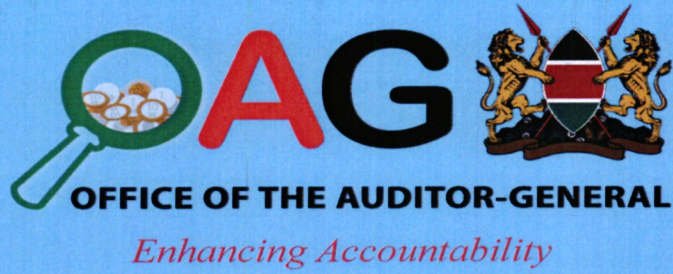


REPUBLIC OF KENYA



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**OF**

**THE AUDITOR-GENERAL**

**ON**

**RUMURUTI MUNICIPALITY**

**FOR THE YEAR ENDED  
30 JUNE, 2020**

**COUNTY GOVERNMENT OF LAIKIPIA**

OFFICE OF THE AUDITOR GENERAL  
UPPER EASTERN REGIONAL OFFICE - ISIOLO

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# RUMURUTI MUNICIPALITY

*County Government of Laikipia*

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30<sup>TH</sup> JUNE 2020

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



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**1. Key Entity Information and Management**

**a) Background information**

Rumuruti Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011 and Cities and Municipal Charter on 27<sup>th</sup> August 2018. The Municipality is under the County Government of Laikipia and is domiciled in Kenya.

**b) Principal Activities**

The Municipality of Rumuruti principal activities are to;

- (i) Provide for efficient and accountable management of the affairs of the Municipality.
- (ii) Provide for a governance mechanism that will enable the inhabitants of the Municipality to;
  - a. Participate in determining the social services and regulatory framework which will best satisfy their needs and expectations.
  - b. Verify whether public resources and authority are utilized or exercised, as the case may be, to their satisfaction.
  - c. Enjoy efficiency in service delivery.
- iii) Vigorously pursue the developmental opportunities which are available in the Municipality and to institute such measures as are necessary for achieving public order and the provisions of civic amenities, so as to enhance the quality of life of the inhabitants of the Municipality.
- (iv) Provide a high standard of social services in a cost-effective manner to the inhabitants of the Municipality.
- (v) Promote social cohesiveness and a sense of civic duty and responsibility among the inhabitants and stakeholders in the Municipality in order to facilitate collective action and commitment towards achieving the goal of a harmonious and stable community.
- (vi) Providing for services and other matters for Municipality's benefit.
- (vii) Fostering the economic, social and environmental well-being of its community.

***OUR VISION***

To be the most preferred municipality to work, live and invest.

***OUR MISSION***

To improve the livelihood of our community by providing quality and substantial services, creating and enabling environment for business investment and promoting equity and cohesion

**c) City/Municipality Board**

<b>Ref</b>	<b>Position</b>	<b>Name</b>
1	Secretary of the board	Jackson Maina Kibocho
2	Chairperson of the board	Peter Rukwaro
3	Vice-chairperson of the board	Faith Ntarara
4	Board member	Saul Cheruiyot
5	Board member	Mathea Gikunju
6	Board member	Agnes Lokoro
7	Board member	Issack Sheikh
8	Board member	Peris Kinyua
9	Board member	Richard Kamunya
10	Board member	Patricia Lelegwe
11	County executive committee member	Joseph Shuel

**d) Key Management**

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1	Jackson Maina Kibocha	Municipal Manager
2	Peter Manyara Maina	Municipal Land Surveyor
3	Samuel Kibe	Public Health Officer
4	CPANg'ang'a Methu Samuel	Head of Accounting Municipality
6	Kennedy Maina Wanyeki	Head of Procurement
7	Zachary Maina Gategi	Finance Officer
8	Joseph Irungu Kariuki	Enforcement Officer
9	Mary W Ng'ang'a	Office Administrative Assistant II
10	Julia Wairimu Mbaria	Fire Marshal Officer
11	Catherine W Wainaina	Environment Officer
12	Mary Mumbi Gathura	Public Relation Officer
13	Fiona W Wachira	Environmental Specialist
14	Andrew Kipkenda	Urban Planner
15	Winfred W Nyamu	Architect
16	Anne Njambi Macharia	Civil Engineer
17	Lithira George Mwiti	Quantity Surveyor

**e) Fiduciary Oversight Arrangements**

<b>Ref</b>	<b>Position</b>	<b>Name</b>
1	County Treasury	CEC-Finance (Murungi Ndai)
2	Head of Treasury	Daniel Ngumi
3	Internal Audit	Mary Wachiuri

**f) Registered Offices**

**Rumuruti Municipality**

P.O. Box 46-20321

Rumuruti, Kenya.

**g) Contacts**

Telephone:(254) 721463491

E-mail: rumuruti@laikipia.go.ke

Website: www.laikipia.go.ke

**h) Bankers**

Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000 - 00200  
Nairobi, Kenya

Equity Bank Ltd  
P.O. Box 52 - 20300  
Nyahururu, Kenya

**i) Independent Auditor**

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O.Box 30084

GPO 00100

Nairobi, Kenya

**j) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112



City Square 00200

Nairobi, Kenya


**2. City/Municipality Board**

Name	Details of qualifications and experience
 <p><b>Peter Rukwaro</b> <b>CHAIRPERSON</b></p>	<p>He is 52 years old, has a Bachelor's of Education (Arts) from University of Nairobi, a Diploma in Education Management from the Kenya Educational Management Institute, Certificate in Teacher's Proficiency Course offered by the Ministry of Education and a Primary Teacher Certificate from Kamwenja Teachers College.</p> <p>He runs a business within Rumuruti Town and is a member of the Rumuruti Business Forum. He is currently the head teacher at Manyatta Primary School where through his leadership and management, the school has consistently had an outstanding performance. For instance, in last year K.C.P.E results, the school emerged No. 13 out of 82 primary schools in Laikipia West District and No.6 among the public schools in the same District.</p> <p>Previously he has taught in other schools. He has taken up short courses to advance his career including the teacher's proficiency course and school-based teacher development course both</p>
 <p><b>Faith Ntarara</b> <b>VICE CHAIRPERSON</b></p>	<p><b>FAITH NTARARA CHARLES</b></p> <p>She is 45 years old, has a masters and a Bachelor's Degree in Business Administration, both from the Kenya Methodist University, she is computer literate and has a certificate in secretariat studies from St. Mary Secretarial College</p> <p>She undertook occupational and safety awareness course between 2<sup>nd</sup> and 6<sup>th</sup> April 2013.</p> <p>She has held various positions which include sales and marketing executive at the Nanyuki Water and Sewerage company, depot manager of Trojan International Limited (Nanyuki), and transport and logistics manager at Millennium Dealers</p>
 <p><b>Richard Kamunya</b> <b>MEMBER</b></p>	<p><b>RICHARD KAMUNYA MURAGE</b></p> <p>He is 41 years old, has a Bachelor's Degree In Education Science (Maths and Chemistry) from Maseno University, he has certifications in debt collection; effective debt collection and credit control; banti money laundering; fraud and IT security awareness and Ethics and Ethical decision making from different reputable organizations.</p> <p>Though holding a Bachelor's in Education, he has had a very successful career in the banking sector. He has made many tangible achievements over the various positions he has held among them being that:</p> <p>He grew the loan book from Kshs. 30M to Kshs. 70M and maintained a quality of 2% against a target of 3% by the bank when he was the Relationship Officer (Agriculture) at Equity Bank; he spearheaded the development of land realization templates; championed the setting up of an external debt management unit; and, was recognized as the best</p>

	<p>staff when he was the senior officer, Debt Recovery Unit at Chase Bank. He later became the manager Corporate Recovery at the bank. He is currently the manager – Corporate Recovery at SBM Bank (K) Ltd.</p>
 <p><b>Mathea Gikunju</b> MEMBER</p>	<p><b>DAVID MATHEA GIKUNJU</b>          He is 36 years old, has a Bachelor's of Laws from Kampala International University and a Diploma in Law from the Kenya School of Law. He is also computer literate.          He is a legal practitioner and currently practices Law in the Name and style of Mathea Gikunju &amp; Co. Advocates. He has been previously working in other legal firms. He is a member of the Law Society of Kenya Nyahururu Chapter whose jurisdiction extends even to Rumuruti the said Municipality and serves in the said chapter as the vice-chairperson.</p>
 <p><b>Saul Cheruiyot</b> MEMBER</p>	<p><b>SAUL KIPKORIR CHERUIYOT</b>          He is 51 years old, has a certificate in Approach Radar Control from Qatar aeronautical college and a Certificate in Basic Aerodrome Control and certificate in approach procedural control and rating from the East African School of Aviation.          He is currently in Agri-business. Previously, he has held various positions which include working as 'approach radar' and an aerodrome controller, both at Jomo Kenyatta International Airport and Mombasa International Airport. He has demonstrated that he satisfactorily executed his roles and responsibilities in his various positions.</p>
 <p><b>Peris Kinyua</b> MEMBER</p>	<p><b>PERIS MUTHONI KINYUA</b>          She has a Bachelor's of Arts- Urban and Regional Planning from Maseno University.          She has worked as a Physical Planner in the Ministry of Lands and Physical Planning under which her duties and responsibilities included the following, Development control and conflict management.          Managing and Updating Physical Planning records and information.          Advising and training communities on physical planning, and land management.          Carrying out research and studies related to physical planning.</p>
 <p><b>Issack Sheikh</b> MEMBER</p>	<p><b>ISAACK OSMAN SHEIKH</b>          He is currently pursuing a Bachelor of Business Administration from the East African University and has a Diploma in Business Management from the Kenya Institute of Management.          He has had an array of experience through his career life which includes the following:          Managing Director of the Times Service Station;          Project Manager of the Green County Construction Co. Ltd; Project Coordinator of the Nomadic Agenda (Urban Refugee Program, Nairobi); and Board Member of the Nomadic Development Group - Laikipia County Representative.          He has also held different positions of leadership including member of</p>

	<p>the Laikipia Education Board, Patron of the Laikipia Camel Group, Member Board of Governors- Laikipia Airbase Secondary School and School Head Captain - Mandera Secondary School</p>
 <p>Patricia Lelegwe MEMBER</p>	<p><b>PATRICIA RUMI LELEGWE</b>          Academic credentials - She has a diploma in Agricultural Education and Extension from Egerton University. She is' computer literate and has undertaken other short courses in course of her career as indicated in her resume.          She has worked in Samburu as an extension officer from 2009-2013 as well as a crop officer from 2013-2019. Before that, she taught at Gatundia Secondary school as a BOG employed teacher for 2 years. In addition, she is trained in HIV /AIDS mainstreaming Agro-processing, computerized project cycle management and Participatory Rural Appraisals.</p>
 <p>Agnes Lokoro MEMBER</p>	<p><b>AGNES M LOKORO</b>          She is 27 years old, has a Bachelor's of Science in Agribusiness Management and Trade from Machakos University. She undertook her internship and later worked at Waridi Flower Farm Limited where she had been bestowed upon several responsibilities which she handled professionally and to the best of her ability. She was a school captain both at Ndururi Secondary School and Kitengela Academy and therefore her leadership skills are distinguishable. Currently she is on private business.</p>

3. Management Team

Name	Details of qualifications and experience
 <p data-bbox="264 658 555 723">Jackson M. Kibocha MANAGER/SECRETARY</p>	<p data-bbox="643 342 1222 376">RUMURUTI MUNICIPALITY MANAGER</p> <p data-bbox="643 383 1054 416">JACKSON MAINA KIBOCHA</p> <p data-bbox="643 421 1034 454">He was born on 20<sup>th</sup> may 1973</p> <p data-bbox="643 459 1406 562">He has a Post Graduate Diploma in Project Management, Senior Management Course, and Holds a Bachelor's Of Art Degree</p> <p data-bbox="643 566 1406 672">He has worked as a Ward Administrator of Segera Ward, Sub-County Administrator of Laikipia North, and Currently the Municipal Manager of Rumuruti Municipality</p> <p data-bbox="643 676 1406 779">He is responsible for the overview of the municipality and its performance, the municipal board secretary and the head of the municipal staff</p>

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

I am happy to present to you Rumuruti Municipality's financial statement for FY 2019–2020. It outlines the vision, objectives, and strategies of the Municipal Board. It spells out how we will fulfil our obligations to the people of Rumuruti Municipality and those of Laikipia County. It is the result of extensive engagements with the people of Rumuruti and the county government of Laikipia. Its anchored on the pillars we consider important for effective management of the municipality; and it's in line with our strategic priorities.

We thank all the people involved in the preparation of this document for their dedication, suggestions and advice. In particular, we thank Governor and the County Government of Laikipia for their unwavering support. We also appreciate contributions from organized groups and individual residents of Rumuruti; and we promise to continue this engagement during our yearly fulfillment of municipality mandate.

We will work with county departments to deliver quality services to the people of Rumuruti. Since Rumuruti is the county headquarters, we understand that our performance will impact the whole county. For this, our promise to the people of Laikipia is that we will strive to succeed. The needs are many and resources, as usual, are limited, small size of economy, Small skills pool, Inadequate Housing, Inadequate hospitality services and Lack of Sewer system are the main challenges we have in Rumuruti and developing one will require immense investments the municipality may not have at present.

The current Rumuruti municipal Board is the inaugural board of the Municipality and the first Urban board in Laikipia county. Its composed of 11 members.

We will work closely with stakeholders and partners to fill the resource gaps and, we hope our efforts will make Rumuruti indeed the most desirable place to live, work, and invest



**Name: Peter Rukwaro**  
**Chairperson of the Board**

**5. Report Of the City/Municipality Manager**

Rumuruti Municipality is the formal headquarters of Laikipia County. The municipality is centrally located and thus easily accessible from all parts of Laikipia County.

Rumuruti’s population has grown from 32,993 in 2009, Most of the population is below the age of 35. The rate of population growth is expected to rise owing to the status as county headquarters, the construction of the Nyahururu – Maralal highway, and the growing integration of Northern Kenya to the rest of the country, in which Rumuruti acts as gateway. We will endeavour to continuously report on progress to our stakeholders as provided in law and through a vigorous and transparent process of engagement. Every year, we will review and update the strategies and initiatives identified in the plan.

During the year under review, the municipality managed to successfully initiate one projects through the Urban Development Grant:

<b>Description</b>	<b>Amount</b>	<b>Contractor</b>	<b>Status</b>
Construction of rumuruti town roads to cobble stone finish- gg kariuki, kihika kimani, solomon kiguru and bus park	46,751,729	Wenwee contractors ltd	Complete
Review and design and supervision of Rumuruti town roads and Rumuruti bus park -county contribution	5,474,040.00	CGP consulting engineering ltd	Achieved



G.G Kariuki road before and after

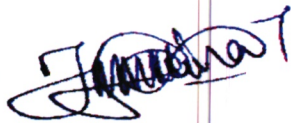
**Solomon Kiguru Road (Before). Solomon Kiguru Road  
(Before).**



: Well aligned and stone pitched side drain along Solomon Kiguru Road.

**Challenges Encountered**

Unfavorable weather conditions – Contract duration was extended  
Encroachment of road corridor by powerline and water pipeline  
Relocation of powerlines and water pipeline.  
Soak pit encountered along G.G Kariuki Street-  
Change of design.  
Interruption of works by COVID 19 pandemic



.....  
**Name: Jackson Maina Kibocha  
Municipality Manager**

**6. Statement of Performance Against Predetermined Objectives for the FY 2019/2020**

**Introduction**

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a County Government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board including a statement of the county government entity's performance against predetermined objectives. The key development objectives of the Rumuruti Municipality FY 2019/2020 plan are to:

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

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Urban planning	To control urban development	To create orderly development in urban areas	Number of developments conforming with rules and regulations governing urban development	In the FY 2019-2020 we increased the roads network and parking facilities within the town
Urban governance and administration	Managing urban growth	provide inhabitants with better job opportunities and improved healthcare, housing, safety and social development.	Jobs created and improvement on healthcare facilities	In the FY 2019-2020, we managed to provide temporary jobs for youths through labor intensive project, parking facilities and road

**County Government of Laikipia**  
**Rumuruti Municipality**  
**Annual Report and Financial Statements for the year ended June 30, 2020**

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
				networks
Provide quality physical infrastructure	Meeting economic development goals	increases the competitiveness of the Municipality economy	Number of physical infrastructure developments	In FY 2019-2020, we managed to begin the upgrading of Rumuruti municipality parking facilities and town roads to cobble stone finish

## **7. Corporate Governance Statement**

In appointing members of the Board of the Municipality, the County Executive Committee shall ensure gender equity, representation of persons with disability, youth and marginalized groups. The term of the members of the Board of the Municipality shall be five (5) years on a part-time basis. Removal of members of the board of the municipality remains specified in Rumuruti municipality charter.

The roles and functions of Rumuruti Municipal board member will stand as specified by the charter.

The municipality will do induction and training for board member from time to time to enhance their performance.

The Board of the Municipality shall hold its sittings to transact the business of the Board once every three months Notwithstanding Article the Chairperson of the Board of the Municipality may, and upon request in writing by at least one-third of the members of the Board of the Municipality shall, convene a special meeting to transact any urgent business of the Board of the municipality. All regular meetings of the Board of the Municipality called for the purpose of transacting public business, where a majority of the members elected are present, shall be open to the public. The excluded, however, no by-laws, resolution, rule or regulation shall be finally adopted at such an executive session. A majority of the members of the Board of the Municipality is a quorum to conduct business, but a smaller number may meet and compel attendance of absent members as prescribed by Board of the Municipality Rules.

The Board of the Municipality shall be a corporate body with perpetual succession and a common seal and shall in its own corporate name, be capable of:

- (a) Suing and being sued;
- (b) Taking, purchasing or otherwise acquiring, holding, charging or disposing of movable and immovable property;
- (c) Borrowing money or making investments within the limits imposed by law;
- (d) Entering into contracts; and
- (e) Doing or performing all other act or things for the proper performance of its.

The municipality function in accordance with the Urban Areas and Cities Act or any

other

written law which may lawfully be done or performed by a body corporate. There shall be a principal and agency relationship between the Board of the Municipality and the County Government of Laikipia.

Municipal Charter for Rumuruti Municipality under Section 9 of the Urban Areas and Cities Act empowers the County Governor, on the resolution of the County Assembly, to confer on a qualifying town, the status of a Municipality by grant of charter in the prescribed form.

WHEREAS;

The Urban Areas and Cities Act does not have the prescribed form of a Municipal Charter

IN EXERCISE of The Powers Conferred By Section 9 Of The Urban Areas & Cities Act (No. 13 Of 2011), I HIS EXCELLENCY, HONORABLE NDIIRITU MURITHI the Governor of Laikipia County certifies that this Charter set out in the Schedule hereto has been granted to the Municipality of in accordance with the provisions of the Act.

The Municipality board members or staff will not at one time be involved in conflict of interest. The Act defines situations when an individual board member's personal interest or the interest of their immediate family (spouse or dependent child) conflict with the broader municipality interest. It also imposes consequences on board members when they put their personal interests first. A member of the Board of the Municipality shall cease to hold office if the member: fails to declare his or her interest in any matter being considered or to be considered by the Board or Board Committee.

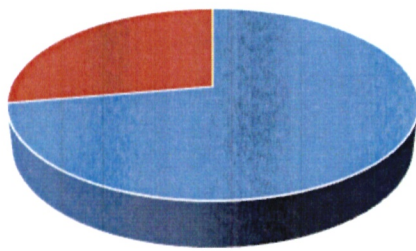
The Board of the Municipality shall not be entitled to a salary. However, members of the Board of the Municipality shall be paid such allowances as the County Executive Committee shall, with the approval of the County Assembly, and on the advice of the Salaries and Remuneration Commission determine.

8. Management Discussion and Analysis

URBAN INSTITUTIONAL GRANT		
	OPENING BALANCE	
	RECEIVED	40,797,000.00
	EXPENDITURE	15,675,677.93
	CLOSING BALANCE	25,121,322.07

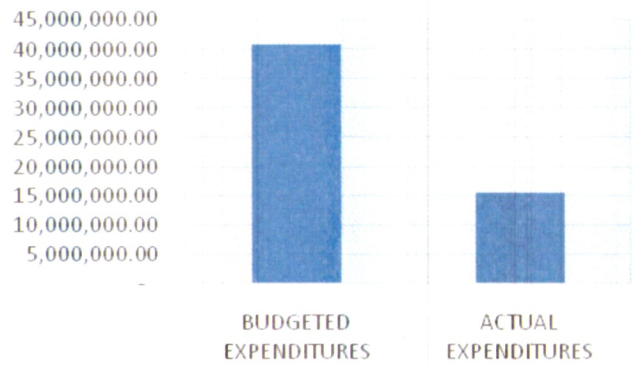
URBAN INSTITUTIONAL GRANT ACCOUNT	
BUDGETED EXPENDITURES	40,797,000.00
ACTUAL EXPENDITURES	15,675,677.93

UIG ACCOUNT



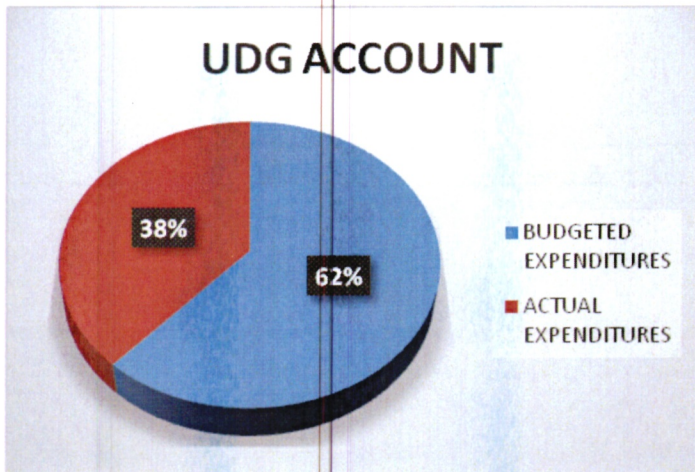
■ BUDGETED EXPENDITURES ■ ACTUAL EXPENDITURES

URBAN INSTITUTIONAL GRANT ACCOUNT



URBAN DEVELOPMENT GRANT		
	OPENING BALANCE	
	RECEIVED	49,783,080.00
	EXPENDITURE	30,952,431.20
	CLOSING BALANCE	18,830,648.80

URBAN DEVELOPMENTAL GRANT ACCOUNT	
BUDGETED EXPENDITURES	49,783,080.00
ACTUAL EXPENDITURES	30,952,431.20



**KEY PROJECTS**

In the financial period, the municipality managed to initiate the upgrading of rumuruti town roads and bus park to cobble stone finish

## **9. Environmental And Sustainability Reporting**

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

### **Environmental policy guiding Rumuruti municipality**

The municipality depends on the national and county environmental laws and policies in day-to-day environmental management

1. Environment Management and Coordination Act (EMCA 1999) Amended 2015.
  - The Environmental (Impact Assessment and Audit) Regulations, 2009 Legal Notice No. 101;
  - The Environmental Management and Coordination (Waste Management) Regulations, 2006 Legal Notice No. 121
  - The Environmental Management and Coordination (Water Quality) Regulations, 2006 Legal Notice No. 120;
  - The Environmental Management and Coordination (Noise and Excessive Vibration Pollution Control) Regulations, 2009 Legal Notice No. 61;
  - The Environmental Management and Coordination (Air Quality Regulations 2014)
2. National Environment Policy (NEP 2012)
  - The policy sets out important provisions relating to the management of ecosystems and the sustainable use of natural resources, and recognizes that natural systems are under intense pressure from human activities particularly for critical ecosystems including forests, grasslands and arid and semi-arid lands. The objectives of the Policy include developing an integrated approach to Environmental management, strengthening the legal and institutional framework for effective coordination, promoting environmental management tools
  - The NEP applies during construction of infrastructure project i.e. on Environmental & Social Management and Monitoring Plan (ESMMP)
3. County Environment Action Plan (CEAP 2020-2024)- Intended to provide guidelines on solutions to some environmental impacts in the county.
4. The Laikipia County Climate Change bill 2021

**Biodiversity Management**

**1. Success;**

- Protection of Ewaso Narok Wetland (*Marura swamp*)
- Sustainable management of solid waste

**2. Short comings**

- General reduction of natural resources ability to sustain population growth
- Scarcity of resources i.e., water from Ewaso Narok River, pasture for livestock
- Increased poor land use system diminishing the viability of soils hence reducing farm productivity

**3. Efforts towards biodiversity management**

- Strict laws preventing cutting down of trees
- Incentives for reforestation and afforestation
- Concerted efforts by government, private institutions and civil society organizations and measures that enhance nature's ability to provide critical ecosystem services.

**Policies on waste management;**

- National Solid Waste Management strategy (2015)
- Environmental Management and Coordination (Waste Management) Regulations of 2006
- Rumuruti Municipality Solid Waste Management Policy (Ongoing)

## **10. Report of the Rumuruti Municipality Board Members**

The Municipal Vision captures the desires of the residents of the Rumuruti, expectations of the county government of Laikipia, and the hopes of various other municipal stakeholders as observed during the consultations and in the review of various national and county development strategy documents.

### **Members Present**

1. Peter Rukwaro - Chairman
2. Jackson Kibocha - Manager (Secretary)
3. Kenneth Karanja - Chief Officer (Urban Development)
4. Patricia Lelegwe - Member
5. Saul Cheruiyot - Member
6. Isaack Sheikh - Member
7. PerisKinyua - Member
9. Richard Kamunya - Member
10. Agnes Lokoro - Member
11. Faith Ntarara - Member
12. David Mathea - Member
13. Joseph Shuel - CECM (Infrastructure & Urban Development)

In order for the Municipal board to effectively perform its mandate, various operational plans were put in place as below listed;

### **Selection of Committees members**

Pursuant to section 26 of the Urban Areas and Cities Act, the Board selected the following **five (5)** members for each Committee;

#### **Public Finance Management Committee.**

1. Richard Kamunya – Chairman
2. Jackson Kibocha - Manager
3. Francis Karani - Finance Officer
4. Samuel Methu - Accountant
5. Kennedy Maina - Procurement Officer

#### **Audit Committee.**

1. Saul Cheruiyot - Chairman
2. Jackson Kibocha - Manager
3. Peter Wahome - Social Audit Officer
4. Agnes Lokoro - Board Member
5. Zachary Maina - Finance Officer

#### **Urban Planning and Development Committee.**

1. Issack Sheikh - Chairman
2. Jackson Kibocha - Manager
3. Peris Kinyua - Board Member
4. Catherine Wanjiru - Environment Officer
5. Peter Manyara - Surveyor

Trade and Investment Committee.

1. David Mathea - Chairman
2. Jackson Kibocha - Manager
3. Nicholas Biwott - CECM Trade
4. Issack Sheikh - Board Member
5. Faith Ntarara - Board Member

Enforcement, Fire, Disaster Preparedness and Management Committee.

1. Patricia Lelegwe - Chairman
2. Jackson Kibocha - Manager
3. Peter Rukwaro - Board Member
4. Miriam Wambui - Enforcement Officer
5. Ephantus Giteru - Fireman

The committees' meetings calendar was prepared as;

<b>DAY, DATE &amp; TIME</b>	<b>COMMITTEE</b>
Thursday 24 <sup>th</sup> October 2019 starting 9.00 am	Urban Planning and Development
Thursday 24 <sup>th</sup> October 2019 starting 2.00 pm	Enforcement, Fire, Disaster Preparedness and Management
Friday 25 <sup>th</sup> October 2019 starting 9.00 am	Trade and Investment.

Friday 25 <sup>th</sup> October 2019 starting 2.00 pm	Public Finance Management & Audit Committees (Combined)
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**Rumuruti IDeP Review Retreat.**

The Integrated Development plan (IDeP) review retreat venue and date were discussed alongside other important meetings and training workshops. The dates were posted in the Daily newspaper at least 7 days before the first meeting. The Board will outsource the services of a consultant where need arises. The following meetings schedule was developed;

SNO	DAY & DATE	EVENT
1.	Monday - 28 <sup>th</sup> October 2019	Project Stakeholders meeting at Rumuruti
2.	Friday – 1 <sup>st</sup> November 2019	Inter - Governmental Departmental Heads meeting at Rumuruti
3.	Monday – 11 <sup>th</sup> November 2019 to Friday – 15 <sup>th</sup> November 2019	Municipal Board and Staff training and IDeP review workshop at Mombasa
4.	Tuesday – 19 <sup>th</sup> November 2019	Public Forum on the IDeP review at Rumuruti Social Hall

**Establishment of a Public Participation Framework and Municipality Code of conduct.**

The Public Finance Management Committee Chairman and the Manager Established a Public Participation Framework and Municipality code of conduct which was tabled on 30<sup>th</sup> October 2019 after receiving necessary drafts from members.

**First FY 2019/2020 Municipal Quarterly Report Briefs.**

- a. The Municipal Board has held;
- A four-day Board Induction Workshop between 8<sup>th</sup> and 11<sup>th</sup> July 2019.
  - One Board meeting on 12<sup>th</sup> July 2019, where the Chairman and Vice Chair were elected.
  - One Quarterly Full Board meeting held on 19<sup>th</sup> July 2019.
  - Two planning meetings held on 13<sup>th</sup> and 20<sup>th</sup> September 2019.
  - One Board inauguration meeting held on 25<sup>th</sup> September 2019.

- One Public participation forum on Annual Urban Investment Plan held on 30<sup>th</sup> September 2019.
- b. The Municipal Board has received the following staff members from the County Government;
  - Road engineer
  - Finance Officer
  - Procurement Officer
  - Social Development Officer.
  - Public Health Officer
  - Environment Officer
  - Land Surveyor
  - Accountant
  - Secretary/Admin Assistant
  - Enforcement Officer
- c. The Upgrade of Rumuruti roads to Cobblestone standards project is at 10% of completion according to an assessment done by officers from Kenya Urban Support Program. A project Implementation committee is in place though no meeting has so far been held. Stakeholders' meetings have also not been held. The Office of the Manager has received a number of complaints from both the contractor and other stakeholders. Plans are underway to temporarily relocate the Matatu Saccos to the Upper Bus Park.
- d. Plans are underway to transfer Municipal funds to commercial banks accounts so as to enable smooth running of the Board, payment of outstanding bills and members' allowances.
- e. The Municipal Board and secretariat are facing transportation challenges due to lack of a Motor vehicle.
- f. Board Committees have not yet met due to logistical challenges.

## **END OF YEAR FINANCIAL REPORT**

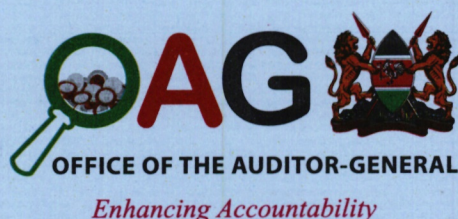
The accountant took Members through the entire financial report of (FY 2019-2020) The report was shared on agreement that accounts to avail supporting documents and relevant schedule to the external auditors for review.



**Name: Jackson Maina Kibocha**  
**Secretary of the Board**

# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## REPORT OF THE AUDITOR-GENERAL ON RUMURUTI MUNICIPALITY FOR THE YEAR ENDED 30 JUNE, 2020 - COUNTY GOVERNMENT OF LAIKIPIA

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Rumuruti Municipality set out on pages 1 to 41, which comprise the statement of financial position as at 30 June, 2020, 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Rumuruti Municipality as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Urban Areas and Cities Act, 2011 and the Public Finance Management Act, 2012.

#### Basis for Qualified Opinion

##### Variance in Financial Statements –Transfer from County Government

The statement of comparison of budget and actual amounts reflects Kshs.46,628,409 in respect to actual transfers from county government. However, the statement of financial performance and statement of cashflows reflects an amount of Kshs.91,200,180 in respect to the same item resulting to unexplained variance of Kshs.44,571,771.

In the circumstances, the accuracy of the statement of comparison of budget and actual amounts could not be confirmed.

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

## **Key Audit Matters**

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

## **Other Information**

The Municipality Board is responsible for the other information, which comprises the Chairperson's report, statement of performance against predetermined objectives for the year 2019/2020, the statement of corporate governance and statement of management responsibilities. The other information does not include the financial statements and my auditor's report thereon.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1.0 Late Submission of Financial Statements**

The financial statements for the year ended 30 June, 2020 were submitted to the Office of the Auditor-General on 4 November, 2022, twenty-five (25) months after the statutory deadline date of 30 September, 2020. This is contrary to provisions of Section 47(1) of Public Audit Act, 2015 which requires the Fund administrator to submit the financial statements to the Auditor-General within three months after the end of the financial year to which the respective accounts relate.

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

#### **2.0 Unbalanced Budget**

The statement of comparison of budget and actual amounts reflects Kshs.50,000,000 and Kshs.67,310,000 in respect to approved receipts and expenditure budgets, respectively. This resulted to Kshs.17,310,000 budgeted expenditure without corresponding budgeted receipts contrary to the provisions of Section 31(c) of the Public Finance Management (County Governments) Regulations, 2015 which states that budget revenue and expenditure appropriation shall be balanced.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that

govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### **Conclusion**

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

### **Basis for Conclusion**

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

### **Responsibilities of Management and 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

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

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

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

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**

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Municipality's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Municipality to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

**Nairobi**

**08 May, 2023**

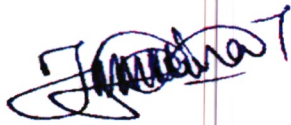
## 13. Statement of Financial Performance for the Year Ended 30 June 2020.

	Notes	2019/20	2018/19
		Kshs.	Kshs.
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	91,200,180	-
Public contributions and donations	7	-	-
Levies Fines and Penalties	8	-	-
Other revenues ( <i>Specify</i> )	9	-	-
		<b>91,200,180</b>	-
<b>Revenue from exchange transactions</b>			
Interest income	10	-	-
Other Income	11	-	-
		-	-
<b>Total revenue</b>		<b>91,200,180</b>	-
<b>Expenditure</b>			
Use of goods and services	12	12,228,716	-
Staff costs	13	-	-
Board expenses	14	2,869,860	-
Finance costs	15	-	-
Property, Plant and Equipment		-	-
<b>Total expenses</b>		<b>15,098,576</b>	-
<b>Other gains/losses</b>			
Gain/loss on disposal of assets	16	-	-
<b>Surplus/(deficit) for the period</b>		<b>76,101,604</b>	-

**County Government of Laikipia**  
**Rumuruti Municipality**  
**Annual Report and Financial Statements for the year ended June 30, 2020**

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The notes set out on pages \_\_ to \_\_ form an integral part of these Financial Statements. The entity financial statements were approved on September 2020 and signed by:



.....  
**Name: Jackson Maina Kibocha**  
**Municipality Manager**



.....  
**Name: Samuel Methu Ng'ang'a**  
**Head of Finance**  
**ICPAK M/No: 15681**

14. Statement of Financial Position as at 30 June 2020

	Not e	2019/20	2018/19
		Kshs.	Kshs.
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	17	43,274,003	-
Receivables from exchange transactions	18	-	-
Receivables from Non- exchange transactions	19	1,825,000	-
Prepayments	20	-	-
Inventories	21	-	-
		<b>45,099,003</b>	-
<b>Non-current assets</b>			
Property, plant, and equipment	22	31,002,601	-
Intangible assets	23	-	-
<b>Total Non-current Assets</b>		<b>31,002,601</b>	-
<b>Total assets</b>		<b>76,101,604</b>	-
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	24	-	-
Provisions	25	-	-
Borrowings	26	-	-
Employee benefit obligations	27	-	-
		-	-
<b>Non-current liabilities</b>			
Provisions	25	-	-

**County Government of Laikipia  
Rumuruti Municipality  
Annual Report and Financial Statements for the year ended June 30, 2020**

Borrowings	26	-	-
Non-current employee benefit obligation	27	-	-
<b>Total liabilities</b>		-	-
<b>Net assets</b>		<b>76,101,604</b>	-
Capital/Development Grants/Fund		-	-
Reserves		-	-
Accumulated surplus		76,101,604	-
<b>Total net assets and liabilities</b>		<b>76,101,604</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 September 2020 and signed by:



.....  
Name: Jackson Maina Kibocha  
Municipality Manager



.....  
Name: Samuel Methu Ng'ang'a  
Head of Finance  
ICPAK M/No: 15681

15. Statement of Changes in Net Assets as at 30 June 2020

	Capital/ Development Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
<b>Balance as at 1 July 2018</b>	-	-	-	-
Surplus/(deficit) for the period	-	-	-	-
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
<b>Balance as at 30 June 2019</b>	-	-	-	-
<b>Balance as at 1 July 2019</b>	-	-	-	-
Surplus/(deficit) for the period	-	-	76,101,604	76,101,604
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
<b>Balance as at 30 June 2020</b>	-	-	<b>76,101,604</b>	<b>76,101,604</b>



.....  
Name: Jackson Maina Kibocha  
Municipality Manager



.....  
Name: Samuel Methu Ng'ang'a  
Head of Finance  
ICPAK M/No: 15681

*County Government of Laikipia  
Rumuruti Municipality  
Annual Report and Financial Statements for the year ended June 30, 2020*

**16. Statement of Cash Flows for The Year Ended 30 June 2020**

	Note	2019/20	2018/19
		Kshs.	Kshs.
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		91,200,180	-
Public contributions and donations		-	-
Interest received		-	-
<i>Other receipts (Specify)</i>		-	-
<b>Total Receipts</b>		<b>91,200,180</b>	-
<b>Payments</b>			
Use of goods and services		- 11,873,716	-
Staff costs		-	-
Board expenses		- 2,869,860	-
Finance costs		-	-
Receivables from Non-Exchange Transaction(Outstanding Imprest)		- 1,825,000	-
<b>Total Payments</b>		<b>- 16,568,576</b>	-
<b>Net cash flows from operating activities</b>	28	<b>74,631,604</b>	-
<b>Cash flows from investing activities</b>			
Purchase of PPE & intangible assets	22	- 31,357,601	-
Proceeds from sale of PPE		-	-
<b>Net cash flows used in investing activities</b>		<b>- 31,357,601</b>	-
<b>Cash flows from financing activities</b>			
Receipts from Capital grants		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
<b>Net cash flows used in financing activities</b>		<b>-</b>	-
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>43,274,003</b>	-
Cash And Cash Equivalents At 1 July	17	-	-
<b>Cash And Cash Equivalents At 30 June</b>	17	<b>43,274,003</b>	-



.....  
**Name: Jackson Maina Kibocha**  
**Municipality Manager**



.....  
**Name: Samuel Methu Ng'ang'a**  
**Head of Finance**  
**ICPAK M/No: 15681**

County Government of Laikipia  
Rumuruti Municipality  
Annual Report and Financial Statements for the year ended June 30, 2020

17. Statement of Comparison of Budget & Actual Amounts for the Year ended 30 June 2020

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	c=(a+b)	d	e=(c-d)	f=d/c
<b>Revenue</b>		<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	
Transfers from the County Government	91,200,180	-	91,200,180	46,628,409	44,571,771	51.1
Public contributions and donations	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Other income ( <i>specify</i> )	-	-	-	-	-	-
<b>Total Revenue</b>	<b>91,200,180</b>	<b>-</b>	<b>91,200,180</b>	<b>46,628,409</b>	<b>44,571,771</b>	<b>51.1</b>
<b>Expenses</b>						
Use of goods and services	14,310,000	-	14,310,000	12,803,648	1,506,352	89.5
Board expenses	3,000,000	-	3,000,000	2,869,860	130,140	95.7
Staff Costs	-	-	-	-	-	-
Acquisition of Assets	50,000,000	-	50,000,000	-	50,000,000	0.0
<b>Total Expenditure</b>	<b>67,310,000</b>	<b>-</b>	<b>67,310,000</b>	<b>15,673,508</b>	<b>51,636,492</b>	<b>23.3</b>
<b>Surplus for the period</b>	<b>23,890,180</b>	<b>-</b>	<b>23,890,180</b>	<b>30,954,901</b>	<b>(7,064,721)</b>	
<b>Capital Expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	



.....  
**Name: Jackson Maina Kibocha**  
**Municipality Manager**  
**Date: 16<sup>th</sup> January 2023**



.....  
**Name: Samuel Methu Ng'ang'a**  
**Head of Finance**  
**ICPAK M/No: 15681**  
**Date: 16<sup>th</sup> January 2023**

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

### **1. General Information**

Rumuruti Municipality is established by and derives its authority and accountability from xxx Act. The Municipality is under the Laikipia County Government and is domiciled in Kenya.

The entity's principal activity is to provide for efficient and accountable management of the affairs of the Municipality.

### **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's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

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

*(Notes to financial statements continued)*

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

***i. New and amended standards and interpretations in issue effective in the year ended 30 June 2020***

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

*ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020.*

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial 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> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <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:</b> Social Benefits</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>

Standard	Effective date and impact:
	<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 Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <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>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>
<p>Other improvements to IPSAS</p>	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p>

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 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>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<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 entity did not early – adopt any new or amended standards in year 2019/2020

*(Notes to financial statements continued)*

**4. Significant Accounting Policies**

**a) Revenue recognition**

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

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

***Interest income***

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

**b) Budget information**

The original budget for FY 2019/20 was approved by the County Assembly on September 2019. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Municipality upon receiving the respective approvals in order to conclude the final budget.

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

*(Significant accounting policies continued)*

statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts,

prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 17 of these financial statements.

**c) Property, plant and equipment**

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

**d) Intangible assets**

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

*(Significant accounting policies continued)*

**e) Financial instruments**

**Financial assets**

**Initial recognition and measurement**

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and

receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

The Entity determines the classification of its financial assets at initial recognition.

**Loans and receivables**

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

**Held-to-maturity**

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

**Impairment of financial assets**

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

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

Evidence of impairment may include the following indicators:

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

**Financial liabilities**

**Initial recognition and measurement**

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

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

**Loans and borrowing**

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

**f) Inventories**

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

Raw materials: purchase cost using the weighted average cost method

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

*(Significant accounting policies continued)*

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

*(Significant accounting policies continued)*

**g) Provisions**

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

**h) Contingent liabilities**

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

**i) Contingent assets**

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

*(Significant accounting policies continued)*

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

**j) Nature and purpose of reserves**

The Municipality creates and maintains reserves in terms of specific requirements.

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

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

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

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

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

**m) Foreign currency transactions**

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

*(Significant accounting policies continued)*

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

**n) Borrowing costs**

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

**o) Related parties**

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

**p) Cash and cash equivalents**

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

**q) Comparative figures**

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

*(Significant accounting policies continued)*

**r) Events after the reporting period**

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

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

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

**s) Currency**

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

**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.

**Estimates and assumptions**

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

*(Significant accounting policies continued)*

**Useful lives and residual values**

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

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

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*(Notes to the Financial Statements)*

**6. Transfers from the County Government**

Description	2019/20	2018/19
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	83,146,398	-
Payments by County on behalf of the entity	8,053,782	
<b>Total</b>	<b>91,200,180</b>	<b>-</b>

**7. Public Contributions and Donations**

Description	2019/20	2018/19
	Kshs.	Kshs.
Donation from development partners	-	-
Contributions from the public	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**8. Levies, Fines and penalties**

Description	2019/20	2018/19
	Kshs.	Kshs.
Levies	-	-
Fines	-	-
Penalties	-	-
Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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

Description	2019/20	2018/19
	Kshs.	Kshs.
Transfers from other government entities	-	-
Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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

**10. Interest income**

Description	2019/20	2018/19
	Kshs.	Kshs.
Interest income from investments	-	-
Interest income on bank deposits	-	-
Others	-	-
<b>Total interest income</b>	-	-

**11. Other income**

Description	2019/20	2018/19
	Kshs.	Kshs.
Income from sale of tender documents	-	-
Others	-	-
<b>Total other income</b>	-	-

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*(Notes To the Financial Statements Continued)}*

**12. Use of Goods and Services**

<b>Description</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Utilities, supplies and services	-	-
Communication, supplies and services	-	-
Domestic travel and subsistence	2,922,500	-
Foreign travel and subsistence	-	-
Printing, advertising, supplies & services	765,380	-
Rent and rates	-	-
Training expenses	-	-
Hospitality supplies and services	3,503,236	-
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	2,614,351	-
Fuel, oil and lubricants	-	-
Other operating expenses	2,059,910	-
Routine maintenance – vehicles and other equipment	-	-
Routine maintenance – other assets	-	-
Contracted Professional Services	-	-
Audit fees	-	-
Hire of Transport, equipment etc	-	-
Bank Charges	8,340	-
<b>Total Actual Payment</b>	<b>11,873,716</b>	<b>-</b>

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Depreciation and amortisation	- 355,000	-
<b>Total Depreciation</b>	- 355,000	-
<b>Total Actual plus Depreciation</b>	- 12,228,716	-

**13. Staff costs**

<b>Description</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Salaries and wages	-	-
Staff gratuity	-	-
Social security contribution	-	-
Other staff costs	-	-
<b>Total</b>	-	-

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*(Notes To the Financial Statements Continued)}*

**14. Board expenses**

<b>Description</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Chairman/Members' Honoraria	-	-
Sitting allowances	- 961,100	-
Medical Insurance	-	-
Induction and Training	- 1,908,760	-
Travel and accommodation	-	-
Conference Costs	-	-
Other allowances	-	-
<b>Total</b>	<b>- 2,869,860</b>	<b>-</b>

**15. Finance costs**

<b>Description</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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

<b>Description</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Property, plant and equipment	-	-
Intangible assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**17. Cash and cash equivalents**

<b>Description</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Fixed deposits account	-	-
On – call deposits	-	-
Current account	43,274,003	-
Others	-	-
<b>Total cash and cash equivalents</b>	<b>43,274,003</b>	<b>-</b>

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

Financial institution	Account number	2019/20 Kshs.	2018/19 Kshs.
<b>a) Current account</b>			
1. Rumuruti Municipality UDG Account	0270278999622	18,830,829	-
2. Rumuruti Municipality UIG Account	0270278999614	24,443,174	-
3. Rumuruti Municipality Operation Account	280,804,572	-	-
<b>Sub- total</b>		<b>43,274,003</b>	<b>-</b>
<b>b) Others(specify)</b>			
Cash in transit		-	-
Cash in hand		-	-
Mobile Money		-	-
<b>Sub- total</b>		<b>-</b>	<b>-</b>
<b>Grand total</b>		<b>43,274,003</b>	<b>-</b>

**18. Receivables from exchange transactions**

Description	2019/20 Kshs.	2018/19 Kshs.
<b>Current Receivables</b>		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
<b>Total Current receivables (a)</b>	<b>-</b>	<b>-</b>
<b>Non-Current receivables</b>		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
<b>Total Non- current receivables (b)</b>	<b>-</b>	<b>-</b>
<b>Total receivables from exchange transactions</b>	<b>-</b>	<b>-</b>

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

Description	2019/20	2018/19
	Kshs.	Kshs.
Transfer from County Executive	-	-
Outstanding Imprest	- 1,825,000	-
<b>Total receivables from non-exchange transactions</b>	<b>- 1,825,000</b>	<b>-</b>

**20. Prepayments**

Description	2019/20	2018/19
	Kshs.	Kshs.
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments( <i>specify</i> )	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**21. Inventories**

Description	2019/20	2018/19
	Kshs.	Kshs.
Stationery	-	-
Consumables	-	-
Other inventories	-	-
<b>Total inventories at the lower of cost and net realizable value</b>	<b>-</b>	<b>-</b>

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(Notes to the Financial Statements Continued)

22. Property, Plant and Equipment

	Furniture and fittings	Computers	Construction and Civil works	Construction of Roads	Total
Description	Shs	Shs	Shs	Shs	Shs
As at 1 July 2019	-	-	-	-	-
Additions	1,775,000	-	6,065,352	23,517,249	31,357,601
(less) Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
<b>totals of additions, disposals &amp; transfers</b>	<b>1,775,000</b>	<b>-</b>	<b>6,065,352</b>	<b>23,517,249</b>	<b>31,357,601</b>
<b>Depreciation and impairment</b>					
Depreciation	355,000	-	-	-	355,000
Impairment	-	-	-	-	-
<b>total depreciation and impairment</b>	<b>355,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>355,000</b>
<b>NBV as at 30th June 2020</b>	<b>1,420,000</b>	<b>-</b>	<b>6,065,352</b>	<b>23,517,249</b>	<b>31,002,601</b>

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*(Notes to The Financial Statements Continued)*

**23. Intangible assets**

Description	2019/20	2018/19
	Kshs.	Kshs.
<b>Cost</b>		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
<b>Amortization and impairment</b>		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

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

Description	2019/20	2018/19
	Kshs.	Kshs.
Trade payables	-	-
Refundable deposits (Retentions, court bonds etc)	-	-
Accrued expenses	-	-
Other payables	-	-
<b>Total trade and other payables</b>	-	-

**25. Provisions**

Description	2019/20	2018/19
	Kshs.	Kshs.
Balance at the beginning of the year	-	-
Additional Provisions	-	-
Provision utilised	-	-
<b>Balance at the end of the year</b>	-	-
Current Portion of provision	-	-
Long term portion of provision	-	-
<b>Total Provisions</b>	-	-

(Notes To the Financial Statements Continued)

**26. Borrowings**

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

Description	2019/20	2018/19
	Kshs.	Kshs.
Short term borrowings (current portion)	-	-
Long term borrowings	-	-
<b>Total</b>	-	-

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

Description	2019/20	2018/19
	Kshs.	Kshs.
<b>Balance at beginning of the period</b>	-	-
Borrowings during the year	-	-
Repayments of borrowings during the period	-	-
<b>Balance at end of the period</b>	-	-

The table below shows the Distribution of borrowings:

	2019/20	2018/19
	Kshs.	Kshs.
<b>Borrowings</b>		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
<b>Total balance at end of the year</b>	-	-

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*(Notes To the Financial Statements Continued)*

**27. Employee benefit obligations**

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

**28. Cash generated from operations**

	2019/20	2018/19
	Kshs.	Kshs.
<b>Surplus/ (deficit) for the year before tax</b>	<b>76,535,444</b>	-
<b>Adjusted for:</b>		
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
<b>Working Capital adjustments</b>		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
<b>Net cash flow from operating activities</b>	<b>76,535,444</b>	-

**Other Disclosures**

**29. Related party balances**

**a) Nature of related party relationships**

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

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

**b) Related party transactions**

	2019/20	2018/19
	Kshs.	Kshs.
Transfers from related parties'	-	-
Transfers to related parties	-	-

**c) Key management remuneration**

	2019/20	2018/19
	Kshs.	Kshs.
Board of Board Members	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

**d) Due from related parties**

	2019/20	2018/19
	Kshs.	Kshs.
Due from parent Ministry	-	-
Due from County Government	-	-
Due from County Assembly	-	-
<b>Total</b>	-	-

*(Other Disclosures continued)*

**e) Due to related parties**

	<b>2019/20</b>	<b>2018/19</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Due to County Assembly	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**30. Contingent liabilities**

<b>Contingent liabilities</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Court case xxx against the entity	-	-
Bank guarantees	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**31. Contingent Assets**

<b>Contingent Liabilities</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Court case xxx against the entity	-	-
Others Specify	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**32. Financial risk management**

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

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

*(Other Disclosures Continued)*

**I. Credit risk**

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

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

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

	<b>Total amount Kshs.</b>	<b>Total amount Kshs.</b>	<b>Past due Kshs.</b>	<b>Impaired Kshs.</b>
<b>At 30 June 2020</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2019</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-

*(Other Disclosures Continued)*

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

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

**II. Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Municipality Manager, who has built an appropriate liquidity risk management framework for the management of the Municipality'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.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
<b>At 30 June 2020</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2019</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-

### III. Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Municipality's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Municipality's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

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

**IV. Foreign currency risk**

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

	Kshs.	Kshs.	Total Kshs.
<b>At 30 June 2020</b>			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables	-	-	-
<b>Liabilities</b>			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

**Foreign currency sensitivity analysis**

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

	Change in currency rate Kshs.	Change in currency rate Kshs.	Effect on equity Kshs.
<b>2020</b>			
Euro	0	0	-
USD	0	0	-
<b>2019</b>			
Euro	0	0	-
USD	0	0	-

**V. Interest rate risk**

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

**Management of interest rate risk**

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

**VI. Capital risk management**

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

	2019/20	2018/19
	Kshs.	Kshs.
Revaluation reserve	-	-
Capital/Development Grants/City/Municipality	-	-
Accumulated surplus	-	-
<b>Total Funds</b>	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	-	-

**19. Annexes**

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

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

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

**Guidance Notes:**

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



.....  
Name: Jackson Maina Kibocha  
Municipal Manager

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

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Annex 2: Inter Entity Transfers

CITY/MUNICIPALITY NAME:				
Breakdown of Transfers from the County Executive of xxx County				
FY 2019/2020				
a.	Recurrent Grants	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate
			0	
			0	
		<b>Total</b>	<b>0</b>	
b.	Development Grants	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate
			0	
			0	
		<b>Total</b>	<b>0</b>	
c.	Direct Payments	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate
			0	
			0	
		<b>Total</b>	<b>0</b>	

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



.....  
 Name: Jackson Maina Kibocho  
 Municipality Manager



.....  
 Name: Samuel Methu Ng'ang'a  
 Head of Finance  
 ICPAK M/No: 15681

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

Name of the Organization: **Rumuruti Municipality**  
 Telephone Number **0721463491**  
 Email Address [rumuruti@laikipia.go.ke](mailto:rumuruti@laikipia.go.ke)  
 Name of CEO/MD/Head **Jackson Maina Kibocha**

Name and contact details of contact person (in case of any clarifications)  
**Jackson Maina Kabocha**  
**0721463491**

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

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**Annex 4: Disaster Expenditure Reporting Template**

Date:

Entity

Period to which this report refers (FY)	Year			Quarter		
Name of Reporting Officer						
Contact details of the reporting officer:	Email			Telephone		
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments