|--------------------|
|  | Kshs.              |
| Utilities, supplies and services           | 1,097,000          |
| Communication, supplies and services       | 114,000            |
| Domestic travel and subsistence            | 8,305,926          |
| Foreign Travel                             | 1,561,035          |
| Printing, advertising, supplies & services | 5,021,085          |
| Rent and rates                             | 4,597,539          |
| Training expenses                          | 2,380,876          |
| Hospitality supplies and services          | 8,054,809          |
| Office and general supplies and services   | 4,468,380          |
| Fuel, oil and lubricants                   | 999,137            |
| purchases of staff uniform                 | 3,611,100          |
| Hire of Transport and equipments           | 32,500             |
| Membership of Professional Bodie           | 42,650             |
| Bank Charges                               | 24,870             |
| <b>Total</b>                               | <b>40,310,907</b>  |

\*Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.

8. Board expenses

| Description              | Jan 2024-June 2025 |
|--------------------------|--------------------|
|                          | Kshs.              |
| Travel and accommodation | 789,600            |
| Sitting allowances       | 517,250            |
| Board conferences        | 3,566,600          |
| <b>Total</b>             | <b>4,873,450</b>   |

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**9. Repairs and Maintenance**

| Description                          | Jan 2024-June 2025 |
|--------------------------------------|--------------------|
|                                      | KShs               |
| Office equipment                     | 7,232,581          |
| Motor vehicle expenses               | 30,000             |
| Maintenance of civil works           | 18,415,870         |
| <b>Total repairs and maintenance</b> | <b>25,678,451</b>  |
|                                      |                    |

**10. Depreciation and amortization**

| Description                                | Jan 2024-June 2025 |
|--|--------------------|
|  | KShs               |
| Property, plant and equipment              | 2,497,626          |
| Intangible assets                          | 68,750             |
| <b>Total depreciation and amortization</b> | <b>2,566,376</b>   |

**11. Cash and cash equivalents**

| Description                            | Jan 2024-June 2025 |
|--|--------------------|
|  | Kshs.              |
| Current account                        | 17,497             |
| <b>Total cash and cash equivalents</b> | <b>17,497</b>      |

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

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

| Financial institution  | Account number | Jan 2024-June 2025 |
|--|----------------|--------------------|
|  |                | Kshs.              |
| FAMILY BANK<br>MTWAPA<br>MUNICIPALITY<br>OPERATIONS &<br>MAINTENANCE A/C | 098000037222   | 15,454             |
| FAMILY BANK<br>MTWAPA<br>MUNICIPALITY SALARY<br>ACCOUNT                  | 098000037223   | -                  |
| FAMILY BANK<br>MTWAPA<br>MUNICIPALITY MAIN<br>ACCOUNT                    | 098000037221   | 2,043              |
| <b>Total</b>   |                | <b>17,497.00</b>   |

12. Property, Plant and Equipment

| Description                            | Motor vehicles | Furniture and fittings | Computers        | Capital Work in progress | Total             |
|--|----------------|------------------------|------------------|--------------------------|-------------------|
|  | Shs            | Shs                    | Shs              | Shs                      | Shs               |
| <b>Depreciation Rate</b>               | <b>10%</b>     | <b>12.50%</b>          | <b>30%</b>       |                          |                   |
| <b>As at 1 July 2023</b>               | -              | -                      | -                | -                        | -                 |
| Additions                              | -              | -                      | -                | -                        | -                 |
| Disposals                              | (-)            | (-)                    | (-)              | (-)                      | (-)               |
| Transfers/adjustments                  | (-)            | -                      | (-)              | (-)                      | (-)               |
| <b>As at 30<sup>th</sup> June 2024</b> | -              | -                      | -                | -                        | -                 |
| Additions for the year                 | 0              | 8,486,133              | 4,789,530        | 24,200,000               | <b>37,475,663</b> |
| Disposals for the year                 | (-)            | (-)                    | (-)              | (-)                      | (-)               |
| Transfer/adjustments                   | -              | -                      | (-)              | -                        | (-)               |
| <b>As at 30<sup>th</sup> June 2025</b> | <b>0</b>       | <b>8,486,133</b>       | <b>4,789,530</b> | <b>24,200,000</b>        | <b>37,475,663</b> |
| <b>Depreciation and impairment</b>     |                |                        |                  |                          |                   |
| <b>At 1 July 2023 (previous)</b>       | -              | -                      | -                | -                        | -                 |
| Depreciation                           | <b>0</b>       | <b>0</b>               | -                | -                        | -                 |
| Impairment                             | -              | -                      | -                | -                        | (-)               |
| Transfers/ Adjustments                 | -              | -                      | (-)              | -                        | (-)               |
| <b>As at 30 June 2024</b>              | -              | -                      | -                | -                        | -                 |

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|   |          |                  |                  |            |                  |
|---|----------|------------------|------------------|------------|------------------|
| Depreciation for the year                           | 0        | 1,060,766.63     | 1,436,859.00     | 0          | 2,497,625.63     |
| Disposals for the year                              | (-)      | (-)              | -                | (-)        | (-)              |
| Impairment for the year                             | (-)      | -                | -                | -          | (-)              |
| Transfer/adjustment                                 | (-)      | (-)              | -                | (-)        | -                |
| <b>As at 30<sup>th</sup> June 2025</b>              | <b>0</b> | <b>1,060,767</b> | <b>1,436,859</b> | <b>0</b>   | <b>2,497,626</b> |
| NBV as at 30 <sup>th</sup> Jun 2024 (previous year) | -        | -                | -                | -          | -                |
| NBV as at 30 <sup>th</sup> Jun 2025 (current year)  | 0        | 7,425,366        | 3,352,671        | 24,200,000 | 34,978,037       |

13. Intangible assets

| Description                        | Jan 2024-June 2025 |
|------------------------------------|--------------------|
|                                    | Kshs.              |
| <b>Cost</b>                        |                    |
| At beginning of the year           | -                  |
| Additions                          | 550,000            |
| <b>At end of the year</b>          | <b>550,000</b>     |
| <b>Amortization and impairment</b> |                    |
| At beginning of the year           | -                  |
| Amortization @12.5%                | 68,750             |
| <b>At end of the year</b>          | <b>68,750</b>      |
| Impairment loss                    | -                  |
| <b>At end of the year</b>          | <b>-</b>           |
| <b>NBV</b>                         | <b>481,250</b>     |

14. Trade and Other Payables

| Description                           | Jan 2024-June 2025 |                       |
|---------------------------------------|--------------------|-----------------------|
|                                       | Kshs.              |                       |
| Trade payables                        | 69,660,968         |                       |
| <b>Total trade and other payables</b> | <b>69,660,968</b>  |                       |
| <b>Ageing analysis:</b>               | <b>2024-25</b>     | <b>% of the Total</b> |
| Under one year                        | 69,660,968         | 100%                  |
| 1-2 years                             | -                  | %                     |
| 2-3 years                             | -                  | %                     |
| Over 3 years                          | -                  | %                     |
| <b>Total</b>                          | <b>69,660,968</b>  | <b>100%</b>           |

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**15. 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 is related to the following entities:

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

**b) Related party transactions**

| Description                          | Jan 2024-June 2025 |
|--------------------------------------|--------------------|
|                                      | Kshs.              |
| Transfers from the County Government | 39,245,000         |

**c) Due from related parties**

| Description                | Jan 2024-June 2025   |
|----------------------------|----------------------|
|                            | Kshs.                |
| Due from parent Ministry   | -                    |
| Due from County Government | 72,255,000           |
| Due from County Assembly   | -                    |
| <b>Total</b>               | <b>72,255,000.00</b> |

**16. Financial risk management**

The Municipality has no exposure to credit risk, liquidity risk, market risk, foreign currency risk, interest rate risk and capital risk, since it is not in the business of lending out and borrowing money like the case of funds

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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.

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

**Guidance Notes:**

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

.....

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

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**Appendix 2: Inter-Entity Transfers**

| CITY/MUNICIPALITY NAME:   |                      |                            |                       |  |
|---|----------------------|----------------------------|-----------------------|--|
| Breakdown of Transfers from the County Executive of Kilifi County |                      |                            |                       |  |
| FY 2024/2025  |                      |                            |                       |  |
| a   | Recurrent Grants     | <u>Bank Statement Date</u> | <u>Amount (Kshs.)</u> | <u>Indicate the FY to which the amounts relate</u> |
|   | Transfer - Recurrent | 30 <sup>TH</sup> June 2025 | 39,245,000            | FY 2024-2025                                       |
|   |                      |                            |                       | FY 2024-2025                                       |
|   |                      | <b>Total</b>               | <b>39,245,000</b>     | FY 2024-2025                                       |
| b   | Development Grants   | <u>Bank Statement Date</u> | <u>Amount (Kshs.)</u> | <u>Indicate the FY to which the amounts relate</u> |
|   |                      |                            | -                     | FY 2024-2025                                       |
|   |                      |                            | -                     | FY 2024-2025                                       |
|   |                      |                            | -                     | FY 2024-2025                                       |
|   |                      | <b>Total</b>               | -                     | FY 2024-2025                                       |
| c   | Direct Payments      | <u>Bank Statement Date</u> | <u>Amount (Kshs.)</u> | <u>Indicate the FY to which the amounts relate</u> |
|   |                      |                            | -                     | FY 2024-2025                                       |
|   |                      |                            | -                     | FY 2024-2025                                       |
|   |                      | <b>Total</b>               | -                     | FY 2024-2025                                       |

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

.....

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

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*2025*

**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:

Entity

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