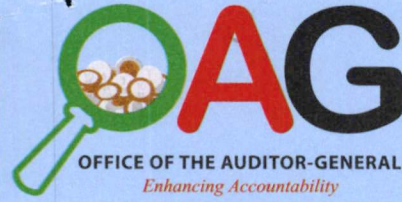


REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

ON

KIMILILI MUNICIPALITY

FOR THE YEAR ENDED
30 JUNE, 2025

PAPERS LAID	
DATE	19/2/2026
TABLED BY	Minority Whip.
COMMITTEE	—
CLERK AT THE TABLE	Angela

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KIMILILI MUNICIPALITY
County Government of Bungoma

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2025

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

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Kimilili Municipality
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1. Acronyms and Definition of Key Terms

A. Acronyms

APSEA	Association of Professionals of East Africa
BBM	Bachelor of Business Management
CIDP	County Integrated Development Plan
FY	Financial Year
ICPAK	Institute of Certified Public Accountants of Kenya
IUCEA	Inter University Council of East Africa
JKUAT	Jomo Kenyatta University of Agriculture and Technology
KCA	Kenya College of Accountancy
KUSP	Kenya Urban Support program
L.U.P.P.H & M	Lands, Urban, Physical Planning, Housing and Municipalities
OAG	Office of the Auditor General
OSHA	Occupational Safety & Health Act
PFM	Public Financial Management
PSASB	Public Sector Accounting Standards Board
UAC	Urban Areas and Cities 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.

2. Key Entity Information and Management

a) Background information

Kimilili Municipality is established by and derives its authority and accountability from The Urban Areas and Cities Act No. 13 of 2011(amended 2019) and Cities and Municipal Charter of 24th May, 2018. The Municipality is under the County Government of Bungoma and is domiciled in Kenya.

b) Principal Activities

The Vision of the Municipality is:

To be a Centre of excellence in Sustainable Urban development, innovation, environmental safety and social inclusion.

The Mission of the Municipality is:

To provide citizens and business community effective municipal services while maintaining historical community values.

The principal activities for the Municipality are:

- Urban social and economic infrastructure
- Urban Infrastructure Development and Management.
- Urban Land use planning and Development.
- Urban environment and health services
- Urban Cultural and Social services.

c) Key Management

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

- The County Government of Bungoma
- The Ministry of Lands, Urban, physical planning, Housing and Municipalities.
- Municipal Board
- Accounting Officer/ Municipality Manager
- Management

County Government of Bungoma
Kimilili Municipality
Annual Report and Financial Statements for the year ended June 30, 2025

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

Ref	Position	Name
1	Municipality Manager	Ms. Violet Wafula
2	Administrator	Mr. Kennedy Pkania
3	Finance Officer	CPA. Bildard W. Matwali
4	Accountant	Ms. Caroline Wanyonyi
5	Supply Chain Officer	Mr. Arnold Musebe
6	Public Health Officer	Ms. Maureen Wafula

e) Fiduciary Oversight Arrangements

The key fiduciary oversight bodies at the Municipality for the year ended June 30, 2025 were:

i) County Assembly Public Accounts Committee

The responsibilities of the County Assembly of Bungoma were as follows:

- To vet and approve nominees for appointment to county public offices as may be provided for in the relevant laws;
- To perform the roles set out under Article 185 of the Constitution;
- To approve the budget and expenditure of the county government in accordance with Article 207 of the Constitution, and the legislation contemplated in Article 220(2) of the Constitution, guided by Articles 201 and 203 of the Constitution;
- To approve the borrowing by the county government in accordance with Article 212 of the Constitution;
- To approve county development planning; and
- To perform any other role as may be set out under the Constitution or legislation.

ii) Audit and Risk Management Committee

The functions and responsibilities of the audit committee were as follows:

- To obtain assurance from management that all financial and non-financial internal control and risk management functions are operating effectively and reliably.
- To provide an independent review of the County Executive's reporting functions to ensure the integrity of financial reports.
- To monitor the effectiveness of the County Executive's performance management and performance information.
- To provide strong and effective oversight of County Executive's internal audit function.
- To provide effective liaison and facilitate communication between management and external audit.
- To provide oversight of the implementation of accepted audit recommendations.
- To ensure that the County Executive effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.

iii) Public Accounts Committee

The main function of the Public Accounts Committee is to invite the County Executive's Accounting Officer to appear before it to adduce evidence on the reports of the Auditor-General.

County Government of Bungoma

Kimilili Municipality

Annual Report and Financial Statements for the year ended June 30, 2025

iv) Budget and Appropriations Committee

Budget and Appropriations Committee approves expenditure budget of the County Executive for the execution of governance

f) Registered Offices

Municipal Block Offices,
Opposite Law Court,
P.O. Box 700-50204,
Kimilili, Bungoma.

g) Contacts

Telephone: (+254) 0721835099.
E-mail: kimililimboard@gmail.com
Website: www.kimilili municipality.go.ke

h) Bankers

Family bank
Bungoma branch

Kenya Commercial Bank,
Bungoma Branch.

i) Independent Auditor



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

j) Principal Legal Adviser

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

The County Attorney,
County Government of Bungoma,
P.O. Box 437-50200,
Bungoma.

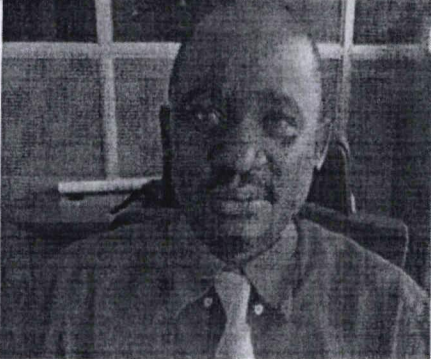
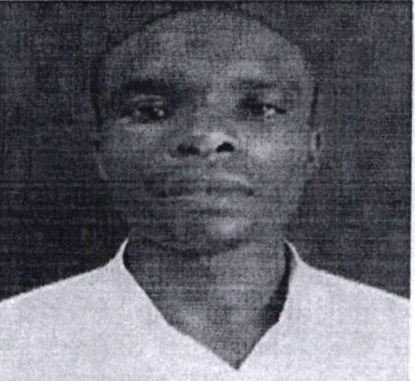

3. Municipality Board

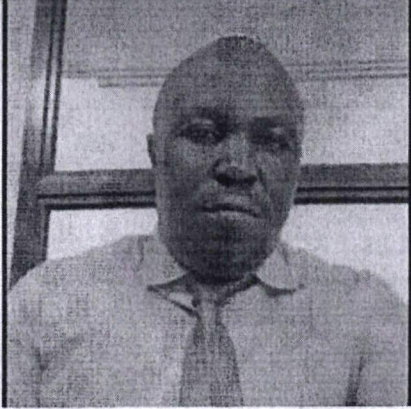

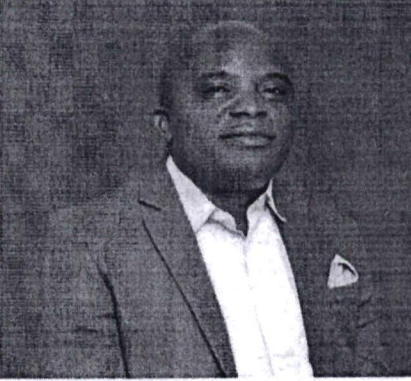
Serial No.	Name	Details of qualifications and experience
1	<p>Wanyonyi Buteyo</p>  <p>Chair person</p>	<p>He is the Chair of the Board. He is the Chair of the Inter Municipalities and Cities Forum, Kenya. Mr. Buteyo was appointed as a member of the Board in November, 2023. He has held several leadership positions and brings vast experience. He holds a Master's Degree in Armed Conflict and Peace from The University of Nairobi. He holds a Bachelor's degree in Education from Moi University. He worked as the TSC Sub County Director Mbita/Suba / Tinderet Sub Counties, he was appointed as a political advisor to H. E Governor Ken Lusaka between 2013 and 2017, prior to which he worked with the Teachers Service Commission (Headquarters) as an Assistant Director, Integrity. He is the Founder Secretary General of KUPPET, a position he held for six years. He is a consultant on governance.</p>
2	<p>Ziprine Nasike</p>  <p>Vice Chairperson</p>	<p>Ziprine Nasike was appointed to the Board in February, 2025 and is the Vice-Chair. She is a graduate of the T.U.K holding a Diploma in Architecture. She is trained in Interior Design Finish techniques. She has experience in Architecture having been an intern at Design Skills Associates and later worked with Intrinsic Architecture. She is currently working at Centicom Building Solutions Ltd.</p>
3	<p>Arch. Douglas Sasita</p>	<p>Douglas Sasita was born in the year 1979 and is a graduate in Bachelor of Architecture - University of Nairobi. He is a C.P.A finalist-Strathmore University College. He is a registered Architect with BORAQS-Corporate Member of Architectural Association of Kenya (A2435)-he has Architectural experience</p>

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Kimilili Municipality

Annual Report and Financial Statements for the year ended June 30, 2025



Serial No.	Name	Details of qualifications and experience
	 Executive Board Member	of seventeen years -Handling various design briefs from institutional to residential largescale projects of 16000m sq. such as Lovington shopping mall and many more. Other key experiences held: Board chair - Bungoma Municipality Senior Architect-Undersign. He is the C.E.C.M Lands, Urban, Physical Planning, Housing and Municipalities.
4	Dr. Rashid Fwamba  Executive Board Member	He has a PhD (Business Administration) from JKUAT, MSc Commerce (KCA University), BBM (MMUST), CPAK. He is the current Chief Officer Urban Areas, Housing and Municipalities. Has been a Senior lecturer in the Department of Environmental Finance and Accounting at Kibabii University. He has published several Journals in Urban economy and financial land sustainability among poultry farmers in Kenya. Has experience as a consultant in Urban Business
5.	Abigael Nekesa  Independent Board Member	Abigael Nekesa was appointed to the Board in February 2025. She is the chair of The Environmental, Social Services and Culture Committee. She is a graduate of the Kenya Medical Training College in Health Records and Information Technology and is trained in computer packages. She has worked in health records at Ambira Sub County Hospital and at Fine Touch Irrigation Company as a sales person. She has been a member of Girl Power Organization.
6.	Dennis Wafula Barasa	He was appointed to the Board in February,2025 and is the chair of The Audit Committee.

Serial No.	Name	Details of qualifications and experience
	 <p data-bbox="316 689 727 728">Independent Board Member</p>	<p>He is a detailed oriented Finance Officer with over 5 years of experience in budgeting, financial reporting and Compliance currently working at The National Treasury, Budget Department. He has also worked with APA insurance company and Jamii corporate microfinance. He is an MBA student Finance option at Masinde Muliro University of Science and Technology and holds a bachelor's degree in Bcom, finance option from the same Institution. He is a CPA finalist and has undertaken the Senior Management Course from the Kenya School of Government.</p>
7.	<p data-bbox="316 840 727 878">Carolyn Khasoa Wanyonyi</p>  <p data-bbox="316 1339 727 1377">Independent Board Member</p>	<p>She was appointed to the Board in February, 2025. She is the Chair of the Administration, Finance and Economic Planning Committee. She represents The Association of professionals of East Africa (APSEA) in the Board. She holds a Master's degree in Business Administration and a Bachelor's degree in Law. She works at the National Land Commission and is a member of various boards.</p>
8.	<p data-bbox="316 1377 727 1415">Hon. Moses Opicho</p>  <p data-bbox="316 1796 727 1834">Independent Board Member</p>	<p>He is the chair of the Land use Planning Infrastructure and Housing Committee. Currently undertaking a Bachelor's Degree in Theology in East KAG University (Global University). He graduated with a Diploma in Business Administration from The University of Nairobi. Former Member of The County Assembly of Bungoma, Kamkuywa Ward. Regional Manager at pioneer Assurance.</p>



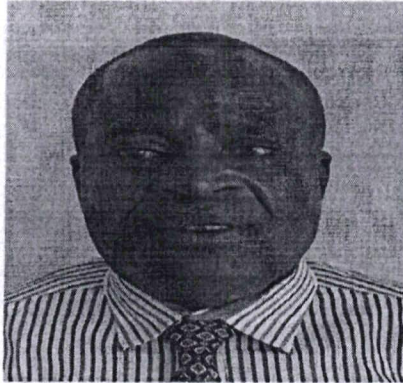
County Government of Bungoma

Kimilili Municipality

Annual Report and Financial Statements for the year ended June 30, 2025




Serial No.	Name	Details of qualifications and experience
9.	<p data-bbox="325 562 727 595">Samson Sichangi Wanyonyi</p>  <p data-bbox="325 1014 743 1048">Independent Board Member</p>	<p data-bbox="831 562 1378 1193">He was appointed to the Board in February, 2025 and is the Chair of The Trade and Revenue Committee. He is pursuing a Master's Degree in Information Science and Knowledge Management. He holds a Bachelor of Library and Information Science Degree, a Diploma in Information Science and a Diploma in Pharmacy. He has wide experience in Education having worked as a lecturer in several institutions including Kisii University, RVTTI, Nehema Institute and North Rift Institute. He has also worked with Children International for over ten years. He is currently a tutor at Kitale National Polytechnic.</p>
10.	<p data-bbox="325 1200 523 1234">Violet Wafula</p>  <p data-bbox="325 1619 743 1686">Municipality Manager/Board Secretary</p>	<p data-bbox="831 1200 1378 1825">Violet Wafula is the Municipality Manager and Secretary to the Board. She is a trained Human Resource. She holds a Master's Degree in Human Resource Management from J.K.U.A.T, a Bachelor's degree in Human Resource Management from M.M.U.S.T. She has undergone S.L.D.P and S.M.C, Transformative Leadership Program for County Women Executives, Crime and Climate Change Policy, all from the Kenya School of Government. She worked with KUSCO Ltd for over ten years before joining Bungoma County in 2014 where she has served as a Sub County Administrator and as a Deputy Director of Administration.</p>

4. Key Management Team

S/ No	Name	Details of qualifications and experience
1.	<p>Violet Wafula</p>  <p>Municipality Manager/Board Secretary</p>	<p>Violet Wafula is the Municipality Manager and Secretary to the Board. She is a trained Human Resource. She holds a Master's Degree in Human Resource Management from J.K.U.A.T, a Bachelor's degree in Human Resource Management from M.M.U.S.T. She has undergone S.L.D.P and S.M.C, Transformative Leadership Program for County Women Executives, Crime and Climate Change Policy, all from the Kenya School of Government. She worked with KUSCO Ltd for over ten years before joining Bungoma County in 2014 where she has served as a Sub County Administrator and as a Deputy Director of Administration.</p>
2.	<p>Kennedy Pkania</p>  <p>Municipal Administrator</p>	<p>He holds a Bachelor Degree in Education from Moi University and a certificate in Education management in Kenya Education staff Institute. He has been trained on Senior Management course at Lower Kabete-Nairobi. He has wide experience as a teacher and a principal in Secondary School. He has worked as a senior protocol officer and an Administrator in the Department of Trade Energy and Industrialisation-Bungoma County. He is the Municipality Administrator.</p>
3.	<p>Bildard w. Matwali</p>  <p>Municipal Finance Officer.</p>	<p>He holds a Bachelor of Commerce Degree (Accounting) from Masinde Muliro University. He is a CPA finalist and a certified member of The Institute of Certified Public Accountants of Kenya (ICPAK). He has experience in Finance and Accounting. He has worked as an accountant with Telkom Kenya and as a tutor at the Kenya Institute of Management. He is a Senior Finance officer-Budget office-Bungoma county, having previously served in the Department of Trade Energy and Industrialisation-Bungoma County. He is the Finance Officer, Kimilili Municipality.</p>

**County Government of Bungoma
Kimilili Municipality**

Annual Report and Financial Statements for the year ended June 30, 2025

S/ No	Name	Details of qualifications and experience
4.	<p>Caroline Wanyonyi</p>  <p>Municipal Accountant.</p>	<p>She holds a Bachelor of Commerce degree (Accounting) from the University of Nairobi, and is a CPA finalist. She has wide experience in Accounts, Finance and Administration. She worked at the National Treasury as an Accountant at Marani District Treasury in Kisii County. She is a Chief Accountant and has served the County Government of Bungoma since 2014 in the Department of Finance and Economic Planning and The Department of Youth and Sports. She is the Accountant, Kimilili Municipality.</p>
5	<p>Arnold Musebe</p>  <p>Municipal Supply Chain Officer</p>	<p>He holds a Master of Science in Project Planning and Management from Jomo Kenyatta University of Agriculture and Technology, awarded in December 2020., Bachelor of Business Management (Purchasing and Supplies Option) – Masinde Muliro University of Science and Technology, Second Class Honours awarded in July 2014. Diploma in Business Management (Human Resource Option) – Masinde Muliro University of Science and Technology, awarded in December 2010. He has extensive experience in supply chain management gained through service in various County departments, enhancing his ability to efficiently manage procurement processes, ensure regulatory compliance, and support departmental strategic goals.</p>
6	<p>Maureen Wafula</p>  <p>Municipal Public Health Officer</p>	<p>She holds a bachelor of environmental health sciences from Mount Kenya University. She is a certified member of the Public Health Officers and technicians Council (PHOTC). She is a trained public health officer having worked in the Ministry of health since 2011.</p>

5. Municipality Board Chairperson's Report

It is my privilege to present to you the Board of Kimilili Municipality's FY2024/2025 report and financial statements for audit to the Office of the Auditor General.

In the process of executing its mandate, the Board has continued to improve financial reporting through induction, training and capacity building, for the staff and board members and engagements with the public among others. In this period, the Board was inducted at the Kenya School of Government of Mombasa.

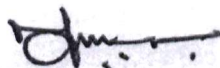
In the current FY 2024/2025, the following projects are complete;

- a) Ablution block at the Thursday Market- Kshs. 3,091,120.00
- b) Periodic maintenance of Riziki- Slaughter House Road-Kshs. 2,699,740.00

Implementation challenges of strategic objectives for the Municipality include:

- Inadequate and delayed funding
- Inadequate and uncondusive working space for the Municipality
- Political interference in project prioritization and implementation

I would like to thank the Board members and the management of the Kimilili Municipality who through their unwavering commitment have led to the achievement of the Board's mandate in the past years. I also offer my gratitude to our partners, stakeholders and citizens of Kimilili and look forward to collaborating with you towards achievements of the Board's mandate.



.....
Mr. Wanyonyi Buteyo
Chairperson of the board

County Government of Bungoma

Kimilili Municipality

Annual Report and Financial Statements for the year ended June 30, 2025

6. Report of the Municipality Manager

It's with great pleasure to present the annual report and financial statement for Kimilili Municipality for the year ended 30th June,2025. Since its establishment, the Kimilili Municipality has continued to execute the generally accepted accounting and internal auditing standards for the Kenyan public sector.

The Municipality undertook a number of activities in executing its mandates as contained in the Municipal charter which include;

- Capacity building of the Board and the Municipal staff
- Development control.
- Implementing Municipal projects.

The Municipality has continued to expose the board members and the Municipal staff to inductions and training courses and attendance of the board meetings in order to improve skills and ensure they are kept a breast with the Municipality mandates in order to achieve effective and efficient service delivery.

In order to carry out its mandate effectively the Municipality was allocated Kshs 42,678,680 recurrent and 52,658,895 development. The Municipality has in the F/Y 2024/2025 received Kshs. 32,704,128.15 in total, being recurrent of Kshs. 26,735,068.55 and Development of Kshs. 5,968,559.60; Indicating an absorption of 34%. This is attributed to a delay in exchequer releases and no release for the KUSP11 funds which forms a considerable part of the budget.

	APPROVED 2023/2024	BUDGET 2024/2025	ACTUAL 2023/2024	EXPENDITURE 2024/2025
Recurrent	28,045,268	42,678,680	25,626,884	26,735,068
SP 1.1: Human resource development and management	13,811,045	18,365,997	12,085,604	18,030,538
SP 1.2: Institutional accountability, efficiency, effectiveness and administrative services	2,575,000	10,473,983	2,412,200	5,245,780
SP 1.3: Research and Development Services		2,000,000		1,087,450
SP 1.4 Capacity Development	11,659,223	2,688,700	9,262,780	2,371,300

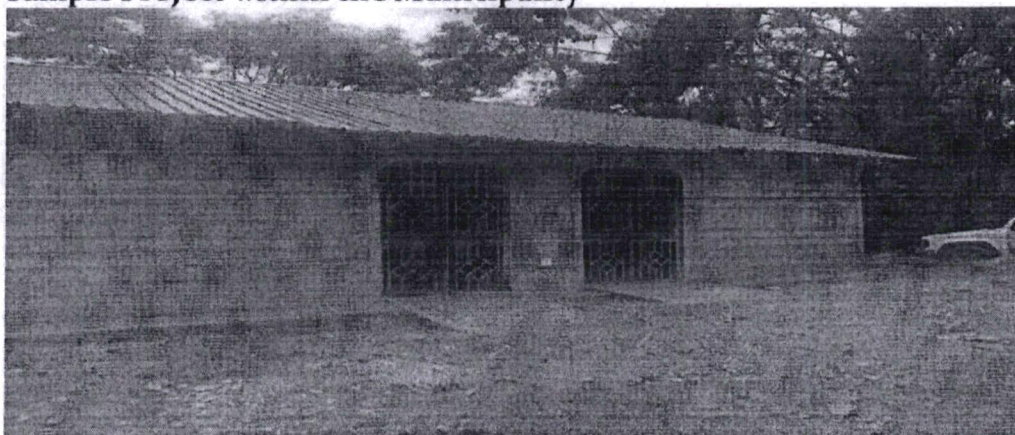
County Government of Bungoma

Kimilili Municipality

Annual Report and Financial Statements for the year ended June 30, 2025

	APPROVED	BUDGET	ACTUAL	EXPENDITURE
	2023/2024	2024/2025	2023/2024	2024/2025
SP 1.5: Purchase of Computers and laptops		400,000		
SP 1.6: Purchase of Office Furniture, Fittings and General Equipment for municipal offices				
Grants (KUSP)		8,750,000	0	
Development	122,654,740	52,658,895	38,767,072	5,818,590
Capital transfers to Government agencies (KUSP)		45,368,215		
Upgrading of urban roads to low seal tarmac and roundabout at the T-junction.	114,404,740		30,594,126	
Construction and upgrading of Urban Public Sanitation Facilities for bus park, Monday and Thursday markets, auction ring.		7,290,680		5,818,590
Street lights installation and maintenance	6,000,000		5,980,818	
Urban greening and Beautification	2,250,000		2,192,128	

Sample Project within the Municipality



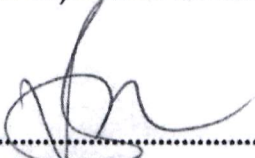
County Government of Bungoma
Kimilili Municipality
Annual Report and Financial Statements for the year ended June 30, 2025

Construction of ablution block at the Administration Offices.

With the gazetted transfer of functions, the Municipality requires more funding from the County Treasury to enable it implement its numerous functions.

A detailed analysis of the Kimilili Municipality activities for the year ended June 30, 2025 is included in the next section.

I would like to express my gratitude to the members of the Board for their leadership and guidance during the period. I also extend my thanks to the management team who without their dedication, the Municipality would not have been able to achieve its work plan and strategic objectives. I look forward to the great and dedicated team work.


.....
Ms. Violet Wafula,
Municipality Manager

7. Statement of Performance Against Predetermined Objectives for the FY

The key development objectives of Kimilili Municipality ,2023-2027 plan are to:

- a) To promote infrastructural investments in the Municipality.
- b) To assure a resilient municipal environment and provision of quality human services.
- c) To support a thriving Urban economy through business-friendly approaches.
- d) To enhance institutional efficiency and effectiveness in service delivery

Below we provide the progress on attaining the stated objectives

Program	Objective	Outcome	Indicator	Performance
Urban Governance	To enhance institutional efficiency and effectiveness in service delivery.	Efficient and effective urban services.	<ul style="list-style-type: none"> • Number of works satisfaction surveys undertaken. • Customers/Employees satisfaction survey undertaken. • Proportion of staff remunerated. • proportion of staff trained. • Proportion of staff provided with number of staff recruited. • Proportion of budget allocated for Human Resource Services. • Number of policies formulated/domesticated • Number of bills formulated/domesticated • Number of regulations drafted. • Number of regulations reviewed. • Proportions of contracts and agreements signed. • 5 years urban integrated development plan prepared. • Annual investments plan prepared. • Annual urban budget prepared. 	As at the end of the year June 30,2025 the Municipality achieved the following: -Staff remunerated 24 -Prepared Municipal plans and budgets. -Prepared progress and budget and implementation reports. -Held management meetings

County Government of Bungoma

Kimilili Municipality

Annual Report and Financial Statements for the year ended June 30, 2025

Program	Objective	Outcome	Indicator	Performance
			<ul style="list-style-type: none"> • Annual urban development plan. • Number of M&E conducted. • Number of annual progress report disseminated. • Number of budget absorption report disseminated. • Number of urban strategic plan formulated. • Number of internal transformations fore held. • Number of intergovernmental fore held. • Number of PPP agreements concluded. • Number of office block constructed/renovated. • Number of stakeholders' trainings conducted. • % of policy documents uploaded on website. • Number of management meetings. • Number of public participation fora held. 	
Urban Infrastructure development and management.	To promote infrastructural investments	Functional urban infrastructural system.	<ul style="list-style-type: none"> • Number of bus park constructed. • Number of solar street lights installed. • Number of high flood solar lights installed. • Number of KM of sewer system expanded. • Number of KM of drainage system constructed. • Number of auctions rings constructed and renovated. • KMS of pedestrian lanes constructed. 	In the period under review the Municipality - constructed one Sanitation block at the Thursday Market. -Upgraded the Riziki-Slaughter House Road within the Municipality.

Program	Objective	Outcome	Indicator	Performance
			<ul style="list-style-type: none"> • Number of parking spaces provided. • Number of bus terminal rehabilitated. • KMS of drainage system maintained. • KMS of walk ways constructed. • % of urban roads demarcated. • % of urban roads with markings. • % of urban roads with road infrastructure. • % of transport safety measures implemented. 	-Started the construction of an ablution block at the Administrative Offices.
Urban economy and investment management	To prudently manage urban economy and investment	Enhance economic competitiveness	<ul style="list-style-type: none"> • Number of annual investment promotion events held. • Number of PPP agreements signed. • Number of incentives schemes implemented. • % budget allocated for investments promotion. • Number of jobs created annually. • Number of non-financial services provided. 	Participated in the World Environment Day by doing street clean-up and planting of trees at the RC Boys-Kimilili.
Urban Environment and Human services	To promote sustainable access and utilization of urban environment	Enhanced Urban environmental resilience.	<ul style="list-style-type: none"> • % of Health Facilities Operational. • Average Kgs of solid waste collected per day. • Number of waste segregation points established. • Number of waste treatment options applied. • Number of open dump grounds operational. • Number of sanitary land fields. • Number of composting sites. 	Ensured the maintenance of: <ol style="list-style-type: none"> 1. trees planted in previous financial years 2. Metallic dustbins installed at various points.

County Government of Bungoma
Kimilili Municipality
Annual Report and Financial Statements for the year ended June 30, 2025

Program	Objective	Outcome	Indicator	Performance
			<ul style="list-style-type: none"> • Number of incinerators operational. • % of land pollution cases resolved. • % of air pollution case resolved. • Number of open spaces provided. • Acreage reserved for recreational parks. • Number of public recreational parks. • Number of trees planted in public open spaces. • Number of trees planted on walk ways and strategic places. • Number of annual green events. • % of green services 	

8. Corporate Governance Statement

The Board of the Municipality was appointed pursuant to Section 13 and 14 of the Urban Areas and Cities Act no.13 of 2011 as read together with section 9 of the Urban Areas and Cities Act amendment 2019.

Composition of the Board

Pursuant to section 14(1) the board of municipalities shall consist of 9 board members appointed by the county governor with the approval of the County Assembly. The members of the board appointed under section (1) shall be constituted as follows;

- (a) The County executive member for the time being responsible for urban areas or his representative
 - (b) Three members who shall be appointed by the County Governor with approval from the County Assembly
 - (c) Four members who shall be nominated by an association and appointed by the County Governor with approval of the County Assembly
 - (d) The chief officer responsible for urban development
 - (e) The Municipal manager appointed under section 28 who shall be the secretary of the board and an ex-officio member of the board
- (3) The four members of the board of the municipality specified under section (2) (c) shall be nominated by -
- a) An umbrella bodies representing professional association in the area.
 - b) An association representing the private sector in the area.
 - c) A cluster representing registered association of the informal sector in the area.
 - d) A cluster representing registered neighbourhood association in the area.

At the end of FY2024/2025, the Municipality of Kimilili had 9 members. A summary of the members and their nominating institutions is as follows:

No	Name	Gender	Nominating institution	Id no
1	Ziprine Nasike Wamalwa	F	Architectural Association of Kenya	28924985
2	Abigael Nekesa Wafula	F	Competitive Process By CEC	35019034
3	Dennis Wafula Barasa	M	Competitive Process By CEC	27311696
4	Samson Sichangi Wanyonyi	M	Competitive Process By CEC	14640532
5	Carolyne Khasoa Wanyonyi	F	Association of Professionals of East Africa (APSEA)	13436160
6	Douglas Sasita	M	County Executive Committee Member, L.U.P.P.H &M	

**County Government of Bungoma
Kimilili Municipality**

Annual Report and Financial Statements for the year ended June 30, 2025

No	Name	Gender	Nominating institution	Id no
7	CPA Dr. Rashid Fwamba	M	Chief Officer Urban Areas Housing & Municipalities	21883083
8	Wanyonyi Buteyo	M	A cluster representing registered association of the informal sector in the area.	9360082
9	Hon. Moses Opicho	M	A cluster representing registered neighbourhood association in the area.	22417414

Board Diversity

The Board is established by members who have experience in corporate governance, legal constitution, Architectural Planning and business. The Board has three female board members out of the intended nine members and therefore meets the constitutional threshold since at least a third of all members are female.

Role and Responsibility of the Board Members

The powers, objectives and functions of the Municipality are stipulated in the Municipal charter.

Board Composition and Committees

The following table represents the board composition and its committees. There are five committees of the board. The table below shows the chairs and members of each committee of the board.

Ref	Members	Full board	AFEP Committee	LUPIH Committee	EPSSC Committee	Audit committee	Trade and Revenue committee
1	Wanyonyi Buteyo	✓ *	-	-	-	-	-
2	Ziprine Nasike	✓	✓	✓			
3	Abigael Nekesa	✓			✓ *		✓
4	Caroline Khasoa	✓	✓ *				✓
5	Samson Wanyonyi	✓			✓		✓ *
6	Wellington Sindani	✓		✓			
7	Dennis Barasa	✓				✓ *	

Ref	Members	Full board	AFEP Committee	LUPIH Committee	EPSSC Committee	Audit committee	Trade and Revenue committee
8	Hon. Moses Opicho	✓	✓	✓ *			
9	Dr. Rashid Fwamba	✓			✓		

N/B (*) Represent the Chairpersons of the Board/ Committees.

Board attendance.

Best practice requires that every board member attends a minimum of 50% of all board meetings. Below is an extract from the attendance register for the full board meetings held in the period from 1st July 2024 to 30th June 2025.

No.	Members	Number of meetings attended
1.	Wanyonyi Buteyo	5
2.	Carolyne Khasoa	5
3.	Moses Opicho	5
4.	Dr Rashid Fwamba	4
5.	Wellington Sindani	5
6.	Abigael Nekesa	2
7.	Ziprine Nasike	2
8.	Violet Wafula (Secretary)	2
9.	Samson Wanyonyi	2
10.	Dennis Barasa	2

Committee meeting attendance

1) Administration, Finance and Economic Planning

No.	Members	Number of meetings	Number of meetings attended
1	Carolyne Khasoa	4	3
2	Moses Opicho	4	4
3	Ziprine Nasike	4	2
4	Violet Wafula (Secretary)	4	2

This Committee deals with promotion of good governance, prudent financial management, good planning and promotion of businesses within the Municipality

2) Land use Planning, Infrastructure and Housing Committee

This committee deals with Municipal Physical, Urban Planning and development control, Infrastructure development and housing.

County Government of Bungoma

Kimilili Municipality

Annual Report and Financial Statements for the year ended June 30, 2025

No.	Members	Number of meetings	Number of meetings attended
1	Moses Opicho	4	1
2	Wellington Sindani	4	1
3	Ziprine Nasike	4	1
4	Violet Wafula (Secretary)	4	1

3) Environmental, Social Services and Culture Committee

This committee deals with environmental conservations, Social and Cultural activities within the Municipality.

No.	Members	Number of meetings	Number of meetings attended
1	Abigael Nekesa	4	1
2	Dr Rashid Fwamba	4	2
3	Violet Wafula (Secretary)	4	1
4	Samson Wanyonyi	4	1

4) Audit Committee

No.	Members	Number of meetings	Number of meetings attended
1	Dennis Barasa	4	0
2	Internal Auditor	4	0
3	Treasury nominee	4	0

5) Trade and Revenue Committee

No.	Members	Number of meetings	Number of meetings attended
1	Samson Wanyonyi	2	1
2	Carolyne Khasoa	2	1
6	Abigael Nekesa	2	1
8	Violet Wafula (Secretary)	2	1

Term of Board Members

The term of the board is outlined under the Urban Areas and Cities Act 2011. The members serve for a term of five years' renewable once.

Compliance to law and other legal requirements.

Kimilili Board of Municipality is a responsible corporate citizen and is alive to the tenets of the Constitution of Kenya and is fully compliant with the provisions of the Urban areas and Cities Act 2011 under which the Board is established. The Board also ensures compliance to the other fiduciary Acts.

Board Remuneration

As per the PFM act, 2012 section 195 (2), the remuneration payable allowances to the members of the Board are determined by the Salaries and Remuneration Commission. Details of the Board and Committee allowances are included in these financial statements.

Conflicts of interests and declaration of interest.

The board members have established duty to avoid situations in which they have or may have interests that conflicts with those of the board. Board members are obligated to disclose to the board any real or potential conflicts of interest which may come to their attention whether direct or indirect. During board meeting, an agenda item exists which requires members to make a declaration of any conflicts of interest they may have in the business to be discussed.

Board Charter

The Board is using the Municipality of Kimilili Municipal charter. It is also guided by the Mwongozo Code of governance and best cooperate governance practises.

Board Evaluation

The performance of the board and its members is to be evaluated on a regular basis. We should do the evaluation at the end of the financial year in June 2025.

County Government of Bungoma
Kimilili Municipality
Annual Report and Financial Statements for the year ended June 30, 2025

9. Management Discussion and Analysis

Summary of overall program performance.

The Municipality was supported by the County Government through the County Treasury by way of equitable share allocation as budgeted for and approved by the County Assembly. In order to carry out its mandate effectively the Municipality was allocated Kshs 100,678,314 in total, out of which Kshs. 42,698,217 is recurrent and Kshs. 57,980,097 Development. The first supplementary revised the budget downwards to Kshs 42,471,680 recurrent and 52,658,895. The Municipality has in the F/Y 2024/2025 received Kshs. 32,553,658.00 in total, being recurrent of Kshs. 26,735,068.00 and Development of Kshs. 5,818,590.00;

Indicating an absorption of 79% and 11% respectively. This is attributed to a delay in exchequer releases and no release for the KUSP11 funds which forms a considerable part of the budget.

Summary of Financial results against the budget

Programme Name	Approved Budget Allocation	Actual Expenditure
	2024/2025	2024/2025
Recurrent	42,698,217	26,735,068
SP 1.1: Human resource development and management	18,365,997	17,515,326
SP 1.2: Institutional accountability, efficiency and effectiveness in service delivery	9,491,682	6,646,492
SP 1.3: Research and Development Services	2,000,000	1,087,450
SP 1.4: Capacity Development	4,090,538	1,485,800
Grants and transfers (KUSP)	8,750,000	0
Development	52,658,895	5,818,590.00
Capital Transfers to Govt. Agencies (KUSP)	45,368,215	0
Construction and upgrading of Urban Public Sanitation Facilities for bus park, Monday and Thursday markets, auction ring.	7,290,680	5,818,590.00
Street lights installation and maintenance		
Urban greening and Beautification		

The key Board projects or investments decisions implemented during the year 2024-2025 are;

- a) Periodic Maintenance of Riziki-Slaughter House Road- 3,091,120.00
- b) Ablution block at the Thursday market-Kshs. 2,669,740.00

c) Ongoing construction of ablution block at the administrative offices.

Summary of Program Compliance:

The Municipality has fully complied with the legal requirements such as submission to statutory deductions to KRA and its internal policies and procedures. There were no instances of non-Compliance.

Major risks facing the Entity:

Major risks facing the Municipality in areas statutory and other financial obligation include inadequate and late disbursement of finances, legal constrains and political interferences.

The view to move the organization to another level, the Board is exploring to have more donors to fund the numerous infrastructural needs of the Municipality, look for partners and to drive integrated developments. The Board has to explore ways of creating an inter-governmental forum to have a wholesome approach to the Municipality's development.

10. Environmental and Sustainability Reporting

The Municipality of Kimilili exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on the following pillars: putting the residents/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar.

1. Sustainability strategy and profile

To position itself in a fast-changing environment, Kimilili Municipality has continued to build capacity of it's Board and staff members to embrace upcoming issues.

2. Employee welfare

Kimilili Municipality staff were inducted along with the Board, technical staff had their annual subscriptions to professional bodies being paid alongside attending workshops relevant to their fields of training. One officer was trained at the Kenya School of Government.

3. Market place practices

a) Responsible Supply chain and supplier relations

All procurement procedures are well adhered to in accordance with The Asset Procurement and Disposal Act 2015.

Proper ethical business practices have been maintained at the Municipality.

b) Responsible marketing and advertisement

Requisite procedures were followed during tendering and awards.

4. Community Engagements

Article 1 of the Constitution provides that all the sovereign power belongs to the people.

Through Civic education and awareness, the community is well coordinated and included during program implementation.

ii. Report of the Municipality Board Members

The Board Members submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Municipality affairs.

Principal activities

The principal activities of the Municipality include promotion of urban governance and efficient service delivery, enhancement of urban infrastructural development, promotion of public participation and inclusivity in urban socio-economic development, promotion of accountability and transparency in sustainable resource management.

Performance

The performance of the Municipality for the year ended June 30, 2025 are set out on pages 1-27.

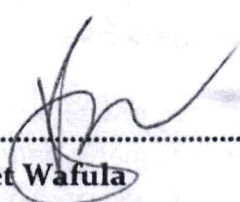
Board Members

The members of the Board who served during the year are shown on pages ix-xii.

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.

.....

Ms. Violet Wafula
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 year ended 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.

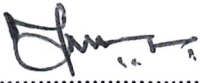
The Municipality Manager accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The 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 year 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.

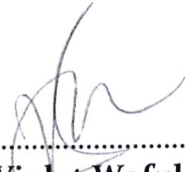
Nothing has come to the attention of the Municipality Manager to indicate that the Municipality will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Municipal financial statements were approved by the Board on 30/7/ 2025 and signed on its behalf by:



.....
Mr. Wanyonyi Buteyo,
Chairperson of the Board.



.....
Ms. Violet Wafula,
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 KIMILILI MUNICIPALITY FOR THE YEAR ENDED 30 JUNE, 2025

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 Kimilili Municipality set out on pages 1 to 23, which comprise of the statement of financial position as at 30 June, 2025

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kimilili Municipality as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Urban Areas and Cities Act, 2011 (Amended 2019) and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Accuracy of Opening and Comparative Balances in the Financial Statements

The financial statements for Kimilili Municipality reflect comparative amounts and opening balances which differ in comparison with those stated in audited financial statements of previous financial year 2023/2024 as shown below;

- i. Staff costs amount of Kshs.14,723,362 differ with Kshs.12,085,604, resulting to an unexplained variance of Kshs.2,637,758.
- ii. Depreciation and amortization expenses amount of Kshs.1,989,172 differ with Kshs.1,866,301, resulting to an unexplained variance of Kshs.122,871.
- iii. Property, plant and equipment balance of Kshs.111,915,541 differ with Kshs.111,830,713 resulting to an unexplained variance of Kshs.84,828.
- iv. Trade and other payables balance of Kshs.45,284,657 differ with Kshs.42,439,200, resulting to an unexplained variance of Kshs.2,845,457.
- v. Accumulated surplus balance of Kshs.67,916,314 differ with Kshs.70,676,943, resulting to an unexplained variance of Kshs.2,760,629.

In the circumstances, the accuracy and completeness of respective financial statements' balances could not be confirmed.

2. Unconfirmed Transfers from the County Government

The statement of financial performance reflects transfers from the County Government amounting to Kshs.32,704,128 and as disclosed in Note 6 to the financial statements. However, the supporting direct expenditure vouchers incurred by the County Executive of Bungoma on behalf on the Municipality amount to Kshs.32,495,928, resulting to an unexplained variance of Kshs.208,200. Further, the financial statements of the County

Executive revealed a corresponding transfer to Kimilili Municipality of Kshs.32,919,402, resulting in an unexplained variance of Kshs.215,274.

In the circumstances, the accuracy and completeness of transfers from the County Government amounting to Kshs.32,704,128 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects revenue final budget and actual on comparable basis amounts of Kshs.95,337,575 and Kshs.32,704,128 respectively, resulting to an under-funding of Kshs.62,633,447 or 66% of the budget. Similarly, the Municipality expended an amount of Kshs.35,132,123 against an expenditure budget of Kshs.42,698,217 resulting to an under-expenditure of Kshs.7,566,094 or 18% of actual revenue. The Management did not prepare budget notes to explain material under and over expenditure.

The under-funding and under-performance affected the implementation 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 effect of the matters 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 Matter

Unresolved Prior Year Matters

In the previous year's audit, several issues were raised under Report of the Financial Statements, Report on Lawfulness, Effectiveness in the Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance as stated in **Appendix I**. However, Annex 1 to the financial statements in respect to progress on follow-up of Auditor's recommendations indicates that the issues were either resolved, partially resolved, or not resolved. Further, explanations were not provided for failure to implement the recommendations.

Other Information

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

In connection with my audit on the 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 effect of the matters 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

1. Failure to Appoint a Substantive Municipality Manager

During year under review, two acting managers were deployed at different periods in the Municipality by County Executive of Bungoma. However, the reasons for failure to competitively appoint a municipal manager in compliance with the law was not provided for audit review. This was contrary to Section 29 of the Urban Areas and Cities Act, 2011 which states that a city or Municipal Manager shall be competitively recruited and appointed by an institution responsible for recruiting public servants in the county, and Paragraph 1.1.66 of the Kimilili Municipality charter which states that the Municipality manager shall be competitively recruited and appointed by the County Public Service Board.

In the circumstances, Management was in breach of law.

2. Lack of Operational Autonomy of the Municipality

During the year under review, it was observed that all the functions of the Municipality were carried out by the County Executive of Bungoma through departments of lands, housing, urban areas development and physical planning, and department of road and public works. This was contrary to Section 21(1)(a) of the Urban Areas and Cities Act, 2011 which gives Municipalities executive authority as delegated by County Executive, and Section 12 (2) of the Urban Areas and Cities Act, 2011 which states that the Board of an area granted the status of a City or Municipality under this Act, shall be a body corporate with perpetual succession and a common seal and shall, in its corporate name, be capable of; - a) Suing and being sued; b) Taking, purchasing or otherwise acquiring, holding, charging or disposing of movable and immovable property; c) Borrowing money or making investments; d) Entering into contracts; and e) Doing or performing all other acts or things for the proper performance of its functions in accordance with this Act or any other written law which may lawfully be done or performed by a body corporate.

In the circumstances, Management was in breach of law.

3. Failure to Settle Outstanding Trade and Other Payables

Note 13 to the financial statements reflects trade and other payables balance of Kshs.51,837,565. However, the Management had not established a payment plan and budget to ensure prompt settlement of the debts as they fall due. This was contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015 which provides that debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible that the county government does not default on debt obligations.

In the circumstances, failure to settle bills as and when they fall due results in unlawful retention of suppliers' payments, and may lead to non-delivery of goods and services to the Municipality.

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 Municipality Board

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

10 December, 2025

Appendix I

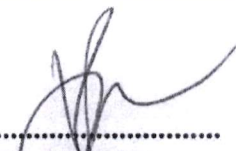
Unresolved Prior Year Matters

Reference No. of the Auditor-General's Report	Observation
	Report on the Financial Statements
1	Unsupported Trade and Other Payables
2	Unconfirmed Property, Plant and Equipment Balance
	Report on Lawfulness and Effectiveness in the Use of Public Resources
1	Lack of Operational Autonomy of Kimilili Municipality
2	Failure to Prepare and Submit Previous Years Financial Statements
	Report on Effectiveness of Internal Controls, Risk Management and Governance
1	Information Communication Technology (ICT) Internal Control Weaknesses
2	Failure to Establish Audit Committee


14. Statement of Financial Performance for The Year Ended 30 June 2025.

	Notes	2024/2025	Restated 2023/24
Revenue from non-exchange transactions			
Transfers from the County Government	6	32,704,128	60,402,326
Total revenue		32,704,128	60,402,326
Expenditure			
Use of goods and services	7	10,568,774	9,262,780
Staff costs	8	18,030,538	14,723,362
Board expenses	9	2,371,300	3,719,748
Depreciation and amortization	10	4,161,511	1,989,172
Total expenses		35,132,123	29,695,062
Surplus/(deficit) for the period		(2,427,995)	30,707,264

The notes set out on pages 22 to 25 form an integral part of these Financial Statements. The entity financial statements were approved on 30/07 2025 and signed by:



Ms. Violet Wafula
Municipality Manager




CPA. Bildad Matwali
Head of Finance
ICPAK M/No. 4532


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15. Statement of Financial Position as at 30 June 2025

	Note	2024/2025 Kshs.	Restated 2023/2024 Kshs.
Assets			
Current assets			
Cash and cash equivalents	11	3,708	1,285,429.87
		3,708	1,285,429.87
Non-current assets			
Property, plant, and equipment	12	117,322,176	111,915,540.55
Total Non-current Assets		117,322,176	111,915,540.55
Total assets A		117,325,884	113,200,970.42
Liabilities			
Current liabilities			
Trade and other payables	13	51,837,565	45,284,657.45
Total liabilities B		51,837,565	45,284,657.45
Net assets(A-B)		65,488,319	67,916,312.97
Represented By:			
Accumulated surplus		65,488,319	67,916,313.63
Total net assets and liabilities		65,488,319	67,916,313.63

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/07/2025 2025 and signed by:

.....

Ms. Violet Wafula
Municipality Manager

.....

CPA. Bildad Matwali
Head of Finance
ICPAK M/No. 4532

16. Statement of Changes in Net Assets For the Year Ended 30 June 2025

	Accumulated surplus	Total
	Kshs.	Kshs.
Balance as at 1 July 2023	37,209,050.00	37,209,050.00
Surplus/(deficit) for the period	30,707,263.63	30,707,263.63
Funds received during the year		-
Revaluation gain		-
Balance as at 30 June 2024	67,916,313.63	67,916,313.63
Balance as at 1 July 2024	67,916,313.63	67,916,313.63
Surplus/(deficit) for the period	(2,427,994.82)	(2,427,994.82)
Funds received during the year		
Adjustment Depreciation	-	-
Revaluation gain		
Balance as at 30th June, 2025	65,488,318.80	65,488,318.80

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17. Statement of Cash Flows for the Year Ended 30 June 2025

	Note	2024/2025	2023/2024
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government			60,402,326
Total Receipts		-	60,402,326
Payments			
Use of goods and services		1,117,512	9,262,780
Staff costs			12,085,604
Board expenses			3,719,748
Total Payments		1,117,512	25,068,132
Net receipts /Payments from Operations		(1,117,512)	35,334,194
Adjusted for:			
Increase/ (Decrease) in deposit and Retention/ Trade payments	14	(164,210)	40,771,415
Net cash flows from operating activities		(1,281,722)	76,105,609
Cash flows from investing activities			
Purchase of PPE & intangible assets			(82,915,679.00)
Net cash flows used in investing activities			(82,915,679.00)
Net increase/(decrease) in cash & cash equivalents		(1,281,722)	(6,810,070.00)
Cash And Cash Equivalents At 1 July 24	11	1,285,430	8,095,500.00
Cash And Cash Equivalents At 30 June 25	11	3,708	1,285,430.07

18. Statement of Comparison of Budget & Actual Amounts for the Year ended 30 June 2025

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	c=(a+b)	d	e=(c-d)	f=d/c
Revenue						
Transfers from the County Government	100,678,314	(5,340,739)	95,337,575	32,704,128	62,633,447	34%
Total Revenue	100,678,314	(5,340,739)	95,337,575	32,704,128	62,633,447	34%
Expenses			0		-	
Use of goods and services	23,790,317	-	23,790,317	10,568,774	13,221,543	44%
Board expenses	2,590,538	0	2,590,538	2,371,300	219,238	92%
Staff Costs	16,317,362	0	16,317,362	18,030,538	(1,713,176)	110%
Depreciation and Amortisation			0	4,161,511	(4,161,511)	%
Total Expenditure	42,698,217	-	42,698,217	35,132,123	7,566,094	82%
Capital Expenditure	57,980,097	(5,340,739)	52,639,358	5,760,860	46,878,498	11%
Surplus for the period	-	-	-	(8,188,855)	8,188,855	

19. Notes to the Financial Statements

1. General Information

The Municipality of Kimilili is established by and derives its authority and accountability from The Urban Areas and Cities Act No. 13 of 2011(amended 2019) and The Municipal Charter on 24th day of May, 2018.Act. The Municipality is under the Bungoma County Government and is domiciled in Kenya.

The Municipality of Kimilili's principal activity is Development and service delivery.

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 Kimilili 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 Kimilili Municipality.

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

3. Application of New and revised standards (IPSAS)

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

- i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

Standard	Effective date and impact:
IPSAS 43: Leases	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>

Standard	Effective date and impact:
	Kimilili Municipality does not have any leases.
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p>Applicable 1st January 2025 The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. Kimilili Municipality has in the financial year ended June 30,2025 not held any non-current asset for sale and discontinued operations.</p>
<p>IPSAS 45: Property Plant and Equipment</p>	<p>Applicable 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under-maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46: Measurement</p>	<p>Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47: Revenue</p>	<p>Applicable 1st January 2026 This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the</p>

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Standard	Effective date and impact:
	nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. Not yet applicable
IPSAS 48: Transfer Expenses	<p>Applicable 1st January 2026</p> 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. Not yet applicable.
IPSAS 49: Retirement Benefit Plans	<p>Applicable 1st January 2026</p> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. Not yet applicable
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p>Applicable 1st January 2027</p> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. 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. 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. Not yet applicable

ii. Early adoption of standards

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

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 Entity 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 budget for FY 2024/2025 was approved by the County Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. 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 is included in the statement of comparison of budget and actual amounts and the actuals.

c) Property, plant and equipment

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

and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

d) Intangible assets

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

e) 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 Municipality does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Municipality's financial statements.

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

Financial assets

Classification of financial assets

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

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

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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.

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.

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.

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 does not have any reserves.

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

u) Currency

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

4. 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.

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

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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	2024/2025	2023/2024
	Kshs.	Kshs.
Transfers from County Govt. - Development	-	20,754,740.00
Payments by County on behalf of the entity-Recurrent	26,735,568.55	25,745,788.10
Payments by County on behalf of the entity-Development	5,968,559.60	13,901,797.90
Total	32,704,128.15	60,402,326.00

7. Use of Goods and Services

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Utilities, supplies and services	244,303	64,438
Domestic travel and subsistence	1,954,965	1,426,400
Printing, advertising, supplies & services	177,480	400,000
Training expenses	2,321,124	
Hospitality supplies and services	-	3,032,300
Boards, committees	1,942,680	
Insurance costs	299,937	
Specialized materials and services	1,117,273	994,000
Office and general supplies and services	400,000	997,500
Fuel and Lubricants	820,000	1,150,000
Routine maintenance - other assets	203,322	
Other Operating Expense- Transfers to UIG		1,194,559
Other operating expenses	1,087,690	3,583
Total	10,568,774.30	9,262,779.62

8. Staff costs

Description	2024/2025	Restate 2023/2024
	Kshs.	Kshs.
Salaries and wages	18,030,538	14,723,362
Total	18,030,538	14,723,362

9. Board expenses

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Sitting allowances		382,500
Induction and Training	2,371,300.00	3,337,248
Total	2,371,300.00	3,719,748.00

10. Depreciation and amortization

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Property, plant and equipment	4,161,510.93	1,989,172.43
Total depreciation and amortization	4,161,510.93	1,989,172.43

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11.a) Cash and cash equivalents

Description	2024/2025	2023/2024	2022/2023
	Kshs.	Kshs.	Kshs.
Current account	3,707.87	1,285,430.07	8,095,500
Total cash and cash equivalents	3,707.87	1,285,430.07	8,095,500

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

Financial institution	Account number	2024/2024	2023/2024	2022/2023
		Kshs.	Kshs.	Kshs.
a) Current account				
Family Bank- kimilili Municipality Urban Development Grant	77000039020	1,767.02	1,119,039	6,427,715
Family Bank- Kimilili Municipality Special Purpose Retention account	77000042513	1,940.85	166,391	1,667,785
Grand total		3,707.87	1,285,430	8,095,500

12. Property, plant and equipment

Description	Capital	Work in progress	Building	Motor vehicles	Computers	Total
	Work & Civil works	Buildings, Roads, civ				
	Shs	Shs	Shs	Shs	Shs	
As at 1st July 2023	30,743,708.11	-	-	-	1,151,741.40	31,895,449.51
Additions- Restated.	35,002,292.09	37,856,309	3,764,780	6,499,998	-	83,123,378.59
As at 30 th June 2024	65,746,000.20	37,856,308.50	3,764,780.00	6,499,998.00	1,151,741.40	115,018,828.10
AS at 1st July 2024	65,746,000.20	37,856,308.50	3,764,780.00	6,499,998.00	1,151,741.40	115,018,828.10
Additions		8,371,147			1,197,000	9,568,146.70
As at 30th June 2025	65,746,000.20	46,227,455.20	3,764,780.00	6,499,998.00	2,348,741.40	124,586,974.80
Rates	2.50%		5%	25%	30%	0.63
Depreciation and impairment						
As at July 2023	768,592.70	-	-	-	345,522.42	1,114,115.12
Depreciation During	1,643,650.01				345,522	1,989,172.43
Accumulated Depreciation	2,412,243	-	-	-	691,045	3,103,287.55
As at July 2024	2,412,243	-	-	-	691,045	3,103,287.55
Depreciation during the year	1,643,650		188,239	1,625,000	704,622	4,161,510.93
Adjustment Depreciation for prior year						
Accumulated depreciation as At 30 June 2025	4,055,893	-	188,239	1,625,000	1,395,667	7,264,798
NBV as at 30 th June 2024	63,333,757	37,856,309	3,764,780	6,499,998	460,697	111,915,540.55
NBV as at 30th June 2025	61,690,107	46,227,455	3,576,541	4,874,999	953,074	117,322,176

13. Trade and Other Payables

Description	2024/2025	Restated 2023/2024
	Kshs.	Kshs.
Retentions		2,181
Accrued expenses	51,835,384	45,118,266
Other payables (Specify)		
Total trade and other payables	51,837,565	45,284,657

Ageing analysis:	Current FY 2024/2025	% of the Total	Comparative FY 2023/2024	% of the Total
Under one year	51,837,565	100%	45,284,657	100%
Total	51,837,565	100%	45,284,657	100%

14. Cash generated from operations

	2024/2025	2023/2024	2022/2023
	Kshs.	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax	(2,427,994.82)	30,707,263.63	1,230,325.58
Adjusted for:			
Depreciation	4,161,510.93	1,866,300.88	1,114,115.12
Increase in payables	6,552,907.80	40,771,415.12	1,667,785.11
Decrease in Capitals Payables	(9,568,146.70)		
Net cash flow from operating activities	(1,281,722.80)	73,344,979.63	4,012,225.81

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 of Bungoma
- b) The County Department of Lands, Urban, Physical Planning, Housing and Municipalities.
- c) County Assembly of Bungoma
- d) Key management.
- e) Municipality Board

Appendices

Appendix 1. Progress on Follow up of Auditors Recommendations.

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Unsupported Trade and other Payables	Accounts Payables balance of Kshs. 42,439,200 are valid and fall within the period under review as supported by creditor's ledger. Management has provided contract negotiation and invoice numbers for audit verification.	Supply Chain Officer	Resolved	
2.	Unconfirmed Property Plant and Equipment Balance	The Municipality has adopted the Assets Policy of the County Executive and the National Treasury Guidelines on assets and Liabilities 2020. Additionally, the Municipality has been on-boarded to the Asset Management System of the County Executive to enable generation of assets tags in the current Financial Year.	Accountant	Not Resolved	2024-2025
3.	Budgetary control and performance	Under funding was caused by delay in exchequer release.	Manager/CECM	Not Resolved	Progressive

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.	Unresolved Prior Year Matters	Management is committed to addressing prior year audit matters.	Manager	Partially Resolved	2024-2025
5.	Lack of Operational Autonomy of Kimilili Municipality	Management is in agreement that all the functions as provided in the Charter have not been transferred. The County Executive Committee has approved the transfer of all functions to the Municipality. The functions are being progressively transferred.	CECM Housing, Urban areas and Municipalities	Not Resolved	2025-2026
6.	Failure to Prepare and Submit Previous Years Financial Statements Criteria	The Municipality was under transition and the county executive was consolidating its financial reports from 2018/2019 to 2021 /2022. Further to this, the Public Sector Accounting Standards Board had not issued the Financial Reporting templates for Municipalities. The Reporting templates were issued in June 2022.	Accountant	Not Resolved	2024-2025
7.	Information Communication	We acknowledge the Municipality has not	Manager	Partially Resolved	2025-2026

County Government of Bungoma

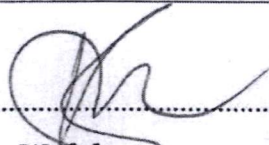
Kimilili Municipality

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Technology (ICT) Internal Control Weaknesses	developed an ICT policy and IT steering committee for governance and management of its ICT resources. Management commits to establish the Municipal IT Security Policy and Disaster Management and Recovery policies. A proposal for budgetary allocation has been made in the budget proposals for 2025/2026.			
8.	Failure to Establish an Audit Committee	Section 167(2) of the PFM Regulations, 2015 allows for sharing of one audit committee by two or more county government entities. Therefore, the Municipality being an entity of the County Government has been utilizing the services of the county executive audit committee.	Manager	Resolved	

Sign... 30/7/2025,

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Date.....

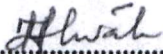
Ms. Violet Wafula
Accounting Officer, The Municipality of Kimilili

County Government of Bungoma
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Appendix 2: Inter-Entity Transfers

Municipality name: Kimilili Municipality				
Breakdown of transfers from the County Executive Of Bungoma				
FY 2024/2025				
a	Recurrent Grants	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate
			0	
		Total	0	
b	Development Grants	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate
			0	
		Total	0	
c	Direct Payments	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate
		Recurrent	26,735,068.00	2024/2025
		Development	5,818,590.00	2024/2025
		Total	32,553,658.00	2024/2025

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



Bildard W. Matwali
 Finance officer-Kimilili Municipality
 Bungoma County



CPA. Ambrose Makokha
 Director Accounting services,

Appendix 3: Bank Reconciliation

a)

RECONCILIATION MONTH JUNE, 2025.		F.030
ACCOUNT DESCRIPTION:-KIMILILI MUNICIPALITY-SPECIAL PURPOSE RETENTION ACC		
FAMILY BANK ACCOUNT NO.077000042513		
	Balance as per cashbook on 30.06.2025	1,940.85
Add:	Untransmitted Payments	-
		1,940.85
Less:	Receipts in bank statement not in cashbook	0
	Balance as per bank statement on 30.06.2025	1,940.85
I certify that I have verified the bank balances in the cashbook and the bank balance and confirm the above reconciliation is correct.		
Approved by		
<i>Niket Wambua</i>	...Municipality Manager.....	01/07/2025
Signature	Designation	Date

b)

RECONCILIATION MONTH JUNE 2025.		F.030
ACCOUNT DESCRIPTION:-KIMILILI MUNICIPALITY-URBAN DEVELOPMENT GRANT (UDG)		
FAMILY BANK ACCOUNT NO.077000039020		
	Balance as per cashbook on 30.06.2025	1,767.02
Add:	Untransmitted Payments	-
		1,767.02
Less:	Receipts in bank statement not in cashbook	0
	Balance as per bank statement on 30.06.2025	1,767.02
I certify that I have verified the bank balances in the cashbook and the bank balance and confirm the above reconciliation is correct.		
Approved by		
<i>Niket Wambua</i>	...Municipality Manager.....	01/07/2025
Signature	Designation	Date

County Government of Bungoma

Kimilili Municipality

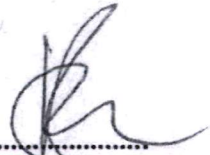
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Appendix 4: Trade payables

S. NO.	CONTRACTOR	NEG. NO./INV. NO.	Supplier/contractor invoice date	Local Purchase Order/Local Service Order no./Contract No.	Payment description	Balance at the beginning of the year (July 2024)	Addition During the year	Amount paid During the year 2024/2025	Outstanding Balance June 2025
1	Barmac Ltd	1380770	02/02/2024	1380770	Periodic Maintenance of Apostolic Church-Kaptola-Nakhobani Road				
2	Jadefrost Construction Co. Ltd	1380772	02/02/2024	1380772	Periodic Maintenance of Mwangale Matili RC Road	3,677,033			3,677,033
3	Barmac Ltd	1380774	02/02/2024	1380774	Periodic Maintenance of Bahai-Chelekei Road	2,842,533			2,842,533
					Building				
4	Piusrobi Investments	1390035	22/03/2024	1390035	Periodic Maintenance of DC-Catholic-Thursday Market Road	1,499,500			1,499,500
5	Wekesa Communication Services Limite	1446915	14/03/2024	1446915	Periodic Maintenance of Riziki Slaughter House Road	2,941,880		2,941,880	-
6	Eliya Limited	1470056	11/04/2024	1470056	Periodic Maintenance of Namaraya-Antoni-Pius Kisiangani Road	4,686,296			4,686,296
7	Alloni Enterprises	1470046	11/04/2024	1470046	Periodic Maintenance of Bahai School-Number Nane-Namarambi Road	3,318,853			3,318,853
8	Lussio Construction Company	1465945	11/04/2024	1465945	Proposed Erection and Completion for 1 No. ECDE Classroom at Kimilili FYM Primary	1,425,000			1,425,000
9	Blue Magma Limited	1470038			Proposed Erection and Completion works for Abolition Block at Thursdays Market	3,027,380		3,027,380	-
10	Gloptic Designs&Engineering Ltd	1380757	02/02/2024	1380757	Proposed Erection and Completion for Maternity Ward at Kambini Dispensary	2,791,325			2,791,325
11	Mujana Link Investments	1446907	22/03/2024	1446907	Pipeline Extension from Chebukwabi-Khwiroro Junction-Miruri Primary	2,842,500			2,842,500
12	Marton Agencies	1470237	11/04/2024	1470237	Upgrading of Kimilili FYM Primary Borehole and Pipeline Extension to Tembatemba	2,202,780			2,202,780
13	Fellow Enterprise Limited	1470359	11/04/2024	1470359	Upgrading of Maeni Co-operative Borehole	2,750,000			2,750,000
14	Lweya(K)Ltd	1380723	02/02/2024	1380723	Construction and Protection of 4. No. Water Springs in Kimilili	932,130			932,130
15	Sla Company Ltd	1446916	09/02/2024	1446916	Supply and delivery of 20 no. dairy cows for youths and women Group in Kimilili Ward		2,000,000		2,000,000
16	Kiyotra Limited	1465951	11/04/2024	1465951	Proposed Erection And completion works for 2 no. ECDE classrooms at Paspalam Primary School in Kimilili Ward	1,944,776			1,944,776
17	Keen Developers	1659777	20/02/2025	1659777	Proposed construction and completion of ablation block at Kimilili Municipality Offices		4,426,371		4,426,371
					Work In progress				
18	Wasser E.Africa Systems Ltd	3121592	28/01/2025	3121592	supply and delivery of 4 nof laptops for the Kimilili Municipality staff		400,000		400,000
19	Kizakura Construction Co.	1226971	23/05/2023	3121565	Purchase and Supply of IT and Computer Equipment		797,000		797,000
					Computer				
					Acquisition of Assets	37,856,309	9,568,147	5,968,560	41,455,896
20	Kcb				Salaries for the month of June & May	2,637,758	3,152,970	2,637,758	3,152,970
21	Muhasa Construction	1356442	14/11/2023	1356442	Supply and Delivery of Fungicides, Sprays and Public Health Items	498,000			498,000
22	Lamnas Investors Limited	1356436	14/11/2023	1356436	Supply and Delivery of Sanitary and Cleaning Items	496,000			496,000
					Specialised Materials				
23	Wivermal construction company limited		16/01/2025	3121587/8/9	supply and delivery of assorted general office.		400,000		400,000
24	Lasaha General Enterprises	1356424	14/11/2023	1356424	Supply and Delivery of General Office Supplies	997,500			997,500

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				General office stationery				
25	Alfit Investors Limited	1356421	14/11/2023	1356421	Supply and Delivery of Catering Items	497,000		497,000
26	Siritamu Resort&Spa		14/11/2023	1173320	Catering Services	100,000		100,000
27	Primias Hotel	1173323			Outsourcing of conference Services.	250,000		250,000
28	Snowline Resort Kimilili	1173332	02/04/2024	1173332	provision of catering services during KUSPU assessment	-	177,480	177,480
29	Snowline Resort Kimilili					-	102,000	102,000
30	Snowline Resort Kimilili					-	35,000	35,000
31	Kika Hotel	1769863		1769863	Outsourcing of catering services	325,000		325,000
32	Primias Hotel				Outsourcing of conference Services.	372,500		372,500
33	Snowline Resort Kimilili		14/09/2023	496	Full day conference and hall hire	297,000		297,000
34	County Green Hotel		28/07/2022	1663904	Full day conference and hall hire	57,800		57,800
35	Hotel Itoya			1173320	Full day conference for 6 days	148,400		148,400
					Boards, committees			
36	African Touch Safaris		Various	Various	Air tickets	185,000	216,115	401,115
					Domestic travel and subsistence			
37	Standard Group		20/05/2022	80087103	Advertisement for Tender	400,000		400,000
					Printing, advertising, supplies & services			
38	Kenya School Government-Mombasa	1173335	13/05/2025	1173335	Provision of catering services during Board induction	-	761,158	761,158
39	Kenya School of Government -Nairobi	1173334	04/14/2025	1173334	training fees for a supervisory skills development Course	-	113,666	113,666
					Training expenses			
40	Rezmac Agencies		03/10/2022	452	Maintenance of computer, software and Networks	-	59,800	59,800
					Routine maintenance - other assets			
41	Members of The board	Minutes	Various	Various	Sitting allowances for Board Sitings (5full board sittings & 5 Committee)			885,500
					Use of Goods	7,261,958	5,018,189	2,786,158
					Gross Total	45,118,266	14,586,335	8,754,717
								51,835,384


 Ms Violet Wafula,
 Municipality Manager.

