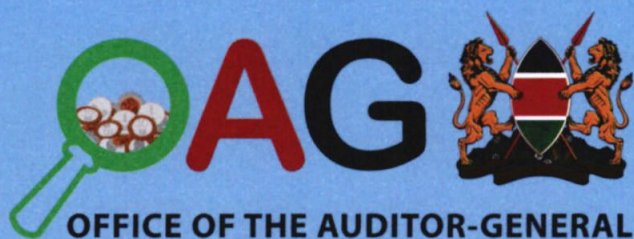


REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**



**OF**

**THE AUDITOR-GENERAL**

**ON**

**MUNICIPALITY OF ELDORET**

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

PAPERS LAID	
DATE	6/3/2025
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# MUNICIPALITY OF ELDORET

*County Government of Uasin Gishu*

OFFICE OF THE AUDITOR GENERAL  
ELDORET REGIONAL OFFICE

03 DEC 2024

RECEIVED  
P. O. Box 2774 - 30100, ELDORET

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30<sup>TH</sup> JUNE 2024

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

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**1. Acronyms & Glossary of Terms**

FY	Financial Year
IDeP	Integrated Development Plan
IPSAS	International Public Sector Accounting Standards
OSHA	Occupational Safety & Health Act
PSASB	Public Sector Accounting Standards Board
SRC	Salaries and Remuneration Commission
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
UACA	Urban Areas and Cities Act
UIG	Urban Institutional Grants
UDG	Urban Development Grants
UGC	Uasin Gishu County

## **2. Key Entity Information and Management**

### **a) Background information**

As at the time of the preparation of this report, the Municipality of Eldoret had been granted Municipal charter and conferred with the status of a Municipality, a culmination of a three-year process that meticulously adhered with the laid down process under Sections 5, 7 and 8 of Urban Areas and Cities Act (UACA), No. 13 of 2011, where the entity derives its accountability and authority. The charter was granted on 15<sup>th</sup> August 2024 being the successor to the Municipality of Eldoret which had been granted Municipal Charter on 17<sup>th</sup> December 2018. In accordance with Section 11 (b) of UACA, there is a principal and agency relationship between the Municipality and County Government of Uasin Gishu. The Municipality of Eldoret is domiciled in Kenya.

Section 12 of UACA states that management of a city shall be vested in the county government and administered on its behalf by a board constituted in accordance with section 13 of the Act, a manager appointed pursuant to section 28 and such other staff or officers as the county public service may determine.

The board of the Municipality of Eldoret is a body corporate with perpetual succession and a common seal and in its corporate name is capable of suing and being sued, taking, purchasing or otherwise acquiring, holding, charging or disposing of movable and immovable property, borrowing money or making investments, entering into contracts and doing or performing all other acts or things for the proper performance of its functions in accordance with the act or any other written law.

### **b) Principal Activities**

The Eldoret Municipal Charter articulates the functions of the municipality as enumerated hereunder:

- a) Promote, regulate and provide mechanisms for refuse collection and recycling, solid waste management service, general sanitation and controlling all forms of nuisance;
- b) Subject to existing laws, promote and provide water and sanitation services and infrastructure within the municipality;
- c) Construct and maintain urban roads and associated infrastructure;
- d) Construct and maintain storm drainage and flood controls;
- e) Construct and maintain walkways and other non-motorized transport

- infrastructure;
- f) Construct and maintain recreational parks, green spaces and public amenities and entertainments;
  - g) Construct and maintain street lighting;
  - h) Construct, maintain and regulate traffic controls, auto-cycle transport, non-motorized transport and parking facilities;
  - i) Construct and maintain bus stands and taxi stands;
  - j) Regulate outdoor advertising;
  - k) Construct, maintain and regulate urban commerce, municipal markets and abattoirs;
  - l) Construct and maintain fire stations, provide fire-fighting services, emergency preparedness and disaster management;
  - m) Promote, regulate and provide sports and cultural activities;
  - n) Promote, regulate and provide for animal control and welfare;
  - o) Develop and enforce municipal plans and development controls;
  - p) Provide municipal administration services including construction and maintenance of administrative offices;
  - q) Promote and undertake infrastructural development and services including housing and health facilities within the Municipality;
  - r) Promote and regulate urban agriculture
  - s) Promote and regulate pre –primary education, childcare facilities and county vocational institutions and centres;
  - t) Provide, maintain and regulate cemeteries, crematories and other burial places;
  - u) Control and regulate alcoholic beverages; and
  - v) Any other function as may be delegated or assigned by the County Executive Committee or County Assembly legislation.

**c) Key Management**

The Municipal management is under the following key organs:

- County Department for Lands, Physical Planning, Housing and Urban Development
- Municipal Board
- Municipal Manager
- Municipal Management Departmental heads

**d) Fiduciary Management**

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

S/No	Position	Name
1.	Municipal Manager	Tito Koiyet
2.	Head of Finance	Lamek Keino
3.	Head of Human Resources	Julia Ego
4.	Head of Engineering	Eng. David Lelei
5.	Head of Environment	Gideon Kirwa
6.	Head of Public Health	Alex Amdany
7.	Head of Transport	William Kiplagat

**e) Fiduciary Oversight Arrangements**

The Key oversight activities are undertaken by the following:

**a. Municipal Board**

The Municipal has the overarching responsibility to oversee the affairs of the Municipality

**b. Municipal Board Audit Committee**

- i) The committee has board delegated functions on auditing of municipality resources.
- ii) Monitor the effectiveness of the municipality performance management and performance information
- iii) Provide strong and effective oversight of the internal audit function
- iv) Provide independent review of reporting functions to ensure the integrity of financial reporting

**c. County Assembly committees**

**(a) Economic Planning Committee of the County Assembly**

Provide oversight role and operation of the finance and economic planning department

**(b) Budget and Appropriation Committee**

- i. Examine annual and supplementary budget estimates of expenditure presented to the house
- ii. Provide oversight on the presentation and implementation of the budget

**(c) Public Accounts and Investment Committee**

- i. Increase public confidence in the credibility of the government institution through providing oversight role on financial performance
- ii. To examine reports and accounts on the public investments.

**f) The Senate County Public Accounts Committee**

Provides oversight to county government entities on financial matters

**g) Registered Offices**

Municipality of Eldoret Headquarters,  
Stadium Road, Eldoret  
P.O Box 40 – 30100  
Eldoret, Kenya

**h) Municipality of Eldoret Contacts**

The Municipal Manager  
Telephone: (254) – 053 - 2016215, 053 - 2016125, 053 - 2016600  
E - Mail: [municipalmanager@uasingishu.go.ke](mailto:municipalmanager@uasingishu.go.ke)  
Website: [www.city.uasingishu.go.ke](http://www.city.uasingishu.go.ke)

**i) Bankers**

Central Bank of Kenya  
Uganda Road  
P.O. Box 6000 - 00200  
Eldoret Branch, Eldoret, Kenya

Kenya Commercial Bank  
P.O Box 560 – 30100  
Eldoret, Kenya

Cooperative Bank  
P.O Box 2948 – 30100  
Eldoret, Kenya

**j) Independent Auditor**

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

**k) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

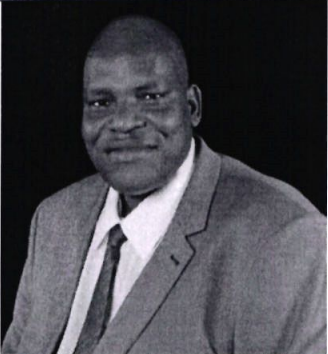

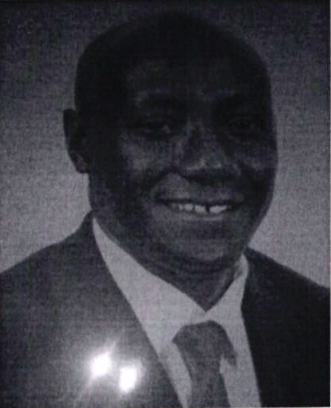
P.O. Box 40112




City Square 00200




Nairobi, Kenya

### 3. The Municipal Board

The Board of the Municipality requires alignment with Section 13 (1A) of Urban Areas and Cities (Amendment) Act of 2019 which provides for an eleven member board. The current board which aligns with Section 13 of Urban Areas and Cities Act, 2011 and constitutes nine members as below. The Municipal Manager and subsequently the Chief Officer, County Executive Member are ex-officio members of the board.

Name	Details of qualifications, experience and committee
 <p>Mr. Julius Kitur Chairman of the Board</p>	<p>a) Post Graduate Diploma in Correctional Services and Security Management, b) Bachelor of Business Management</p> <p><b>Work Experience</b></p> <ul style="list-style-type: none"> <li>• Public Service - 14 years,</li> <li>• Private Sector - 12 years</li> </ul> <p><b>Year of Birth:</b> 26<sup>th</sup> June 1970</p>
 <p>Mrs. Beatrice Kemboi Vice Chairperson of the Board</p>	<p>a) Bachelor of Arts, b) Certified Public Secretary</p> <p><b>Committee</b> Vice Chair – Full Board Human Resource Committee,</p> <p><b>Work Experience</b> Public Service - 17 years, Private Sector - 20 years</p> <p><b>Date of Birth:</b> 24th July 1958</p>
 <p>Peter Mwaniki Board Member</p>	<p>Diploma in Library Information Systems</p> <p><b>Work Experience</b> Public Service - 20 years</p> <p><b>Committees</b> Audit Committee, Culture, Sports and Social Services, Environment Committee, Finance and Human Resource Committee</p> <p><b>Year of Birth</b> 28<sup>th</sup> August 1968</p>


Name	Details of qualifications, experience and committee
 <p>Walter Ayot Board Member, Chairman, Culture, Sports and Social Services Committee</p>	<p>a) Diploma in Automotive Electrical Engineering b) Certificates in Public Oversight in Project Management, Resource Mobilization, Children’s Rights and Protection Advocacy, SACCO'S Management, Marketing, Procurement, Leadership and Management, Leadership Transformation.</p> <p><b>Work Experience</b> Public Service - 10 years, Private Sector - 30 years</p> <p><b>Committees</b> Culture Sports and Social Services</p> <p><b>Year of Birth</b> 15<sup>th</sup> October 1969</p>
 <p>Ms. Winnie Maru, Board Member, Chairperson, Environment Committee</p>	<p>BSc. Computing and Internet Systems</p> <p><b>Work Experience</b> Public Service - 17 years, Private Sector - 10 years</p> <p><b>Committees</b> Environment Committee, Planning and Operations Committee, Audit Committee, Culture, Sports and Social Services</p> <p><b>Year of Birth</b> 24<sup>TH</sup> June 1974</p>
 <p>Richard Omanyala Board Member, Chairman, Audit Committee</p>	<p>a) Diploma in Purchasing and Supply - IPS, London b) Diploma in Christian and Religious Studies - Carlile College c) Certificate in Land Disputes Arbitration, d) Certificate in International Monetary Fund Projects - IMF</p> <p><b>Work Experience</b> Public Service - 14 years, b) Private Sector - 30 years</p> <p><b>Committees</b> Environment Committee, Planning and Operations Committee</p> <p><b>Year of Birth: 1953</b></p>

Name	Details of qualifications, experience and committee
 <p>Dr. Job K. Ngetich Board Member, Chairman, Planning and Operational Committee</p>	<p>PhD. Environmental Planning and Management</p> <p><b>Work Experience</b> Public Service - Ministry of Lands and Physical Planning - 18 years, University Lecturer - 6 years</p> <p><b>Committees</b> Planning and Operations Committee, Audit Committee, Environment Committee</p> <p><b>Year of Birth</b> 21<sup>st</sup> March 1969</p>
 <p>Dr Janeth Kosgei County Executive Committee Member for and Board Member</p>	<ul style="list-style-type: none"> <li>• PhD in Mathematics Education</li> <li>• Master’s in Mathematics Education,</li> <li>• Bachelor of Education (Maths/Chemistry)</li> </ul> <p>Formerly lecturer Moi University Department of Curriculum instructions and Educational Media School of Education. Worked in TSC as Mathematics/Chemistry teacher. Member of ANIE Professional Body and Board Member of various secondary schools.</p>
 <p>Julius Koech, Chief Officer for Housing and Urban Development and Board Member</p>	<p>University of Pretoria( South Africa) - Doctor of Philosophy (PhD), Education Policy Studies (ongoing)</p> <p>Master of Science (MSc) Degree, Human Resource Development</p> <p>Master of Education (MEd) Degree in Educational leadership and policy studies. Postgraduate Diploma in International Relations.</p> <p><b>Work Experience</b> Public Service – 24 Years</p> <p><b>Date of Birth:</b> 22 February 1973</p>








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Name	Details of qualifications, experience and committee
 <p>Tito Koiyet Municipal Manager and Board Secretary</p>	<p>PhD. Management Information Systems, MSc. Information Systems, BEd. Sc. - Physics and Mathematics Dip. Sustainable Urban Development</p> <p><b>Work Experience</b> Public Service - 11 years Private Sector - 14 years</p> <p><b>Committees:</b> Secretary, Full Board and All Committees</p> <p><b>Date of Birth:</b> 22<sup>nd</sup> July 1971</p>

4. Key Management Team

	Details of qualifications and experience
 <b>Tito Koiyet</b> Municipality Manager	PhD. Management Information Systems, MSc. Information Systems, BEd. Sci. - Physics and Mathematics Dip. Sustainable Urban Development
 CPA Lamek Keino Deputy Director Finance	CPA (K) Certified Investment & Financial Analyst (Cifa) Bsc Actuarial Science Msc. Finance
 Julie Ego Human Resource Officer	Bachelor of Science in Human Resource Management Higher Diploma in Human Resource Management
 Gideon Kirwa Environmental Officer	BSc. Environmental Science
 Eng. David Lelei, Municipality Engineer	Bsc Civil and Structural Engineering Registered Professional Engineer with Engineers Board of Kenya and Corporate Member of IEK
 William Kiplagat Transport Officer	Diploma in Records Management
 Alex Amdany Chief Public Health Officer	Diploma in environmental health science (Public Health)

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

The Municipality of Eldoret Board has continued to discharge its mandate in accordance with its statutory obligations as provided for in the Urban Areas and Cities Act, No. 13 of 2011, the County Governments Act of 2012 and the Municipality Charter. While there have been many challenges in the exercise of the responsibilities as provided, the board has made many strides in the realization of its mandate.

### **Successes**

During the period under the review, the board was able to achieve a number of milestones in the realization of its mandate.

Since 2021, the board has been pursuing the elevation of the Municipality of Eldoret to City Status. The approval for the conferment of the city status in November 2023 marked a key turning point in the history of Eldoret. The conferment of city status and grant of charter happened on August 15 2024. The period was also marked with the review of statutory documents including the IDeP 2021-2025 in accordance with Part V of UACA on integrated development planning and the Municipal Spatial Plan as well as the Urban Economic Plan.

During the period also, the board entered into performance contracts with the county executive and the Municipality management. The Staff Establishment was also reviewed to reflect the requirements of Municipality status. In compliance with the requirements of the Kenya Urban Support Programme, the board through the chairman and the manager participated in the national launch of the programme and facilitated the county compliance of the initial requirements.

The construction of 64 stadium continued through the period albeit at a slow pace due to lack of sufficient funding. In the period also, the project consultant's contract ended by expiry of contract and an internal team was formed to take over the oversight of the construction. The board also made progress in the solar powered street lighting public private partnership project as well as the waste to energy project whose agreements are expected to be signed in the current financial year.

### **Review of the City Boards Performance**

The performance of the board within the current challenges has been commendable. Despite lack of full financial, planning and operational autonomy envisaged in the law, the board has continued to discharge its functions diligently.

### **Challenges faced**

The lack of full financial, planning and operational autonomy envisaged in the law has been the biggest challenge. The board continues to look up to the executive to provide the required

support in this direction to fully implement the urban areas and cities act to grant the Municipality the legitimacy envisioned in the law so as to realize its full potential.

Other challenges have been the inadequate funding to the city, the failure to transfer functions as per the law to facilitate the implementation of the Municipality charter and lack of adequate relevant staff to support the discharge of the board’s operational obligations, functions and responsibilities.

**Changes in the Municipal Board during the year**

In the period under review, there were no changes in the board of Municipality of Eldoret.

**Future Outlook of the Municipal Board**

The board’s term ended during the period under review. However, the executive saw it wise to extend the term for a further one year to facilitate a smooth transition to the next board. Cognizant of the new status as a city, the board appreciates the need for the changes that come with the grant of city charter which include the expansion of the board to eleven members. Given the mentioned challenges, however, the board will continue to find it difficult to discharge its statutory obligations.

  
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**Name:** Julius Kitur

**Municipal Board Chairman**

**Date:** 3/12/2024  
.....

**6. Report of the Municipal Manager**

**Report on the Recurrent Funds**

As a Municipal Manager in a Uasin-Gishu County, I am responsible for overseeing the financial activities of the Municipality and ensuring that funds are allocated and spent efficiently. In this report, I have provided an overview recurrent funds that were spent in our city during the year under review.

Recurrent funds are a crucial source of revenue for the Municipality, and they are used to cover on-going operational expenses such as salaries, utilities, maintenance, and other administrative costs.

During the year under review, recurrent funds allocated to the Municipality amounted to Kshs 40,516,850. This amount was distributed among various administrative and agencies to cover for operational expenses. Here is a breakdown of how the funds were spent:

Utilities, supplies and services Ksh 278,172, Communication, supplies and services Ksh 525,000, Office general supplies and services Ksh 12,463,575, Printing, advertising, supplies & services Ksh 1,371,000, Specialized materials and services/Sanitary Ksh 48,168, Trade Shows and Exhibitions Ksh 222,140, Travel Costs (airlines, bus, railway, mileage allowances, etc.) Ksh 1,638,300, Supplies and Accessories for Computers and Printers Ksh 0, Domestic travel and subsistence Ksh 3,330,450, Other general expenses Ksh 1,004,095, Daily Subsistence Allowance Ksh 1,569,400, Fuel, oil and lubricants Ksh 17,816,550 and Repairs and Maintenance Ksh 762,629. Totaling to Use of goods and services of Kshs 40,516,850 and Totals of Repairs and maintenance of Kshs 762,629.

**Report on Pending Bills and Roll Overs**

During the year under review, the total pending bills amounted to Kshs 7,332,183.76. It is important to note that the allocation of recurrent funds is subject to regular review and evaluation by the city board and other relevant stakeholders to ensure that funds are being used efficiently and effectively to meet the needs of the city and its residents. Additionally, efforts are made to identify areas where costs can be reduced and resources can be optimized to maximize the impact of the allocated funds.

**Physical progress based on outputs, outcomes, and impacts for the financial year 2023/2024**

S.no	Program	Physical progress	Output/Outcome	Impacts
1	Solid waste management	Complete	Improve the effectiveness and efficiency of solid waste management	Improved solid waste storage, transportation and disposal
2	Sports development	Construction of 64 stadium currently on-going at 73%	<ul style="list-style-type: none"> <li>- Rehabilitation of sport facilities</li> <li>- Increased uptake of sports activities</li> <li>- Promote sports development</li> </ul>	<ul style="list-style-type: none"> <li>- Creation of employment in the on-going construction of 64 stadium</li> </ul>

**Programs implemented by the City and how they have been achieved**

The following programs have been achieved:

## **1. Sports development**

During the financial year under review, the following projects were implemented.

### **a) Upgrading of Sixty-Four (64) Stadium**

This is a multi-year project. During the start of the financial period, the project was at 68% completion rate and the total cumulative amount paid to Pinnie Agency Limited (Contractor) was 684,620,331 out of the total contract sum of 1,163,563,925.50.

The total achievement on implementation of the contract at the end of financial year 2023/2024 stood at 73% completion rate with a total of 65,761,727 paid in the financial year under review. Currently the total amount paid for the project stands at 684,620,331 representing a percentage of 58.84% of the total contract sum. The project was underfunded hence could not be completed on time.

### **b) Consultancy Services for Supervision of the Proposed Upgrading of the 64 Stadium.**

This is a multi-year project. The implementation of this project is measured by the construction works of the main contract of Upgrading of 64 stadium. During the start of the financial period, the project was at 68% completion rate and the total cumulative amount paid to Dama Services Limited (Contractor) was 19,312,000 out of the total contract sum of 56,800,000

The total achievement on implementation of the contract at the end of financial year 2023/2024 stood at 73% completion rate with a total of 4,000,000 paid in the financial year under review. Currently the total amount paid for the project stands at 23,312,000 representing a percentage of 41.04% of the total contract sum.

## **2. Solid Waste Management**

During the Financial Years 2023/2024 a number of items were purchased including, Trolleys, Trolley Bins, Brush Cutters, and Loan Mowers. Garden Secateurs, Horse pipes, Sprinklers, Makuti Brooms, Safety Overalls (Cotton drill materials, Safety overalls (impermeable). This has played a critical role in ensuring that the safety of the staff working under the solid waste management function is enhanced. Additionally the tools and equipment purchased has enhanced the delivery of service. Overall, the impact created is enhanced cleanliness of the Municipality.

### **Comment on value-for-money**

There are several achievements the Municipality of Eldoret made in terms of value for money. Some examples include:

- ✓ Reducing Waste: Implementing initiatives to reduce waste, such as recycling programs or composting facilities can help to save money and improve the environment.
- ✓ Increasing Revenue: Finding new ways to generate revenue, such as through increased property taxes or new business licenses, can help to fund important city services and infrastructure.
- ✓ Improving Public Services: Investing in public services, such as parks, libraries, and community centres, can help to improve the quality of life for residents and make the Municipality more attractive to potential residents and businesses.
- ✓ Increasing Efficiency: Implementing new technologies or processes to improve the efficiency of Municipality services, such as through the use of smart meters or automated traffic management systems, can help to save money and improve the quality of services provided.
- ✓ Building Infrastructure: Investing in infrastructure, such as roads, bridges, and public transportation, can help to improve the economy and make the municipality more attractive to potential residents and businesses.

***Implementation challenges of strategic objectives for the city and the entities future look.***

- ✓ Operationalization of the city structure
- ✓ Inadequate funding for projects
- ✓ Lack of revenue streams to address Municipality financial challenges directly
- ✓ Overreliance on donor funds
- ✓ Inadequate human capacity to design and implement projects

The roadmap to city status has been implemented as per the requirements of Urban Areas and Cities Act and the Municipality Charter.

***Key risk management strategies***

Municipality of Eldoret, like any other organization, faces various risks that can impact their operations and financial stability. Effective risk management is crucial for municipalities to ensure the delivery of public services and the efficient use of public resources. Here are some key risk management strategies that the Municipality of Eldoret considers:

- ✓ Risk Identification and Assessment: Identify and assess the risk
- ✓ Risk Mitigation Strategies: These includes prevention measures, control measures and insurance coverage
- ✓ Crisis Management and Response Planning: Develop crisis plans and conduct regular training
- ✓ Financial Risk Management: Budgeting and forecasting to anticipate and manage risks, regulate and monitor debt and cash flow management
- ✓ Governance and Compliance: Strengthen governance to ensure transparency and accountability, compliance with the regulations

**County Government of Uasin Gishu**  
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- ✓ Community Engagement and Communication: Conduct public awareness and obtain feedback
- ✓ Monitoring and Review: Regular Monitoring, review and update risk management plans and strategies to ensure they remain relevant and effective.

By implementing these strategies, the Municipality of Eldoret can better manage risks, protect public assets, and ensure the continuity and effectiveness of essential service.



.....  
**Name:** Tito Koiyet

**Municipal Manager**

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

### Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a County Government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board including a statement of the county government entity's performance against predetermined objectives. The key strategic objectives of the Municipality of Eldoret as outlined on "**2020 - 2024 Strategic Plan**" as follows:

1. Urban Governance and administration
2. Improve level of governance and accountability
3. Municipality Service delivery
4. Strengthen waste collection and disposal
5. Strengthen urban planning functions
6. Improve infrastructure
7. Promote trade and investments
8. Improve the corporate visibility of the Municipality
9. Ensure operations and maintenance for physical infrastructure, movable and immovable assets

### Progress on Attainment of Strategic Development Objectives.

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement. The Table below provides the progress attained on the above stated objectives:

Thematic Area	Strategic Objective	Indicator	Performance
Urban Governance and administration	Developing Eldoret Municipality Board Service Charter	Documented	100%
	Improve the level of governance and accountability	Documented Board Charter	100%
Municipality Service delivery	Speed up service delivery and foster innovation	Provision of e-services	Ongoing
		Develop a Municipality integrated information system	Pending

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		ICT connectivity within the Municipality	Pending
		Design and ICT incubation Centre within the Municipality	Pending
		Implementation of a Quality Management System based on ISO standards	Pending
	Waste Collection and disposal	Develop a recycling for waste within the Municipality	Pending
	Traffic and Parking Management	Develop an infrastructure development Plan	Ongoing
	Strengthen sports, arts and culture	Build and equip a social hall	Ongoing
Improvement of Urban Planning infrastructure.	Strengthen Urban Planning Function	Build and equip GIS lab	Pending
Promotion of Trade and Investments	Industrialization	Establish an industrial area zone near the source of raw materials.	Pending
Corporate Visibility of the Municipality	Improve the corporate visibility of the Municipality image	Rebranding	ongoing

## **8. Corporate Governance Statement**

### **a. Process of appointment and removal of Board members**

Pursuant to Municipality of Eldoret charter the Board of the Municipality shall be appointed through a competitive process by executive committee with approval by the County Assembly. A member of the Municipal may be removed from office on any of the grounds provided under 3.12.1 by:

- i. The County Governor,
- ii. A resolution of the board of the city supported by at least two-thirds of the members of the board of the Municipality; or
- iii. Upon petition by the residence in the city
- iv. The procedure for the removal or petition for removal of a member of the board of the municipal under 3.12.1 above shall be provided by regulation under the urban areas and cities Act and, in the absence, thereof in accordance with the Kenyan labour law.
- v. Any vacancy arising out of the removal of a member of the board of the Municipal is filled in the manner provided under article 3.3.

### **b. Roles and functions of the Municipality**

The board of the Municipality shall perform the following functions-

- i. Oversee the affairs of the Municipality;
- ii. Develop or adopt policies, plans, strategies and programs and set targets for service delivery.
- iii. Formulate and implement an integrated Development plan in consultation with the physical planning section.
- iv. Control land sub-division, land development and zoning by public and private sectors for any purpose, including industry, commerce, markets, shopping and other employments centers, residential areas, to recreational areas, parks, entertainment, passenger transport, agriculture, and freight and transit stations within the framework of the spatial and master plans for the Municipality as delegated by the county government of Uasin Gishu.
- v. Promote and undertake infrastructural development and services within Municipality as delegated by the county government of Uasin Gishu.
- vi. Develop and manage schemes, including site development in collaborations with the relevant national and county agencies.
- vii. Maintain comprehensive data base and information system of the administration.
- viii. Administer and regulate its internal affairs.
- ix. Implement applicable national and county legislations.

- x. Enter into contracts, partnerships or joint ventures as it may consider necessary for the discharge of its functions.
- xi. Monitor and, where appropriate, regulate Municipality services where those services are provided by service providers other than the board of the Municipality.
- xii. Prepare and submit its annual budget estimates to the county Treasury for consideration and submission to the county assembly for approval as part of the annual county appropriation bill.
- xiii. Collect rates, taxes levies, duties, fees and surcharges on fees as delegated by the county government of Uasin Gishu.
- xiv. Settle and implement tariff, rates and tax and debt collection policies as delegated by the county government of Uasin Gishu.
- xv. Monitor the impact and effectiveness of any service, policies, programs or plans.
- xvi. Establish, implement and monitor performance management systems.
- xvii. Promote a safe and healthy environment.
- xviii. Facilitate and regulate public transport and perform such other functions as delegated by the county government of Uasin Gishu.

**c. Training, City board members and members performance**

The board of Municipality is trained once in every quarter of a financial year.

**d. Number of Municipality board meetings held and the attendance to those meetings by members**

The Board of the Municipality shall hold its sittings to transact the business of the board once every three months.

**e. Succession Plan**

The Board continues to implement the Municipality Structure as approved by the Executive and the County Assembly. Plans are at advanced stage to fill in all vacant positions to ensure optimal performance of the institution.

**f. Existence of Service charter**

The Municipality is in the process of developing a Service Charter in accordance with the Municipal Charter and the applicable law.

**g. Conflict of interest**

Pursuant to the Municipality of Eldoret charter a member of the board of the Municipality who has a conflict of interest in any discussions or decisions- making regarding any subject or transaction under considerations by the board of Municipality, shall not participate in the discussions or decisions making, and not entitle to vote or agree to the subject or transaction relating to it.

**h. Board remuneration**

The board is remunerated in accordance with the guidelines of the Salaries and Remuneration Commission.

**i. Ethics and conduct as well as governance audit undertaken if any**

The audit of the Board of the Municipality shall be as provided under section 46 and 47 of urban areas and cities act.

## 9. Management Discussion and Analysis

The Municipality of Eldoret formed in accordance to Urban Areas and Cities Act, 2011 as qualifying condition for access of World Bank funded Kenya Urban Support Programme. The World Bank entered to memorandum of Understanding with National Government for support of counties on service delivery in urban areas. This required creation of Municipality as an entity of funding. The funding is done through two programmes namely Urban Intuition Grant (UIG) intended for Operations and Maintenance costs of the Municipality. The Urban Development Grant (UDG) for development projects.

### a. Income Receipts

<b>Descriptions</b>	<b>AMOUNT</b>
Transfers from other governments entities	41,279,479
<b>TOTAL</b>	<b>41,279,479</b>

### b. Expenditure

<b>Expenses</b>	<b>Amount</b>
Use of goods and services	40,516,850
Depreciation and amortization expense	2,873,948
<b>Total expenses</b>	<b>43,390,798</b>

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

### **i) Sustainability strategy and profile**

Municipality of Eldoret derives its existence from the Urban Arrears and Cities Act, 2011 and subsequent Urban Arrears and Cities (Amendment) Act, 2019. The city ensures compliance with all necessary legislations and ensures the service delivery to the people of Eldoret.

### **ii) Environmental Performance**

Municipality of Eldoret has put measures and policies that ensure conservation of the environment and protection of the ecosystem. This is done through garbage waste management and planting of trees on public land and greening of public parks.

### **iii) Employee Welfare**

The Municipality has put in place policies that ensure employees welfare are well guarded and all staff is given fair and just treatment. All staff matters are considered through select committee that evaluates the staff matter and advise according for necessary action such promotion, deployment, reprimanding and or dismissal.

Municipality of Eldoret is an equal opportunity employer with consideration for merit as prerequisite for hiring. The County ensures applicants are not discriminated by gender, religious background, ethnicity or any other form of personality.

The Municipality conducts annual staff appraisal that help to identify training needs and ways of improving staff productivity. The annual targets are negotiated and agreed between the officer and the supervisor at the beginning of the year. The Municipality has clear career progression structure and staff are awarded promotion timely basis.

### **iv) Market place practices -**

The Municipality of Eldoret is tasked with mandates as outlined on Urban Areas and Cities Act, 2011. In delivering its mandates the Municipality ensure maximum benefit to the citizenly and that public funds are utilized in the most efficient and effective manner.

### **v) Community Engagements -**

The Municipality of Eldoret undertakes public participation in order to identify the community priority and obtain views of the stakeholders.

## **11. Report of the Municipal Board Members**

The Municipality submits its report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Municipality affairs.

### **Principal activities**

The Municipality principal activities are;

- (a) Urban planning, promotion of sustainable land use and regulation and control of physical development.
- (b) Management and promotion of a safe and healthy environment.
- (c) Promotion of the participation of residents in the governance of the municipality.
- (d) Provision of Municipality services e.g. solid waste management.

### **Performance**

The results of the municipality for the financial year ended 30<sup>th</sup> June, 2024 are set out on page 1- 5.

### **Board**

The members of the Board who served during the whole financial year are shown on page viii- xi.

### **Dividends/Surplus remission**

The Municipality is not required to remit any surplus or pay any dividends and the amount is appropriated in the subsequent financial year.

### **Auditors**

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

By Order of the Board

  
.....

**Name:** Julius Kitur,

**Title:** Municipal Board Chairman

**Date:** 3/12/2024

## **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 municipal 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 Municipal Manager is responsible for the preparation and presentation of the municipality financial statements, which give a true and fair view of the state of affairs of the Municipality for and as at the end of the financial year ended on June 30, 2024. This responsibility includes:

(i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Municipality, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) Safeguarding the assets of the Municipality, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

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

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

**County Government of Uasin Gishu**  
**Municipality of Eldoret**  
**Annual Report and Financial Statements for the year ended June 30, 2024**

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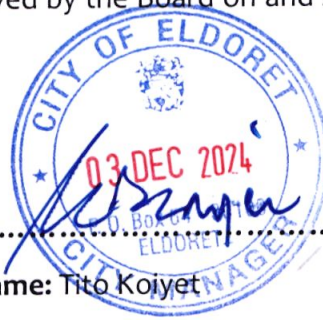
Nothing has come to the attention of the Municipal Manager to indicate that the Municipality will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

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



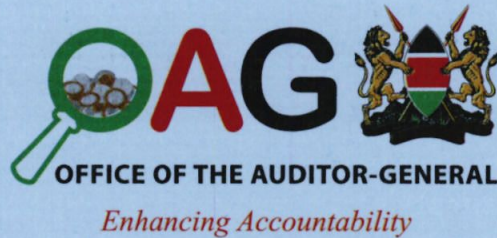
**Name:** Julius Kitur  
**Municipal Board Chairman**



**Name:** Tito Koiyet  
**Municipal Manager and Accounting Officer**  
**of the Board**

# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON THE MUNICIPALITY OF ELDORET FOR THE YEAR ENDED 30 JUNE, 2024**

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### **PREAMBLE**

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- 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 the Municipality of Eldoret set out on pages 1 to 25, which comprise of the statement of financial position as at

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30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 Municipality of Eldoret as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Urban Areas and Cities Act, No13 of 2011.

## **Basis for Qualified Opinion**

### **1. County Government of Uasin Gishu and the Municipality of Eldoret**

#### **1.1. Transfers from the County Government**

The statement of financial performance reflects transfers from the County Government of Kshs.41,279,479. as disclosed in Note 1 to the financial statements. However, audit review revealed that these were not direct transfers of funds from the County Government to the Municipality but rather payments of expenditures made on behalf of the Municipality of Eldoret.

In addition, Management of the Municipality did not provide a breakdown of the expenditure payments made on its behalf by the County Government.

In the circumstances, the accuracy and completeness of the transfer from the County Government amount of Kshs.41,279,479 could not be confirmed.

#### **1.2. Double Reporting of Expenditure in Financial Statements**

The statement of financial performance for Municipality of Eldoret reflects total expenses of Kshs.44,153,422 comprising of use of goods and services of Kshs.40,516,850, depreciation amount of Kshs.2,873,948 and repairs and maintenance amount of Kshs.762,629. It was however observed that the use of goods and services amount of Kshs.40,516,850 and repairs and maintenance amount of Kshs.762,629 were also recorded in the books of account and expensed in the financial statements of the County Executive of Uasin Gishu. This amounted to double reporting of the expenditure on both the Municipality of Eldoret and the County Executive of Uasin Gishu.

Further, the Municipality has staff seconded from the County Government of Uasin Gishu and the remuneration paid to these staff is recognized in financial statements of County Executive of Uasin Gishu and not in the Municipality's financial statements in contrast to the other expenditure.

In the circumstances, the accuracy and completeness of the total expenses amount of Kshs.44,153,422 could not be confirmed.

## **2. Use of Goods & Services**

The statement of financial performance reflects use of goods and services of Kshs.40,516,850 as disclosed in Note 2 to the financial statements. However, review of Note 2 to the financial statements, the related supporting schedules and ledgers provided for audit revealed the following anomalies:

### **2.1 Unsupported Board Expenses**

The use of goods and services amount of Kshs.40,516,850 includes hospitality supplies and services amount of Kshs.12,463,575, which further includes board meetings sitting allowances of Kshs.324,000 as disclosed in Note 2 to the financial statements. However, the Board of Directors' appointment letters, gazette notices and their appointments to the respective committees of the Board were not provided for audit review.

In the circumstances, the hospitality supplies and services amount of Kshs.12,463,575 could not be confirmed.

### **2.2 Unsupported Payments on Advertising, Printing Supplies and Services**

The use of goods and services amount of Kshs.40,516,850 includes advertising, printing supplies and services amount of Kshs.1,371,000. However, payment vouchers amounting to Kshs.1,166,000 were not provided for audit review.

Further, the amounts paid were not supported with the counter receipt voucher (S13) and counter requisition and issue voucher (S11) to indicate points of receipts and use of the supplies and services. In addition, inspection and acceptance reports on the supplies and services supplied, how the items were delivered and appointment letters for inspection and acceptance committee members were not provided for review.

In the circumstances, the advertising, printing supplies and services amount of Kshs.1,371,000 could not be confirmed.

### **2.3 Unsupported Expenditure on Travel Costs**

The use of goods and services amount of Kshs.40,516,850 includes travel costs amount of Kshs.1,638,300.00 as disclosed in Note 2 to the financial statements. However, payment vouchers amounting to Kshs.1,018,400 were not provided for audit verification. Further, there were discrepancies between the actual days of travel and the approved dates of travel and no explanations were provided.

In the circumstances, accuracy and completeness of the travel costs amount of Kshs.1,638,300.00 could not be confirmed.

## **2.4 Daily Subsistence Allowance and Domestic Travel and Subsistence**

The use of goods and services amount of Kshs.40,516,850 includes domestic travel and subsistence of Kshs.3,330,450 and daily subsistence allowance amount of Kshs.1,569,400 as disclosed in Note 2 to the financial statements. Review of payment records for both domestic travel and subsistence and daily subsistence allowance expenses revealed that payments amounting to Kshs.2,768,330 incurred on daily subsistence allowances were not supported with work tickets, travel itinerary, program of activities, attendance registers, back to office reports, ETR receipts for low value procurements, approved budgets for each activity and authority to incur expenditure.

Further, when conducting citizen fora, it was not clear on how the venues and participants were identified and invited to the various events. In cases where members of staff of the Municipality attended training, certificates of attendance/participation were not provided for audit review. Similarly, there were instances where daily subsistence allowances were paid to non-staff members.

In addition, Management of the Municipality of Eldoret did not provide payment vouchers for daily subsistence allowance and domestic travel and subsistence expenses amounting to Kshs.2,131,520 for review.

In the circumstances, the accuracy and completeness of domestic travel and subsistence amount of Kshs.3,330,450 and daily subsistence allowance amount of Kshs.1,569,400 could not be confirmed.

## **2.5 Unsupported Expenditure on Other General Expenses**

The use of goods and services amount of Kshs.40,516,850 includes other general expenses amount of Kshs.1,004,095 as disclosed in Note 2 to the financial statements out of which an amount of Kshs.601,495 was not supported with payment vouchers.

In the circumstances, the accuracy and completeness of the other general expenses amount of Kshs.1,004,095 could not be confirmed.

## **2.6 Unsupported Expenditure on Fuel, Oil and Lubricants**

The use of goods and services amount of Kshs.40,516,850 includes fuel, oil and lubricants amount of Kshs.17,816,550.00 as disclosed in Note 2 to the financial statements. However, review of the fuel, oil and lubricants expenses revealed that the daily work tickets where fuel was purchased or drawn should be indicated. The list of vehicles maintained or assigned to the Municipality's fuel register were not provided for audit. It was not possible therefore, to corroborate the fuel consumption in the suppliers statements.

In the circumstances, the accuracy and completeness of fuel, oil and lubricants amount of Kshs.17,816,550.00 could not be confirmed.

### **3 Property, Plant and Equipment**

#### **3.1 Assets Register**

The statement of financial position reflects non-current assets balance of Kshs.923,610,431 comprising of property, plant and equipment and work-in-progress balances of Kshs.436,434,420 and Kshs.487,176,011 respectively as disclosed in Note 6(b) to the financial statements. However, a comprehensive asset register detailing the assets that the Municipality owned and/or were in control of the Municipality, the rate of depreciation and the net book values was not provided for audit review. In the absence of a complete and up-to-date assets register, the accuracy and/or completeness of the non-current assets balance of Kshs.923,610,431 could not be ascertained.

In addition, the property, plant and equipment movement schedule reflect additions during the year amount of Kshs.81,202,286.00. These additions include an amount of Kshs.4,073,600.00 for furniture and fittings. However, a schedule showing all the furniture and fittings acquired in the financial year was not provided for audit review.

In the circumstances, the accuracy and completeness of the non-current assets balance of Kshs.923,610,431 could not be confirmed.

#### **3.2 Valuation of Property, Plant and Equipment**

The statement of financial position reflects non-current assets balance of Kshs.923,610,431 comprising of property, plant and equipment and work-in-progress balances of Kshs.436,434,420 and Kshs.487,176,011 respectively as disclosed in Note 6(a) to the financial statements. However, no documentary evidence was provided for audit to indicate the exact value of the assets since there was no valuation report from a recognized valuer.

In the circumstances, valuation in accordance with paragraph 49 of International Public Sector Accounting Standard (IPSAS) 17, property, plant and equipment, of the Municipality's assets, could not be confirmed.

#### **3.3 Lack of Depreciation and Amortization Policy**

The statement of financial performance and Note 3 to the financial statements reflect depreciation and amortization amount of Kshs.2,873,948. However, the Municipality did not provide a policy on depreciation and amortization.

In the circumstances, it was not possible to determine how the Municipality arrived at depreciation and amortization amount of Kshs.2,873,948.

#### **3.4 Work-In-Progress**

The statement of financial position reflects non-current assets balance of Kshs.923,610,431 comprising of property, plant and equipment and work-in-progress balances of Kshs.436,434,420 and Kshs.487,176,011 respectively as disclosed in Note 6 to the financial statements. The Work-In-Progress relates to upgrading of Sixty - Four

(64) stadium in Eldoret Municipality. The project is being implemented by the County Executive of Uasin Gishu on behalf of the Municipality of Eldoret. However, the financial statements at page (xvi) reflected that the amount paid under the project as at 30 June, 2024 was Kshs.684,620,331 which is at variance with the amount of Kshs.487,176,011 reflected in the statement of financial position and Note 6b to the financial statements resulting to an unexplained/unreconciled variance of Kshs.197,444,320.

In addition, the property, plant and equipment movement schedule reflects additions for the year amount of Kshs.81,202,286 which is at variance with the amount of Kshs.73,835,327 reflected in the County Executive of Uasin Gishu development ledger resulting to a variance of Kshs.7,366,959 which has not been explained or reconciled.

In the circumstances, the accuracy and completeness of property, plant and equipment could not be confirmed.

### **Basis for Conclusion**

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

### **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 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 Years Matters**

In the audit report of the previous year various issues were raised under the Report on the Financial the statements and the report on Lawfulness and Effectiveness in the use of Public Resources However, the issues were not resolved and therefore they have remained outstanding.

### **Other Information**

The Municipal Board is responsible for the other information set out on pages (ii) to (xxviii) which comprise of Key Entity Information and Management, The Municipal Board, Key Management Team, Municipal 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 Municipal Board Members and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Municipality of Eldoret'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**

#### **Citizen Fora**

Audit review of the records on compliance with the laws on the composition, conduct and reports of the citizen fora revealed the following anomalies;

- i. The Municipality did not conduct citizen forum and therefore the citizens were not involved in the administration and management of the affairs of the Municipality contrary to Regulation 31 of the Urban Areas and Cities (General) Regulations, 2022 which establishes the membership of citizen fora.
- ii. The Board of the Municipality of Eldoret had not developed mechanisms for the participation of the residents of the Municipality in the management and administration of the Municipality contrary to Regulation 3.17.1 of the Urban Areas and Cities (General) Regulations, 2022 which requires the Board to develop of mechanisms for residents participation.
- iii. No reports were prepared under Section 22 (4) of the Urban Areas and Cities Act, 2011 on the decisions made in respect of petitions or presentations made by citizen fora and the reasons for such decisions.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

### **Responsibilities of the Management and those Charged with Governance**

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

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

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

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

Those charged with governance are responsible for overseeing the Municipality's financial reporting process, reviewing the effectiveness of how Management monitors

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

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for 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 ISSAI's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**27 December, 2024**

County Government of Uasin Gishu  
Municipality of Eldoret  
Annual Report and Financial Statements for the year ended June 30, 2024

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

Description	Notes	2023-2024	2022-2023
		Kshs	Kshs
<b>Revenue from Non-exchange transactions</b>			
Transfer from the County Governments	1	41,279,479	54,344,039
		<b>41,279,479</b>	<b>54,344,039</b>
Revenue from exchange transactions			
<b>Total revenue</b>		<b>41,279,479</b>	<b>54,344,039</b>
<b>Expenditure</b>			
Use of Goods and services	2	40,516,850	46,754,640
Depreciation and Amortization	3	2,873,948	1,174,868
Repairs and Maintenance	4	762,629	7,589,399
Total Expenses		44,153,427	55,518,907
<b>Surplus/(deficit) for the period</b>		<b>- 2,873,948</b>	<b>-1,174,868</b>

The notes set out on pages 6 to 25 form an integral part of these Financial Statements. The entity financial statements were approved on ..... 2024 and signed by:

.....  
Name: Tito Koiyet  
Municipal Manager



.....  
Name: Lamek Keino, CPA  
Deputy Director and Head of Finance  
ICPAK M/No: 30334

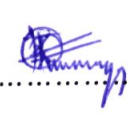
County Government of Uasin Gishu  
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15. Statement of Financial Position as At 30th June 2024

	Notes	2023-2024	Restated 2022-2023	2022-2023
		Kshs	Kshs	Kshs
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	5	2,878,318	7,035,830	7,035,830
<b>Total Current Assets</b>		<b>2,878,318</b>	<b>7,035,830</b>	<b>7,035,830</b>
<b>Non-Current Assets</b>				
Property, plant and equipment	6	436,434,420	434,012,688	48,212,832
Work in Progress	6b	487,176,011	401,732,117	222,242,847
<b>Total Non- Current Assets</b>		<b>923,610,431</b>	<b>835,744,805</b>	<b>270,455,679</b>
<b>Total Assets</b>		<b>926,488,749</b>	<b>842,780,635</b>	<b>277,491,509</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
<b>Total Current Liabilities</b>				
<b>Net assets</b>		<b>926,488,749</b>	<b>842,780,635</b>	<b>277,491,509</b>
Accumulated surplus		-4,048,816	11,043,624	-1,174,868
Capital/Development Grants/Fund		930,537,565	853,824,259	278,766,377
<b>Total Net Assets</b>		<b>926,488,749</b>	<b>842,780,635</b>	<b>277,491,509</b>
<b>Total Net Assets and Liabilities</b>		<b>926,488,749</b>	<b>842,780,635</b>	<b>277,491,509</b>

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 .....2024 and signed by:

.....  
  
Name: Tito Keiyet  
Municipal Manager  
Date: 31/12/2024  


.....  
  
Name: Lamek Keino, ICPAK M/No: 30334  
Deputy Director and Head of Finance  
Date: 31/12/2024

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

Description	Development Grants/Fund	Reserve	surplus	Total
		Kshs.	Kshs.	Kshs.
Bal as at 1 July 2022 (previous year)	639,599,186	0		639,599,186
Surplus/(deficit) for the year		0	-1,174,868	-1,174,868
Funds received during the year-UDG		0		0
funds received during the year-UGC	214,225,073	0		214,225,073
Revaluation gain/Transfer of depreciation	0	0	0	0
<b>Bal as at 30 Jun 2023</b>	<b>853,824,259</b>		<b>-1,174,868</b>	<b>852,649,391</b>
Bal as at 1 July 2023 (current year)	853,824,259	0	-1,174,868	852,649,391
Surplus/(deficit) for the year		0	-2,873,948	-2,873,948
Funds received during the year-UDG	6,951,579			6,951,579
Funds received during the year-UGC	69,761,727			69,761,727
Revaluation gain				
<b>Balance as at 30 June 2024</b>	<b>930,537,565</b>	<b>0</b>	<b>-4,048,816</b>	<b>926,488,749</b>



Name: Tito Koiyet

Municipal Manager

Date: 3/12/2024

Name: Lamak Keino, ICPAK M/No: 30334

Deputy Director and Head of Finance


Date: 3/12/2024

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17. Statement of Cash Flows for the Year Ended 30 June 2024

Description	Note	2023-2024	Restated 2022-2023	2022-2023
		Kshs.	Kshs	Kshs.
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Transfers from the County Government	1	41,279,479	54,344,039	54,344,039
Public contributions and donations				
Interest received				
Miscellaneous receipts				
<b>Total Receipts</b>		<b>41,279,479</b>	<b>54,344,039</b>	<b>54,344,039</b>
<b>Payments</b>				
Use of goods and services	2	40,516,850	46,754,640	46,754,640
Staff costs				
Board expenses				
Repairs and Maintenance	4	762,629	7,589,399	7,589,399
<b>Total Payments</b>		<b>41,279,479</b>	<b>54,344,039</b>	<b>54,344,039</b>
<b>Net cash flows from operating activities</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash flows from investing activities</b>				
Purchase of PPE & intangible assets	6a	-	-	-
Proceeds from sale of PPE		81,202,286	280,986,236	58,743,389
<b>Net cash flows used in investing activities</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>				
Receipt from development grants		77,044,774	223,679,084	1,194,559
<b>Net cash flows used in financing activities</b>		<b>77,044,774</b>	<b>223,679,084</b>	<b>-1,194,559</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>-</b>	<b>-</b>	<b>-</b>
Cash And Cash Equivalents At 1 July		4,157,512	57,307,152	57,548,830
Cash And Cash Equivalents At 1 July		7,035,830	64,342,982	64,342,982
<b>Cash And Cash Equivalents At 30 June</b>	<b>5</b>	<b>2,878,318</b>	<b>7,035,830</b>	<b>7,035,830</b>

.....  
  
 Name: Tito Koiyet  
 Municipal Manager  
 Date: 31/12/2024  


.....  
  
 Name: Lamek Keino, ICPAK M/No: 30334  
 Deputy Director and Head of Finance  
 Date: 31/12/2024

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b	c=(a+b)	D	e=(c-d)	f=d/c
<b>Revenue</b>		Kshs.	Kshs.	Kshs.	Kshs.	
Transfers from the County Government-UIG	-	80,500	80,500	80,500	-	0%
Transfers from the County Government-Recurrent	41,279,479	0	41,279,479	41,279,479	0	100%
Transfers from the County Government-UDG		6,952,727	6,952,727	6,952,727	0	100%
Transfers from the County Government-Dev	69,761,727	0	69,761,727	69,761,727	0	100%
<b>Total Revenue</b>	<b>111,041,206</b>	<b>7,033,227</b>	<b>118,074,433</b>	<b>118,074,433</b>	<b>0</b>	
<b>Expenses</b>						
Use of goods and services-Recurrent	40,436,690	-	40,436,690	40,436,690	0	100%
Use of goods and services-UIG	80,161	-	80,161	80,161		100%
<b>Total Expenditure</b>	<b>40,516,851</b>	<b>-</b>	<b>40,516,851</b>	<b>40,516,851</b>	<b>0</b>	<b>100%</b>

Budget notes:

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

### **1. General Information**

Municipality of Eldoret is established by and derives its authority and accountability from urban area and Cities Act 2011 and the Municipal Charter.

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

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

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

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

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

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

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41: Financial Instruments</b>	<b>Applicable: 1<sup>st</sup> January 2023:</b> The objective of IPSAS 41 is to establish principles for the financial

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Standard	Effective date and impact:
	<p>reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <ul style="list-style-type: none"> <li>• IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</li> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to</p>	<p><b>Applicable: 1st January 2023:</b></p>

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Standard	Effective date and impact:
Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• IPSAS 22 Disclosure of Financial Information about the General Government Sector. Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• IPSAS 39: Employee Benefits Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>

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

Standard	Effective date and impact:
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that</p>

Standard	Effective date and impact:
	<p>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>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

*iii. Early adoption of standards*

The Municipality of Eldoret adopts International Public Sector Accounting Standard on accrual basis reporting because it found the Municipality Financial Reporting at a nascent stage.

**4. Significant Accounting Policies**

**a) Revenue recognition**

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

***Transfers from other government entities***

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Municipality of Eldoret 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 has been acquired using such funds.

**ii) Revenue from exchange transactions**

**Interest income**

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

**b) Budget information**

The original budget for FY 2023-24 was approved by the County Assembly on 22<sup>nd</sup> July 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. The Municipality budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial 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.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section of the statement of comparison of budget and actual amounts of these financial statements.

**c) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Municipality recognizes such parts as individual

assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**d) Intangible assets**

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

**e) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

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 cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

#### **Subsequent measurement**

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

#### **Amortized cost**

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

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

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are

recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

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

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

And significant judgments made by management in determining the expected credit loss (ECL) are set out in.

#### **Financial liabilities**

##### **Classification**

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

##### **f) Inventories**

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

Raw materials: purchase cost using the weighted average cost method

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

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

**g) Provisions**

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

**h) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit 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.

**i) Contingent liabilities**

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

**j) Contingent assets**

The Municipal 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 Municipal 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

**k) Nature and Purpose of Reserves**

The Municipal has no financial reserves.

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

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

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

The municipal 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 Municipal does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to scheme obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefits are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**n) Foreign currency transactions**

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

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

**o) Borrowing costs**

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

**p) Related parties**

The Municipality regards a related party as a person or 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 Municipal Manager and Municipal Accountant.

**q) Cash and cash equivalents**

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

**r) Comparative figures**

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

**s) Events after the reporting period**

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

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

(b) Those are indicative of conditions that arose after the reporting date.

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

**t) Currency**

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

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

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

State all judgements, estimates and assumptions made.

**Estimates and assumptions.**

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

**Useful lives and Residual Values**

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

- i) The condition of the asset based on the assessment of experts employed by the municipality.
- ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- iii) The nature of the processes in which the asset is deployed.

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- iv) Availability of funds to replace the asset.
- v) Changes in the market in relation to the asset.

**Notes to the Financial Statements**

**1. Transfers from the County Government**

Description	2023-2024	2022-2023
		<b>Kshs.</b>
Transfers from County Government - Recurrent	41,279,479	54,344,039
UIG	-	-
UDG	-	-
<b>Total</b>	<b>41,279,479</b>	<b>54,344,039</b>

*N/B Total expenditure of recurrent **KShs. 41,279,479** has been treated as transfer from County since expenditure is managed by executive.*

**2. Use of Goods and Services**

Description	2023-2024	Restated 2022-2023	2022-2023
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs.</b>
Utilities, supplies and services	278,172	56,119	56,119
Communication, supplies and services	525,000	995,500	995,500
Hospitality supplies and services	12,463,575	12,147,741	11,070,141
Office and general supplies and services	250,000	993,610	993,610
Printing, advertising, supplies & services	1,371,000	4,155,520	4,155,520
Specialized materials and services/Sanitary	48,168	1,204,980	1,204,980
Trade Shows and Exhibitions	222,140	464,520	464,520.00
Travel Costs (airlines, bus, railway, mileage allowances, etc.)	1,638,300	2,803,110	2,803,110
Supplies and Accessories for Computers and Printers	0	149,100	149,100
Domestic travel and subsistence	3,330,450	1,844,339	1,844,339
Other general expenses	1,004,095	2,723,050	2,661,850
Daily Subsistence Allowance	1,569,400	900,000	900,000
Fuel, oil and lubricants	17,816,550	18,317,051	18,317,051
<b>Total</b>	<b>40,516,850</b>	<b>46,754,640</b>	<b>45,615,840</b>

*NB: The restated figure affected other operating expenses by **Kshs 61,200** and Hospitality supplies and services by **Kshs 1,077,600** giving a total of **Kshs 46,754,640**.*

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**3. Depreciation and amortization**

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Property, Plant and Equipment	2,873,948	1,174,868
<b>Total</b>	<b>2,873,948</b>	<b>1,174,868</b>

**4. Repairs and Maintenance**

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Repairs and Maintenance	762,629	7,589,399

**5. Cash and cash equivalents**

Description	2023-2024	2022-2023
	Kshs.	Kshs.
UDG- Co-op Bank Account Number 011419576581100	2,877,979	6,952,726
UIG-Kcb Bank Account Number 12588437260	339	83,104
UDG- Central Bank 1000372068	-	-
UIG- Central Bank	-	-
<b>Total Cash and Cash Equivalents</b>	<b>2,878,318</b>	<b>7,035,829</b>

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

Description	2023-2024	2022-2023
	Kshs.	Kshs.
UDG- Co-op Bank Account Number 011419576581100	2,877,979	6,952,726
UIG-KCB Bank Account Number 12588437260	339	83,104
UDG- Central Bank 1000372068	-	-
UIG- Central Bank	-	-
<b>Total Cash and Cash Equivalents</b>	<b>2,878,318</b>	<b>7,035,829</b>

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**6a. Property, Plant and Equipment**

Description	Land	Building	Motor vehicles	Furniture and fittings	Computers	Roads, Civil Works & infrastructure	Capital Work in progress	Total
<b>As at 1 July 2022 (previous year)</b>								
Additions	-			1,590,000	-	444,605,112	410,047,325	856,242,437
Disposals	-	-	-	-	-			-
Transfers/adjustments		-	-					
<b>As at 30<sup>th</sup> June 2023</b>	-			1,590,000	-	444,605,112	410,047,325	856,242,437
Additions for the year		-	-	4,073,600		-	77,128,686	81,202,286
<b>As at 30<sup>th</sup> June 2024 (current year)</b>				5,663,600		444,605,112	487,176,011	937,444,723
<b>Depreciation and impairment</b>								
<b>At 1 July 2022 (previous year)</b>						10,530,556		
Depreciation	-			477,000	-	1,174,868		1,651,868
Impairment	-	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-	-
<b>As at 30 June 2023</b>	-	-	-	477,000	-	11,705,424	-	12,182,424
Depreciation for the year	-	-	-	1,699,080	-	1,174,868	-	2,873,948
Disposals for the year	-	-	-	-	-	-	-	-
Impairment for the year	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2024 (current year)</b>	-	-	-	954,000	-	12,880,292	-	13,834,292
<b>NBV as at 30<sup>th</sup> Jun 2023 (previous year)</b>				1,113,000		432,899,688	410,047,325	844,060,013
<b>NBV as at 30<sup>th</sup> Jun 2024 (current year)</b>				4,709,600		431,724,820	487,176,011	923,610,431

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<b>6b Work in progress</b>			
No.	Description	Payee	AMOUNT
1	Other Infrastructure and Civil Works	Pinnie Agency Limited	65,761,727
2	Other Infrastructure and Civil Works	Pinnie Agency Limited	7,366,959
3	Research, Feasibility Studies	Dama Services Limited	4,000,000
<b>TOTAL</b>			<b>77,128,686</b>

(Notes to the Financial Statements Continued)

## 7. Capital Fund

Description	2023-2024	2022-2023
	Kshs.	Kshs.
1 <sup>st</sup> July	-	-
UDG	2,877,979	64,441,304
County development funds in CRF	73,835,327	214,225,073
<b>Totals</b>	<b>76,713,306</b>	<b>278,666,377</b>

## Other Disclosures

### 8. Related party balances

#### a) Nature of related party relationships

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

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

### 9. Financial risk management

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

The City's financial risk management objectives and policies are detailed below:

#### I. Credit risk

The Municipality has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents,

and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

**Notes to the Financial Statements**

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the municipality management based on prior experience and their assessment of the current economic environment.

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

**Liquidity risk management**

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

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

**Market risk**

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the municipality income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while

optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. Municipal Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the municipal exposure to market risks or the manner in which it manages and measures the risk.

## 20. Appendices

### Appendix 1. Progress on Follow up of Auditors Recommendations.

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe
1.0	Lack of operational independence of the municipality	Management are working modalities with county executive to ensure Municipality get independence	No resolved	N/A
2.0	Failure to observe gender equity on board composition	The appointment of the CECM for Lands, Housing & Urban development to represent gender has resolved the gender rule	Resolved	N/A
3.0	Lack of independent audit function	Audit department shall be established upon advertisement as per the structure	Not Resolved	N/A

#### Guidance Notes:

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

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Municipal Manager



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**Appendix 2: Inter Entity Transfers**

<b>MUNICIPALITY NAME:ELDORET</b>				
<b>Breakdown of Transfers from the County Executive of Uasin Gishu County</b>				
<b>FY 2023/2024</b>				
54a.	Recurrent Grants	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate
	Opening Balance and Receipting		81,104	2023/2024
	County Government Recurrent Expense		41,198,375	2023/2024
		<b>Total</b>	<b>41,279,479</b>	
b.	Development Grants	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate
	Opening Balance and Receipts UDG		6,952,726	2023/2024
	County Government Development		69,761,727	2023/2024
		<b>Total</b>	<b>76,714,453</b>	
c.	Direct Payments	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate
			0	2023-2024
		<b>Total</b>	<b>0</b>	

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



Deputy Director, Finance



Director, Finance