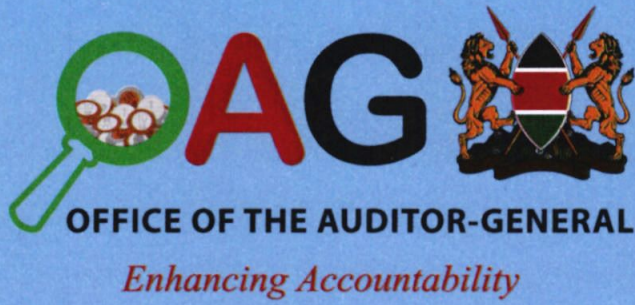


REPUBLIC OF KENYA



REPORT

OF



THE AUDITOR-GENERAL

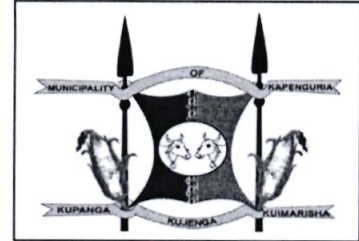
ON

KAPENGURIA MUNICIPALITY BOARD

FOR THE YEAR ENDED

30 JUNE, 2024

| PAPERS LAID | |
|--------------------|--------------|
| DATE | 6/3/2025 |
| TABLED BY | Dep Maj Whip |
| COMMITTEE | |
| CLERK AT THE TABLE | Maalim |



KAPENGURIA MUNICIPALITY

County Government of West Pokot

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2024

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

County Government of West Pokot
Kapenguria Municipality
Annual Report and Financial Statements for the year ended June 30, 2024

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1. Acronyms & Glossary of Terms

A. Acronyms

| | |
|---------|---|
| KUSP | Kenya Urban Support Programme |
| SDG | Sustainable Development Goals |
| MTP | Medium Term Programme |
| IDeP | Integrated Development Plan |
| C.I.D.P | County Integrated Development Plan |
| FY | Financial Year |
| IFMIS | Integrated Financial Management System |
| ADP | Annual Development Plan |
| LPLUDP | Local Physical Planning & Land Use Development Plan |
| NMT | Non-Motorized Transport |
| UDG | Urban Development Grant |
| UIG | Urban Institutional Grant |
| SDHUD | State Department of Housing & Urban Development |
| SCMO | Supply Chain Management officer |

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information and Management

a) Background information

Kapenguria 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 of 29th June 2018. The Municipality is under the County Government of West Pokot and is domiciled in Kenya.

b) Principal Activities

Vision

- To be a model Municipality in service delivery in Kenya.

Mission

- Provision of Effective, Efficient and Sustainable Development

Core Functions

- (a) Promotion, regulation and provision of refuse collection and solid waste management services;
- (b) Promotion and provision of water and sanitation services and infrastructure (in areas within the Municipality not served by the Water and Sanitation Provider);
- (c) Construction and maintenance of urban roads and associated infrastructure;
- (d) Construction and maintenance of storm water drainage and flood controls;
- (e) Construction and maintenance of walkways and other non-motorized transport infrastructure;
- (f) Construction and maintenance of recreational parks and green spaces;
- (g) Construction and maintenance of street lighting;
- (h) Construction, maintenance and regulation of traffic controls and parking facilities;
- (i) Construction and maintenance of bus stands and taxi stands;
- (j) Regulation and control of outdoor advertising;
- (k) Construction, maintenance, management and regulation of municipal markets and abattoirs;

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Kapenguria Municipality

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- (l) Construction and maintenance of fire stations; provision of fire-fighting services, emergency preparedness and disaster management;
- (m) Promotion, regulation and provision of municipal sports and cultural activities;
- (n) Promotion, regulation and provision of animal control and welfare;
- (o) Development and enforcement of municipal plans and development controls;
- (p) Municipal administration services (including construction and maintenance of administrative offices);
- (q) Promoting and undertaking infrastructural development and services within municipality;

Core values

Integrity, Excellence, Client Care, Innovativeness, Accountability, People-centeredness, Equity, Professionalism, Passion

c) Key Management

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

- County Department of Housing and Urban development
- Board of Management
- Accounting Officer-Municipal Manager

Municipality Board

| Ref | Position | Name |
|-----|------------------------------|------------------------|
| 1. | Chairman of the Board | David Yator Kiptum |
| 2. | Vice Chairperson | Dorcas Chepkemei Endoo |
| 3. | Board Member | Martin Lokite Korwa |
| 4. | Board Member | Moses Arupe Maklap |
| 5. | Board Member | Lomong'o P. Samuel |
| 6. | Board Member | Justus Kibor Rutto |
| 7. | Board Member | Roselyne Lopisto |
| 8. | Board Member | Esther Chelimo |
| 9. | Board Member | Mathew Rionokol |
| 10. | Municipal Manager- Secretary | Donato Long'al |

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d) Fiduciary Management

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

| Ref | Position | Name |
|-----|---------------------------------|-----------------------|
| 1. | Municipality Manager | Donato Long'al |
| 2. | Deputy Manager | Lydia Tabot |
| 3. | Assistant Director Finance | CPA Geoffrey Lokong |
| 4. | Head of Physical Planning | Plan. Hamilton Bett |
| 5. | Municipal Engineer | Elias Pyego Mukenyang |
| 6. | Municipal Environmentalist | Emily Cheyech Liman |
| 7. | Supply Chain Management Officer | Scholar Cherop |

e) Fiduciary Oversight Arrangements

i) Audit and Risk Management Committee

The West Pokot County Audit Committee was constituted and inducted on 1st July 2018 as per the provisions of the Public Finance and Management Act, 2012. It is mandated to review audit reports and advise the Municipality on institutional risk management.

| S/No | Name | Designation |
|------|---------------------------------|-------------|
| 1 | Mr. Paul Loitangiro Rikilem | Chairperson |
| 2 | CPA Thomas Pkemoi Lotiaka, CPA | Secretary |
| 3 | Mr. Kizito Musakala Makhumi CPA | Member |
| 4 | Ms. Irene Chebet Lorot | Member |

ii) County Assembly committees

Article 185(3) provides that a County Assembly, while respecting the principle of the separation of powers, may exercise oversight over the County Executive Committee and any other County Executive organs. The oversight role of the County assembly is exercised directly by all members of the County assembly and through County assembly committees. The following are the committees responsible for oversight in the County assembly:

- Public Accounts and Investment Committee
- Sectorial Committees
- Finance and Planning Committee
- Implementation Committee

f) Registered Offices

Kapenguria Municipality
P.O Box 222 - 30600
Kapenguria County Hospital Road
Kapenguria, Kenya.

g) Contacts

Telephone: (+254) 713611146

E-mail: kapenguriamunicipaliy@gmail.com, info@kapenguriamunicipality.co.ke

Website: kapenguriamunicipality.go.ke

h) Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 002Nairobi, Kenya
2. Kenya Commercial Bank
Kapenguria Branch,
P.O. Box 66 - 30600
Kapenguria, Kenya


j) Independent Auditor

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



k) Principal Legal Adviser

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


3. Municipality Board

| Serial No. | Name | Details of qualifications and experience |
|------------|--|---|
| 1 |  <p>DAVID YATOR KIPTUM- BOARD CHAIRMAN</p> | <p>Mr. David is 58 years old. He holds Bachelor of Science in Animal Production from Egerton University and has attended several Short Trainings both in Kenya and outside Kenya.</p> <p>Mr. Kiptum has worked with Kenya Seed Company, Bayer East Africa, Sengwer Cultural Centre and Ward Administrator in Trans-Nzoia County and Currently the Secretary of Sengwer Indigenous Peoples Programme Community Based Organization.</p> <p>Mr.Kiptum has attended International Conferences in Washington DC USA, Paris France, Banjul Gambia, Yaoundé Cameroon, Doha Qatar, Kinshasa DR Congo, Arusha Tanzania, Rome Italy and Geneva Switzerland.</p> |



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| | | |
|----------|---|---|
| <p>2</p> |  <p>DORCAS CHEPKEMEI ENDOO- VICE CHAIR</p> | <p>Ms. Endoo is 32 years and holds Master of Laws from University of Nairobi, Post-graduate Diploma from Kenya School of Law and Bachelors of laws from Kenyatta University. She also holds a Diploma in Human Resource Management from University of Nairobi. Ms. Endoo is a Candidate for the award of Master of Arts (Diplomacy and International Relations) from Kenyatta University. She is currently writing her proposal for the consideration of admission for Doctor of Laws.</p> <p>She is a trained Arbitrator and a Member of the Chartered Institute of Arbitrators (Kenya and England). She is an accredited Mediator by the Judiciary of Kenya. She is also a Lead Environmental Impact Assessment/Environmental Audit. She has also been trained on Senior Management Course by Kenya School of Government.</p> <p>Ms. Endoo has gained vast experience having working in Milimani Commercial Courts, Nairobi City Council, Karuiki Muigua & Co. Advocates and KWEW Advocates. She served as Policy Analyst at the Senate of Kenya. Currently she is the Resident Magistrate and Mediation Deputy Registrar - Embu Law Courts.</p> <p>Ms. Endoo is the Chair, Audit Risk and Compliance Committee</p> |
| <p>3</p> |  | <p>Madam Lopistosto 34 years old. She holds Diploma in Social Work and Community Development from Mt.Kenya University Ms.Lopisto has worked with UwezoKenya,Sikom PeaceNetwork for Development, Justice & Peace Centre</p> |



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| | | |
|---|--|---|
| | ROSELYNE LOPISTO- BOARD MEMBER, | |
| 4 |  <p>MARTIN LOKITE KORWA- BOARD MEMBER</p> | <p>Mr. Martin Korwa is 55 years old. He holds Diploma in Pharmacy from Kenya Medical Training College, Nairobi and has attended Trainings in Management of the Medical Stores Supply Chain, Malaria Awareness Treatment, Malaria Case Management Training, Pharmacotherapy of HIV-related infections, Hygienic Milk Production & Handling among others.</p> <p>Mr. Korwa has worked with Pharmaceutical Technologist as in-Charge in Naivasha District, Managing & Financial Director Elementaita Pharmaceutical Limited. Managing Director, Kape Health Limited. Martin is also a member and or Chair of Several School Board of Management. Mr. Korwa is a member of Kenya Pharmaceutical Association and was awarded Certificate of Merit by Health Workforce and Institutional Excellence Award for Pharmaceutical Technologist, Frontline Award.</p> <p>Mr. Korwa is the Chair Finance and General Purpose Committee</p> |
| 5 | | <p>Mr. Maklap is 52 years old He holds Bachelor of Theology from Kenya Highlands Evangelical University, Diploma in Pastoral Ministries from Kaboson Pastors School and is currently Pursuing Master in</p> |


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|---|---|---|
| |  <p>MOSES ARUPE MAKLAP- BOARD MEMBER</p> | <p>Public Administration from Kisii University. Mr. Maklap has worked as Part-time Lecturer with Kisii University, Principal Kapenguria Ministry Institute, World Vision and Currently North Rift Regional Bishop for AGC</p> |
| 6 |  <p>LOMONG'O P. SAMUEL- BOARD MEMBER</p> | <p>Mr.Lomongo is 50 years and holds Bachelor of Education in Special Needs from Mount Kenya University, Diploma in Special Needs Education from Mosoriot Teachers Training College and Primary Teacher Education from Eregi Teachers Training College. Mr.Lomomgo has been in Teaching Profession for over 22 years and is Currently the Head teacher Simitei Primary School.</p> |
| 7 | | <p>Mr. Rutto is 55 years and holds Bachelor of Education in Early Childhood Education from Moi University, Diploma in Education Management from Kenya Education Management Institute, Diploma in Early Childhood Education from Kapenguria ECDE TTC and Kenya Primary Teachers</p> |

*County Government of West Pokot
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Annual Report and Financial Statements for the year ended June 30, 2024*

| | | |
|----|--|--|
| |  <p>JUSTUS KIBOR RUTTO- BOARD MEMBER</p> | <p>Education from Mosoriot Teachers Training College.</p> <p>Mr. Rutto has been in teaching Profession for over 29 years and is Currently the Head teacher Cheptuya Primary School</p> |
| 9 |  <p>ESTHER CHELIMO- BOARD MEMBER</p> | <p>Ms. Esther Chelimo Loukotum is 39 years old and she is currently pursuing her Master degree in Business administration, She also a holder of Bachelor degree in Management, Diploma in Education Management and Senior Management Course from Kenya School of Government.</p> <p>Ms. Esther has vast experience in various fields including being Deputy Head teacher Karon primary school, Head teacher Konyao Arid Zone Primary school, North Pokot Sub-county Administrator for a period of five years, ECDE coordinator Kipkomo Sub-County. Madam Esther is currently The County Executive Committee Member (CECM) for Land, Physical Planning, Housing and Urban Development.</p> <p>Ms Esther is the Chair Planning and Development Committee</p> |
| 10 | | <p>Mr. Mathew Rionokol is 46 years old</p> |

County Government of West Pokot
 Kapenguria Municipality
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| | | |
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| |  <p>MATHEW RIONOKOL- BOARD MEMBER</p> | <p>EDUCATION</p> <p>2010: MSC Land Management from Royal Institute of Technology Stockholm Sweden</p> <p>2004: Bachelor of Science Land Surveying and Photogrammetry University of Nairobi</p> <p>1995: Kenya Certificate of Secondary Education: Ortum Secondary School</p> <p>1992: Kenya Certificate of Primary Education: Chemororoch Primary School</p> <p>Mr. Mathew is the Chair, Human Resource and Gender Committee</p> <p>WORK EXPERIENCE</p> <p>2023 to Date: Chief Officer for Lands, Physical Planning, Housing and Urban Development West Pokot County.</p> <p>2020 to 2022: Head of Geospatial Data Management Ministry of Lands, Housing and Urban Development.</p> <p>2018 to 2020: Regional Surveyor Western Region</p> <p>2014 to 2017: Chief Officer for Lands, Physical Planning, Housing and Urban Development West Pokot County</p> |
| 10 | | <p>Date of birth: 01st October 1974</p> <p>Key academic and professional qualification:</p> <ul style="list-style-type: none"> • Bsc Agricultural Education and extension- Egerton University • Diploma Agriculture Education and extension- Egerton University |

**County Government of West Pokot
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DONATO LONG'AL- SECRETARY

- Kenya Certificate of Secondary School- Kacheliba Mixed Secondary School.
- Certificate of Completion, Classroom Leadership Training workshop
- Certificate of Participation PFM act workshop
- Certificate of +attendance, Academic conference organized by Pokot County Secondary Teachers Association

Work experience:

- Current- Municipal Manager from 1st February 2024 to date.
- Personal Assistant to the Chief Administrative Secretary (CAS). (2016-2017)
- Chief Executive Committee Member (CECM) department of Land, Housing, Physical Planning and Urban Development (2007-2014)
- Principal, st. Annes' Girls Secondary school (2010-2012)
- Deputy Principal, St. Comboni Amakuriat Secondary school (2005-2010)
- Head of Science Department Kacheliba Mixed Day Secondary school (2001-2005)

4. Key Management Team

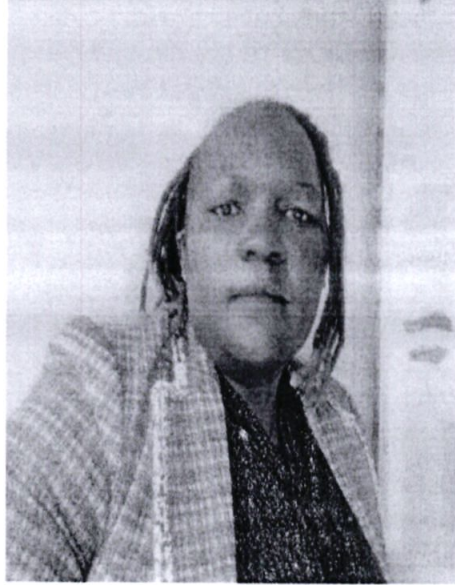
| Serial No | Name | Details of qualifications and experience |
|-----------|---|--|
| 1. |  <p>DONATO LONG'AL- MANAGER</p> | <p>Date of birth:01st October 1974</p> <p>Key academic and professional qualification:</p> <ul style="list-style-type: none"> • Bsc Agricultural Education and extension- Egerton University • Diploma Agriculture Education and extension- Egerton University • Kenya Certificate of Secondary School- Kacheliba Mixed Secondary School. • Certificate of Completion, Classroom Leadership Training workshop • Certificate of Participation PFM act workshop • Certificate of attendance, Academic conference organized by Pokot County Secondary Teachers Association) <p>Work experience: Municipal, Kapenguria Municipality</p> <p>Key responsibilities:</p> <ul style="list-style-type: none"> • Developing and adopting policies, Plans, Strategies and Programmes for Kapenguria Municipality • Formulating and implementing integrated Municipal Development Plan • Ensuring preparation and submission of Municipal annual budget estimates to County Government • Control Land use, Land subdivision, Land Development and Zoning by Public and |

County Government of West Pokot

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| | | <p>Private sectors for any purpose, including Industry, Commerce, Markets, Shopping as well as Employment centres, Residential areas, Parks, Entertainment, the spatial and master plans for the Municipality as may be delegated by the County Government</p> <ul style="list-style-type: none"> • Promote and undertake infrastructural development in collaboration and services within the Municipality • Develop and manage schemes, including site development in collaboration with the relevant National and County Agencies • Maintain a comprehensive Database and information system of the administration and provide Public access thereto upon payment of a nominal fee to be determined by the Board • Implement applicable national and County Government legislations • Monitor the impacts and effectiveness of any services, policies as delegated by the County Government • Promote a safe and healthy environment • Facilitate and regulate public transport |
| 2. | | <p>Date of birth:09th July 1987</p> <p>Key academic and professional qualification:</p> <ul style="list-style-type: none"> • Masters of Project Management (JKUAT) • Bachelors of Business Management (MKU) • Post graduate Diploma in Project Management (KTTI) • “O” Level Certificate (Nasokol Girls High School) • PLE Certificate (Ortum Primary) |



LYDIA TABOT- DEPUTY MANAGER

- Corporate Member No.703 C of Kenya Association of project Managers (Professional Qualification)

Work experience: Deputy Municipal Manager


Key responsibilities:

- Developing and adopting policies, Plans, Strategies and Programmes for Kapenguria Municipality
- Formulating and implementing integrated Municipal Development Plan
- Ensuring preparation and submission of Municipal annual budget estimates to County Government
- Control Land use, Land subdivision, Land Development and Zoning by Public and Private sectors for any purpose, including Industry, Commerce, Markets, Shopping as well as Employment centres, Residential areas, Parks, Entertainment, the spatial and master plans for the Municipality as may be delegated by the County Government
- Promote and undertake infrastructural development in collaboration and services within the Municipality
- Develop and manage schemes, including site development in collaboration with the relevant National and County Agencies
- Maintain a comprehensive Database and information system of the administration and provide Public access thereto upon payment of a nominal fee to be determined by the Board



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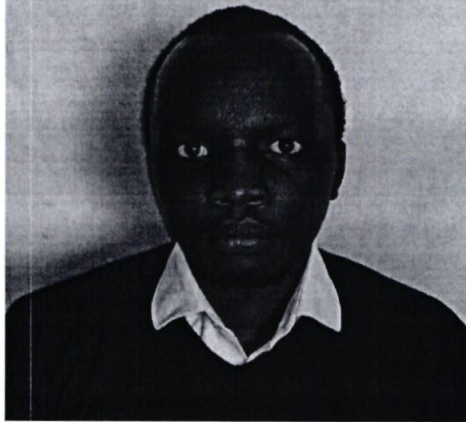
Kapenguria Municipality

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| | | |
|----|---|---|
| | | <ul style="list-style-type: none"> • Implement applicable national and County Government legislations • Monitor the impacts and effectiveness of any services, policies as delegated by the County Government • Promote a safe and healthy environment <p>Facilitate and regulate public transport</p> |
| 3. |  <p>CPA GEOFFREY LOKONG- ASST. DIRECTOR FINANCE</p> | <p>Date of Birth- 29/05/1978</p> <p>Academic & Professional Qualification:</p> <ul style="list-style-type: none"> ✓ Master of Business Administration (Finance), Bachelor of Education Maths and Accounting ✓ Certified Public Accountant CPA(K) (No. 27397), ✓ Strategic Leadership and Development Programme (SLDP), Senior Management Course (SMC) <p>Work Experience: Currently Assistant Director Accounting Services Kapenguria Municipality,</p> <ul style="list-style-type: none"> • Planning officer Department of Prisons • Deputy Officer in Charge, Nairobi Medium Prison, • Planning and Budget Officer United Nation and African Mission in Darfur(UNAMID |

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| | | |
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| 4. |  <p>PLAN. HAMILTON BETT-PHYSICAL PLANNER</p> | <p>Plan. Hamilton Bett is 31 years old.</p> <p>Academic & Professional Qualification: Registered Physical Planner (RPP305). Bsc. Urban and Regional Planning from The Technical University of Kenya. Certificate in GIS from ESRI. SPSS Data Analyst.</p> <p>Work Experience: Currently Principal Physical Planner, West Pokot County. Senior Physical Planner, Ekambridge Services Ltd. Senior Physical Planner, Geomaestro Consult Africa Ltd.</p> <p>Assistant Physical Planner and GIS Data Analyst, Geomaestro Consult Africa Ltd. Assistant Physical Planner and GIS Data Analyst, The Planning Studio Ltd,</p> |
| 5. |  <p>SCHOLAR CHEROP LOYER- SCMO</p> | <p>Scholar was born in 1990</p> <p>Academic & Professional Qualification: She has holder of KCSE certificate, she also has a certificate, Diploma and Degree in Supply Chain Management and Master Degree in Logistics Management.</p> <p>Work Experience: Currently is she in charge of supply chain management at Kapenguria Municipality, She also worked as Supply Chain Management officer in various department in West Pokot County including Finance, Lands, Roads, Trade and Tourism.</p> |
| 6. | | <p>Date of Birth:11/11/1990</p> <p>Academic & Professional Qualification</p> |



ELIAS PYEGO MUKENYANG-
ENGINEER

2022 to Date: Currently pursuing University of London MSC. Project Management Online Program. (Ongoing)

2017: Technical University of Mombasa, BSc. Civil Engineering (Second Class Division).

2010: Chewoyet Boys High school, K.C.S.E B+

2005: Rainbow Kapenguria Academy, K.C.P.E 385 marks

Professional Experience

Currently Engineer Kapenguria Municipality
2024 Feb – Senior Superintending Engineer, Department of Lands Housing Physical Planning and Urban Development.

2022- Jan 2024: Engineer, Department of Water West Pokot County Government.

2018-2021: Project Manager at Anie GPR Company Limited.

2016: Worked as an assistant engineer in the CAS Consultancy Ltd, Muruny (Siyoi) water project under attachment period, (May-August).

2015: Worked as an assistant engineer in the ministry of roads and public works, West Pokot County under attachment program from May to August.


2014: Worked as an assistant site supervisor at Kenyatta University construction projects under attachment period, (May-August).

Professional Membership

2021: Registered as Institute of Engineers Kenya (IEK) member.

2018: Registered as Graduate Engineer, Engineers Board of Kenya (EBK).

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| | | |
|-----------|--|---|
| <p>7.</p> |  <p>EMILY CHEYECH LIMAN- ENVIRONMENTALIST</p> | <p>Date of birth:1/2/1991</p> <p>Key academic and professional qualifications</p> <p>2022-2024.Masters-Health, Safety and Environmental Engineering, Ken Institute of executive learning, India</p> <p>2023-2025-Ongoing Diploma NEBOSH INTERNATIONAL Diploma for Occupation Health and Safety Management (IdipNEBOSH)-Astutis Learning Campus - Nantgarw,Cardiff UK</p> <p>2011-2015-Bachelors of Environmental science with information Technology, Maseno University</p> <p>2005-2009-Njonjo Girls High school</p> <p>1999-2005-Ortum Girls Primary.</p> <p>Professional Qualifications and membership</p> <p>Registered member of Environment Institute of Kenya registration number EIK/2/6146</p> <p>registered member of National Environment Management Authority (NEMA)Registration number 8964 a practicing Expert with a Practising License number NEMA/EIA/ERPL/20882 as in Accordance with provision of the Environment Management andCoordination ACT CAP 387.</p> <p>Principal Environment officer Department of Lands, housing, physical planning and Urban Development, Municipality Section</p> <p>Duties and Responsibilities</p> <p>-Conducting environmental inspections.</p> |
|-----------|--|---|

County Government of West Pokot
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| | | |
|--|--|---|
| | | <ul style="list-style-type: none"> -Creating public awareness on Environmental issues through Environmental education -In charge of Environmental planning at county level. -In charge of identification, rehabilitation and monitoring of degraded sites at the county level -Monitoring and evaluating Education for sustainable Development programmers and setting up of Regional Centers of Excellences. -Preparation of environmental documents -Preparations of Solid Waste Management policies -In charge of Waste management -In charge of Kenya Urban Support Programme (KUSP II) as Project Environment officer , Dealing with Environmental Impact Assesment Reports and Environmental Audits -Prepare and approve EIA Tender documents -Mobilize the Public to participate on Environment conservation and waste management -Monitor and evaluate Solid Waste Management Policies -Participate in creating partnerships with NGOs and other organizations on Environmental issues -Create work plans and programmers to address climate change <p>Work Experience February 2024-to Date -Principal Environment Officer-Kapenguria Municipality</p> |
|--|--|---|

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| | | <p>June 2022-january 2024 -contract Land reclamation officer in the ministry of environment, water, natural resources and climate change, west pokot county.</p> <p>March 2022-May 2022 -Worked with Kenya national bureau of bureau of statistics as a research assistant inKenya household master sample frame(k-hmsf) exercise.</p> <p>April 2021-december 2023- part time volunteer ministry of publicworks, roads and transport west pokot county government.</p> <p>November 2017-April 2019-worked with Kenya national bureau statistics as a mapping assistant</p> <p>January 2017-October 2017-Volunteer in the ministry of environment water and natural resources, west pokot county.</p> <p>October 2016-November 2016-Worked as a resident enumerator in icrh (international centre for reproductive health –Kenya)-Kenya.</p> <p>January 2016-September 2016-Volunteer in the ministry of environment, water and natural resources, west pokot county</p> <p>August 2015-December 2015-Volunteer at food and agricultural organization of the united nation (FAO)</p> <p>January 2015-May 2015-Attachment at ministry of environment, water and natural resources, west pokot county</p> |
|--|--|---|

5. Municipality Board Chairperson’s Report

It gives me pleasure to present the financial statements for Kapenguria Municipality board for the period ended June 30, 2024. The financial statements have been prepared in accordance with Section 164(2) of the Public Finance Management Act, 2012 and Section 46 of The Urban Areas and Cities Act of 2011. They contain appropriation accounts showing the services for which the appropriated money was rendered, amounts actually spent on each service, and any variations between the actual expenditure and the sums vote for the financial year 2023/2024.

In order to ensure improved transparency, accountability and fiscal responsibility the Municipality is committed to prudent use of its finances guided by sound fiscal policies that ensure efficient utilization of resources. Taking consideration of the importance of the citizens’ voice in prioritizing development programmes, we continuously engage and update the citizens of Kapenguria Municipality through public participation. This upholds the key objective of devolution, which is to promote sustainable and equitable social, political and economic development in the County.

The Entity Financing

Kapenguria Municipality finances its operations through allocation by the County Government of West Pokot. The department is in the process of mapping key revenue areas that will ensure increased revenue collection that will assist the department increase its fund basket. The entity is also engaging the County Executive Member of Finance and Economic Planning so that funds appropriated for Kapenguria Municipality are transferred to its Bank accounts since currently only the conditional Grants are transferred to the Municipality Bank Accounts.

| Description | Amount (Kshs.) | % |
|--|-----------------------|------------|
| County Allocation | 28,500,000 | 60 |
| Balances Brought Forward F/Y 2022/2023 | 18,952,947 | 40 |
| Total | 47,452,947 | 100 |

Key policy documents

The Municipality recently initiated the development of Kapenguria Municipality Local Physical and Land Use Development Plan 2023-2033 (Also known as Municipal Spatial Plan). The Municipal LPLUDP sets out policies and strategies to guide the spatial development of the

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municipality hence ensuring orderly and sustainable development. The preparation of the plan has five phases that include (i) Preparatory (ii) Project activation (iii) Data collection and activation (iv) Visioning and Scenario building and (v) Plan proposal and approval. During 2021/2022 the entity was able to implement the first two phases that is Preparatory and Project activation stages.

The primary role of spatial planning is to enhance the integration between sectors such as housing, transport, energy and industry, and to improve national and local systems of urban and rural development, also taking into account environmental considerations. This plan is set to guide spatial development within the municipality for the next 10 years and covers the entire jurisdiction of Kapenguria Municipality within West Pokot County.

The entity has in place key policy documents that include; Integrated Development Plan (IDeP), Solid waste Management Policy and By-Laws (awaiting adoption by the County Assembly). These policy documents have enabled the Municipality implement its programmes and activities effectively.

Future outlook of the Fund

In the Financial Year under review, the Municipality received its funding through allocations by the County Government. The Municipality has also been putting strategies in place to ensure it identifies other sources of income that include borrowings, engaging the County Government to transfer the appropriated funds for the municipality to its bank accounts. (since currently the funds allocated to the board are expended at County treasury), identifying other potential revenues streams among other strategies. The Municipality is also engaging the County Treasury and County Assembly to develop the criteria for allocation of funds to the Municipality as provided by PFM act Section 173. With additional funding, the entity shall be able to implement its programmes and projects as envisioned in the IDeP as well as fill in the vacant vacancies as detailed in the organogram

Public Participation:

Good governance entails addressing the needs of the public through consultation and communication, and being accountable to the residents of Kapenguria Municipality as envisaged in our constitution. The management undertook a number of processes to achieve this goal, including holding consultative meetings with a wide range of stakeholders and

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residents of Kapenguria; organizing citizen Fora, having a talk show in the local media to discuss pertinent issues affecting the residents, establishing the Municipal website where the public can access our programmes and activities. Through these meetings and Fora, the municipality is able to establish the needs and aspirations of the residents.

Challenges

During the year under review, the board faced myriad of challenges that inadequate funding from the county government despite the fact that the entity has been transferred some of the key functions through Gazette Notice of 2018. The little amount allocated to the board is still expended at the County treasury hence not giving the entity the full powers on the spending of the funds (though the Manager approves the expenditures). The only funds the entity gets in its bank account is the conditional grant under the Kenya Urban Support Programme of which came to an end in the 2021/22 Financial year though phase two of the programme may be starting in 2024/25 F/Y

Conclusion

The Annual Report 2023/24 provides details on the various key infrastructure projects that are being undertaken to facilitate the growth of the Municipality and through implementation of various projects that include road maintenance, construction of market stalls and recreational park constructions. These projects are only possible through strategic partnerships with the County Government and the residents of Kapenguria Municipality. I remain thankful to His Excellency the Governor, Simon Kachapin, Board Members, the Municipal Manager who continue to direct our staff, resources and operations towards making a positive difference in the lives and future of Kapenguria Municipality.



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Name: David Yator Kiptum

Chairperson of the Board

6. Report of the Municipality Manager

The Urban Areas and Cities Act No.13 of 2011 requires that each Municipality board shall prepare the statement of financial performance & statement of financial position of the board at the end of each financial year. The purpose of this report is therefore to provide a record of the activities for the year, to report on performance against the budget of the Municipality for the financial year reported on, and to promote accountability to the local community for the decisions made throughout the year.

During the year under review, Kapenguria Municipality was allocated Kshs. 28,500,000 for both infrastructural developments and operations. Kshs. 18,559,250 were balances brought forward from 2022-2023 F/Y totalling Kshs. 47,452,947. The total budget for the department during the year in review was Kshs. 50,000,000 for development and Kshs. 73,559,250 for recurrent. Out of the total budget of Kshs. 142,452,947 only Kshs. 47,452,947 were available for use. The expected KUSP conditional funds amounting to Kshs. 95,000,000 were not received. The KUSP programme was to start in the 2023/2024 F/Y but was pushed forward to 2024/2025 therefore the earmarked funds for the year under review was now be availed in 2024/2025 F/Y.

The Municipality was established in 2018 and its' funding is mainly from County allocation and grants by National Government through Kenya Urban Support Programme (KUSP), which is a five-year programme from financial year 2017/2018 to 2022/2023. Up to date, the board has received Kshs.214, 904,721 for infrastructural development.

Physical progress based on outputs, outcomes, and impacts since the establishment of Municipality

Since the inception of the project the entity has been able to implement the following activities

- Constructed 25.3 Km road within the Municipality which has opened up the rural areas and has enabled the traders transport their produce to town as well as increased efficient transportation of people, goods and services.
- Constructed 85 units of market stalls, 100 parking spaces and refurbished Makutano Bus Park. The stalls have accommodated 85 traders especially the women and youth and this has enabled them participate in trading hence improving their economic capability, create employment and increase revenue collection to the County Government. The revamped Bus Park has also enabled the transport operators to work in conducive and safe environment.

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- Rehabilitated Kapenguria dumpsite and purchased refuse skip loader with 10 bins which has ensured a clean and safe working environment for both traders and inhabitants of Kapenguria Municipality.
- To enhance safety of the business people in case of fire outbreaks, the entity has constructed a modern fire station with three (3) bays to accommodate the fire engines and a boarding facility for the fire crew. This has resulted to timely response to fire outbreaks. The parking area has also been paved.
- Upgraded 0.6 Km of urban road to tarmac within Makutano Township which has improved linkages and connectivity within the town hence enhancing service delivery.
- Construction of recreational park has provided space where residents of Kapenguria Municipality and its visitors now have a place to rest. The same will also create space where people can undertake their social activities including meetings, weddings, parties among other social events. This will in effect provide revenue to the Municipality. This facility was officially opened by H.E the Governor on 5th March, 2024
- Initiated the process of development of Kapenguria Spatial plan by holding citizen fora in the three wards of Siyoi, Mnagei and Kapenguria.

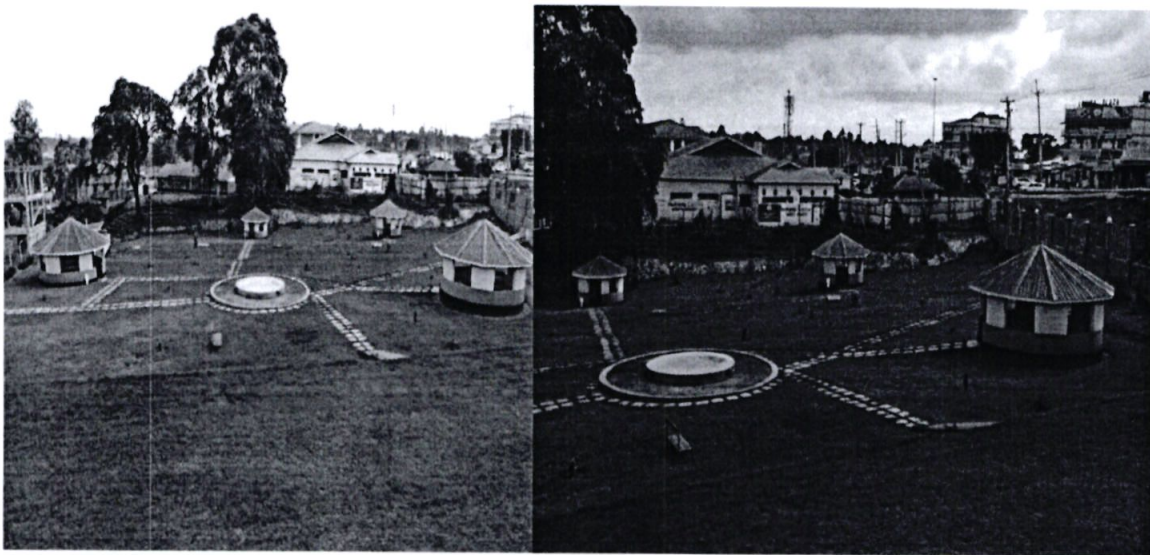


Figure 1 Complete recreation park



Figure 2. Fifteen market (15) stalls

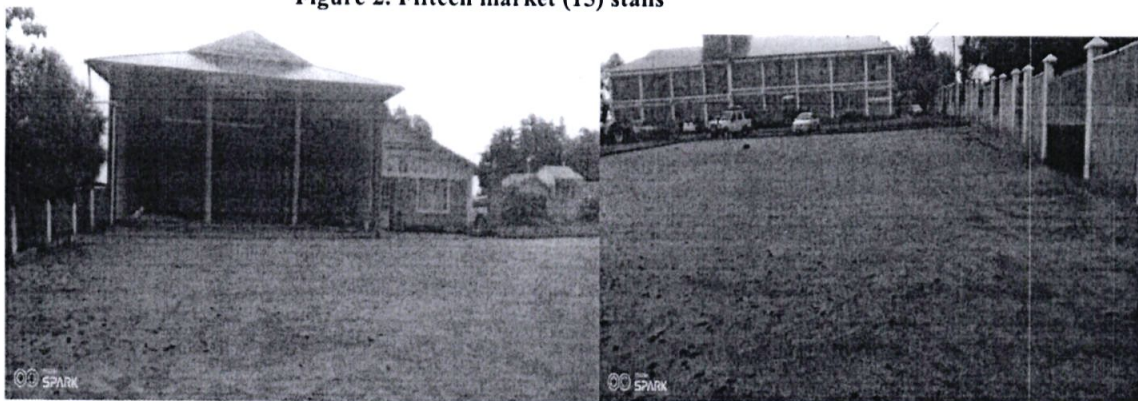


Figure 3. Complete fire station on paved ground

Budget Performance

As indicated above, the entity was allocated Kshs. 28,500,000 while it had Kshs. 18,952,947 as balances brought forward, out of the total amount received and balances brought forward, Kshs. 46,869,359 was spend during the year under review which represents 98% absorption rate. The project implemented during this period include completion of recreational park & installation of 15 market stalls, *cabbro* paving of Jacaranda grounds, *cabbro* paving of modern fire station, completion of modern fire station, maintenance and renovation of potholes at Makutano town, *cabbro* paving of old Rafiki- Lotodo street (NMT) and installation of solar street lights at Old Rafiki-Lotodo street as a way of dealing with climate change.

Value-for-money achievements

Kapenguria Municipality main mandate is to provide effective and efficient services for its residents and therefore its main infrastructural focus is mainly on waste management, connectivity, urban social economic infrastructure and storm water drainage among others. The infrastructural implementation of the above project has had a positive impact on residents of Kapenguria Municipality through ensuring access through improvement and Maintenance of the Municipal roads and building of markets stalls, construction of recreational park among other activities has improved service delivery to the residents of Kapenguria Municipality as well as provided an opportunity for the residents to engage in entrepreneurship hence improving their economic status. Therefore, value for money has been achieved. The Board has also invested in projects that bring returns in terms of revenue collection that include installation of markets stalls in strategic area within the municipality. Other projects implemented has had a lot of impact on the traders in terms of them having an opportunity to do their business in a conducive environment and up to late hours in the evening because of availability of street lights. The access to their business location has also been enabled through construction of access road.

Challenges and recommended way forward.

Challenges

- Late disbursement of funds has led to project being implemented towards the end of the financial year.
- Inadequate funding. There is need to adopt the funding criteria in funds allocation to the Municipality as per the PFM act section 173 which provides clear criteria for allocation of funds to urban areas.

Recommendations

There is need to disburse funds on time to ensure projects are implemented within the stipulated period.

There is also need to allocate enough funds to the board by the County assembly and Executive as per the transferred functions. The executive to also transfer the board's allocation to its bank accounts for easy accountability and reporting.

There is need to adopt the funding criteria in allocating funds to the Municipality as per the PFM act section 173 which provides clear criteria for Budget and budget process for urban areas or cities.

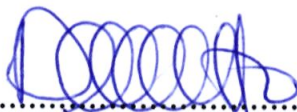
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In regard to the future outlook of the Municipality the board intends to ensure that it meets all the condition of the KUSP project to be assured of full allocation of both UDG and UIG by the state department of Urban Development. This with the county allocation will enable the entity implement its project and programmes. The KUSP funding is a five-year programme that will start from 2024/2025 F/Y. As envisioned in the IDeP the municipality will focus in four key areas; solid waste management, Connectivity and storm water drainage, Fire and disaster management and Urban Social and economic infrastructure. The entity has also been allocated funds by the County Government for implementation of its programmes and activities during the 2024/25 F/Y.

Conclusion

The Municipality is keen on enforcing fiscal responsibility principles with major focus on economy, efficiency and effectiveness in the implementation of all its programmes. The funds received during the year under review were used for their eligible intended purposes and have been duly accounted for.

Finally, I take this opportunity to thank West Pokot County government for its support which gave the board a helping hand to ensure it achieves its key mandate to make Kapenguria a model Municipality in service delivery in Kenya. Am also grateful the Municipal board members and staff to their unparalleled support during the 2023/24 financial year, their teamwork led to the implementation of key programmes and activities within the Municipality.



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Name: Donato Long'al
Municipality Manager

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

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a County Government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board including a statement of the county government entity's performance against predetermined objectives. The key development objectives of the Kapenguria Municipality in the 2023/2024 financial year plan is to:

- a) Provide quality physical infrastructure.
- b) Urban planning.
- c) Urban governance and administration
- d) Urban Social and Economic Infrastructure

The Municipality of Kapenguria is currently implementing the County Integrated Development Plan (CIDP) 2018-2022 and its Municipal Integrated Development Plan (IDeP) 2019-2024. The plan outlines programmes and projects aimed at fostering vibrant resilient communities and making investments that transform lives by enhancing our delivery of comprehensive interventions; supporting the wellness in our communities so as to drive the Municipality social economic transformation so as to accelerate the realization of quality and equitable development for the residents of the Municipality. The IDeP summarizes details, plans and the projects as identified by the local people to address specific and strongly expressed issues and challenges during the municipality - community public participation meetings. The IDeP addresses issues based on the following sectors: Agriculture, Water Services; Health and Sanitation Services Sector; Energy, Environment and Natural Resources Sector; Public Service, decentralized Services and Disaster Management Sector; Tourism, Trade and Industry Sector; Roads, Housing and Education Sector

The strategic plan's underlying goals are summarized as follows

- Develop special development framework which must include the provision of basic guidelines for land use management system for the municipality
- Develop Municipality investment plans which will ensure its viability and sustainability in service provision

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- Identify potential area for urban development based on land suitability and other factors.
- Analyse present and future (5, 10, 20 years) housing needs/market, stock, conditions and recommend strategies for land acquisition, distribution of land and housing in future
- Develop Land Use plan and recommend bye-laws for the construction of building and other infrastructures which include; Residential zone, Institutional zone, Industrial hub, Airport/Airstrip zone, Sport facilities, Urban expansion zone, Stream/river banks zone, Green zone, Apartment housing, Petrol pump/Electric line/Cinema theatres etc

The CIDP and The IDeP are implemented yearly through preparation of Municipal Annual Development Plan (ADP), which extracts from CIDP and IDeP the development proposals, projects and programmes for the fiscal year. The ADP progress is monitored using quarterly and Annual Progress Reports.

Kapenguria Municipality Strategic Development Objectives

The County's 2023-2027 CIDP and the Municipal IDeP highlights key strategic development objectives. Broadly, these objectives were identified through a participatory process that reviewed the development priorities of the Governor's Manifesto, the National Government's Bottom up model, SDGs and the MTP III.

The strategic objectives are a synthesized product of the afore-mentioned planning frameworks that amalgamate the thematic focus and development aspirations in these policy frameworks.

The key development objectives of Kapenguria Municipality IDeP 2019-2024 and County's 2023-2027 CIDP are to:

- a) Improve business environment and security
- b) To ensure controlled sustainable urban development
- c) To ensure proper solid waste management
- d) Develop special development framework which must include the provision of basic guidelines for land use management system for the Municipality
- e) Develop Municipality investment plans which will ensure its viability and sustainability in service provision.

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Progress on attainment of Strategic development objectives

The CIDP and IDeP contains key projects, which were identified through public participation and various stakeholder engagements. Below is a status update of key projects for Kapenguria Municipality.

The department continues to plan for and fund high priority capital asset projects that address infrastructure and improvement of livelihoods through controlled urban development, safe business environment, and proper solid waste management. The department also continues to construct new tarmac roads as well as market stalls to ensure effective delivery of services to the residents of Kapenguria Municipality

Below we provide the progress on attaining the stated objectives:

| Program | Objective | Outcome | Indicator | Performance |
|--|--|---|---------------------------------|--|
| Provide quality physical infrastructure | To develop and maintain fire station area to improve connectivity in case of emergency e.g fire outbreak | Improved responses to emergencies | Area of the fire station paved | For 2023/2024 F/Y 2500 M square of the fire station paved |
| | To develop and maintain non-motorized to improve connectivity | Increased efficient transportation of people, goods and services | Km of road paved using Cabbros | 0.4 Km road paved using Gabbro |
| Urban Social and Economic Infrastructure | To provide a recreational area for the residents to hold their social activities. | Increased number of social events done Increased business opportunities for shoe shiners | One completed recreational park | During 2023/2024 F/y construction of recreational park and purchase of 15 market stalls was completed and use. |

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| Program | Objective | Outcome | Indicator | Performance |
|---------|-----------------------------------|---|---|--|
| | To create 16 hr economic activity | Increase business hours from 12- 26 hrs | Installation of street lights in the busy roads and markets | During the 2023/24 F/Y installed 12 solar street lights in the busy business roads and markets |

8. Corporate Governance Statement

Existence of Municipal Charter

In exercise of the powers conferred by section 9 (1) of the Urban Areas and Cities Act, (No. 13 of 2011) as complemented by section 72 of the Interpretations and General Provisions Act (Chapter 2) and all other enabling provisions of law, the Governor of West Pokot County granted the Municipality of Kapenguria this Municipal Charter on 29th June 2018. The following key features is elaborated in the charter

Board Meetings

The Board of the Municipality of Kapenguria holds its sittings to transact the business of the Board once every three months. The Chairperson of the Board of the Municipality of Kapenguria may, and upon request in writing by at least one-third of the members of the Board of the Municipality of Kapenguria shall, convene a special meeting to transact any urgent business of the Board of the Municipality of Kapenguria. All regular meetings of the Board of the Municipality of Kapenguria called for transacting public business, where a majority of the members elected are present, shall be open to the public.

A majority of the members of the Board of the Municipality of Kapenguria 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 of Kapenguria Rules. A member of the Board of the Municipality who is interested in any discussions or decision-making regarding any subject or transaction under consideration by the Board, shall not be counted as participating in the discussions or decision-making, and is not entitled to vote on or agree to the subject or transaction relating to it.

Kapenguria Municipality has four committees in place that include Planning and Development, Finance and General Purpose Audit, Risk, and Compliance and Human Resource & Gender Committee. During the year under review the full board met quarterly to deliberate and adopt reports from the committees. Key among the include budget approval, consideration and discussion of internal and external audit reports, staff employment, infrastructural developments among others

Role and functions of the board

Subject to the Constitution and any other written law, the Board of the Municipality is mandated, within the boundaries of the Municipality of Kapenguria performs the following functions

- (a) Exercise executive authority as delegated by the Governor of the County of West Pokot;
- (b) Ensure provision of services to its residents;
- (c) Impose such fees, levies and charges as may be authorized by the County Government for delivery of services by the Municipality;
- (d) Promote constitutional values and principles;
- (e) Ensure the implementation and compliance with policies formulated by both the National and County Government;
- (f) Make By-laws or make recommendations for issues to be included in By-laws;
- (g) Ensure participation of the residents in decision making, its activities and programmes; and
- (h) Exercise such other powers as may be delegated by the Governor of the County of West Pokot.

Process of appointment and removal of Board Members

Each member of the Board of the Municipality of Kapenguria shall have the following qualifications.

- (a) In case of the Chairperson, holds a minimum of a degree; while for any other member, holds at least a minimum of a diploma from an institution recognized in Kenya;
- (b) Has a distinguished career in a medium level management position in either the private or public sector;
- (c) Holds at least ten years post-qualification professional experience in case of the Chairperson, while in case of any other member, at least five years post-qualification professional experience;
- (d) Satisfies the requirements of Chapter six of the Constitution of Kenya 2010;
- (e) Is ordinarily resident or has a permanent dwelling in the Municipality of Kapenguria; and
- (f) Carries on business or has lived in the Municipality of Kapenguria for at least five years.

(g) A person shall not be appointed a member of the board the Municipality of Kapenguria if that person:

- (1) Is an un-discharged bankrupt;
- (2) Has been removed from office for contravening the Constitution or any other law;
- (3) Is not a citizen of Kenya; or
- (4) Has in the conduct of his or her affairs not met any statutory obligations.

A member of the Board of the Municipality of Kapenguria shall cease to hold office if the member;

- (a) Is unable to perform the functions of the office by reason of mental or physical infirmity;
- (b) Is declared or becomes bankrupt or insolvent;
- (c) Is convicted of a criminal offence and sentenced to a term of imprisonment of six months or more;
- (d) Resigns in writing to the County Governor;
- (e) Without reasonable cause, the member is absent from three consecutive meetings of the Board or Committee of the Board of the Municipality of Kapenguria within one financial year;
- (f) Is found guilty of professional misconduct by the relevant professional body;
- (g) Is disqualified from holding a public office under the Constitution;
- (h) Fails to declare his or her interest in any matter being considered or to be considered by the Board or Board Committees;
- (i) Engages in any gross misconduct; or
- (j) Dies.

Remuneration of the Board

The members of the Board of the Municipality of Kapenguria are not be entitled to a salary. However, members of the Board are paid allowances as advised by the Salaries and Remuneration Commission.

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9. Management Discussion and Analysis

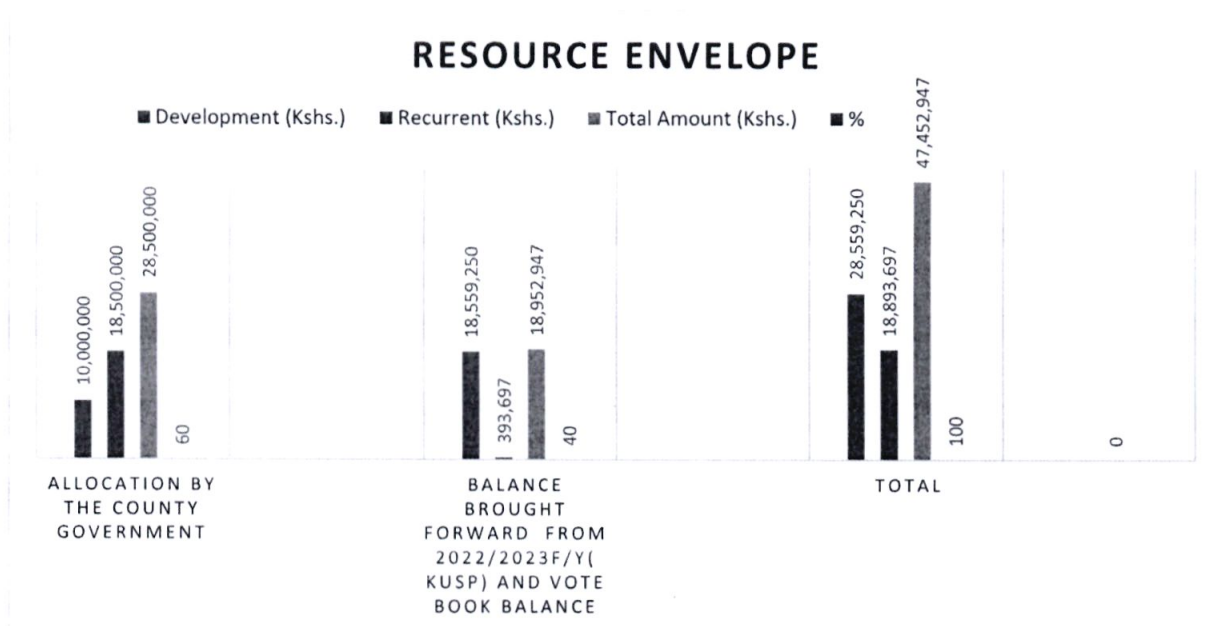
a) Resource Envelope

The entity received its revenues mainly from the allocation by the County executive shown below;

Table 1: Resource Envelope

| Description | Development (Kshs.) | Recurrent (Kshs.) | Total Amount (Kshs.) | % |
|---|---------------------|-------------------|----------------------|------------|
| Allocation by the County Government | 10,000,000 | 18,500,000 | 28,500,000 | 60 |
| Balance brought forward from 2022/2023F/Y(KUSP) and Vote Book balance | 18,559,250 | 393,697 | 18,952,947 | 40 |
| Total | 28,559,250 | 18,893,697 | 47,452,947 | 100 |

Figure 4: Resource Envelope



b) Budget performance

Out of the total projected revenues, the entity received Kshs. 47,452,947 only out of the expected Kshs. 142,452,947 of its budgets as shown below;

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Table 2: Budget Performance

| Revenue Classification | Budget Amount (Kshs.) | Actual Amount received (Kshs.) | % Realization |
|--|-----------------------|--------------------------------|---------------|
| Transfers from Other Government Entities (Both County allocation and Conditional Grants) Development | 50,000,000 | 10,000,000 | 20% |
| Recurrent Expenditure | 73,500,000 | 18,500,000 | 25% |
| Balance brought forward (Development) | 18,559,250 | 18,559,250 | 100% |
| Balance brought forward (Recurrent) | 393,697 | 393,697 | 100% |
| | | | 33% |
| Total | 142,452,947 | 47,452,947 | 20% |

The entity had a total budget of Kshs. 142,452,947 which included balance brought forward from the previous year which was Kshs. 18,952,947 as shown in the table (3) below. The low realization of the budget was because the conditional grants amounting to Kshs. 95,000,000 (Kshs. 40,000,000 for development and Kshs. 55,000,000 recurrent) was not remitted from the national Government and that the receipt of this amount is not certain.

In FY2023/2024 Kapenguria Municipality realized overall absorption rate of 98% percent for both recurrent and development as shown below

Table 3: Budget Performance

| VOTE HEAD | Amount received (Kshs.) | Balance B/F | Total | Actual Expenditure (Kshs.) | Absorption % |
|--------------|-------------------------|-------------------|-------------------|----------------------------|--------------|
| Development | 10,001,000 | 18,559,250 | 28,560,250 | 28,248,954 | 98% |
| Recurrent | 18,500,000 | 393,697 | 18,893,697 | 18,227,824 | 97% |
| Total | 28,501,000 | 18,952,947 | 47,453,947 | 46,476,778 | 98% |

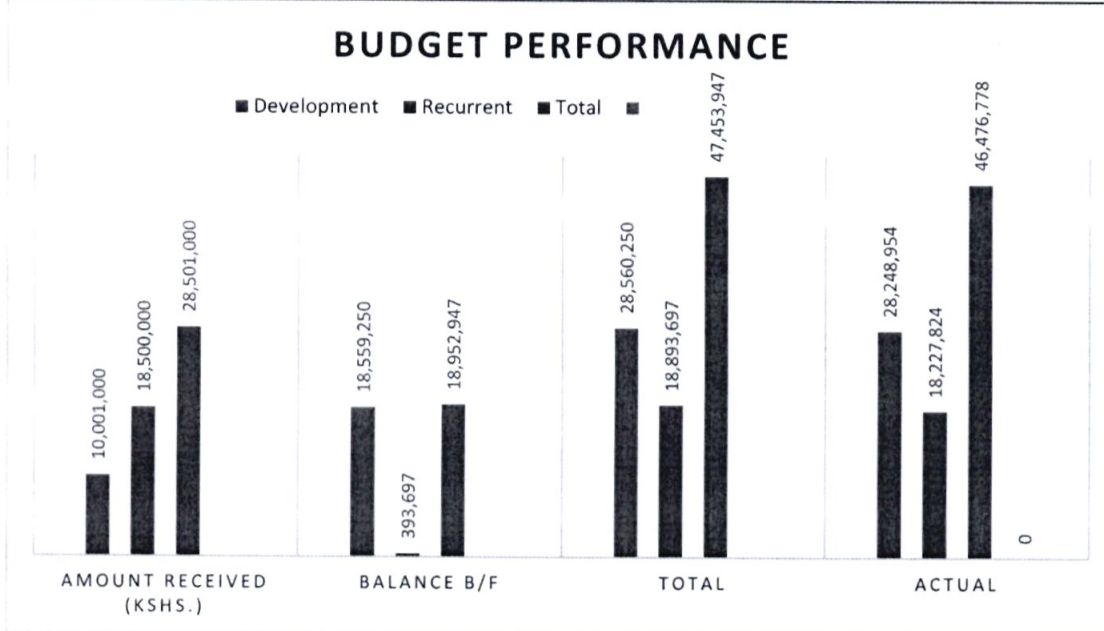


Figure 5: Budget Performance

c) Municipality Expenditure Analysis

The total expenditure for the financial year 2022/2023 amounted to Kshs 46,476,778 for both infrastructural development and recurrent expenditures as indicated in Figure 5.

d) Cash Flow Analysis

During FY2023/2024 the department received allocation from the County Government amounting to Kshs. 28,500,000, while Kshs. 18,952,947 were balance brought forward from the previous year. The funds received were utilized to acquire assets including completion of the recreational park, paving of fire station area, purchase of tools for cleaners, maintenance of refuse truck and tractors among other operational activities of the Municipality.

e) Fixed Assets

The PPE acquired during the period under review amounted to Kshs. 26,832,243. The Municipality has developed a system of internal accounting controls designed to provide reasonable assurance to safeguard assets against loss from unauthorized use. It also provides reliable records for preparing financial statements and maintaining accountability for assets via the Asset Register.

f) Operational Performance

For seamless service delivery departments has worked towards achieving operational efficiency. Below is a summary of some key outcomes of activities over the period under review:

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| DEPARTMENT | SECTOR PERFORMANCE |
|-------------------------|---|
| Kapenguria Municipality | <ul style="list-style-type: none"> • Paved using <i>Cabbros</i> 2500 square meters of the fire station to enable easy entry and exit of the fire engine during emergencies • Did drainage work and marking of parking slots at Makutano town • Completed construction of recreational Park in Makutano Township where the residents of the Municipality have now n space to relax and carry out their social events. The park was officially opened by H.E the Governor West Pokot County on 5th March 2024 |

10. Environmental and Sustainability Reporting

1. Sustainability strategy and profile

Kapenguria 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 sustainable development, partnership pillars: putting the residents/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar.

The Kapenguria Municipality with the support of State Department of Housing & Urban Development (SDHUD) has actively sought partnerships with the National Government and others in a bid to increase grants and donations and this has led to signing of Intergovernmental Participation agreement between the National Government and County Government of West Pokot to support infrastructural activities in Kapenguria Municipality. The Municipality has also mapped new revenue streams to increase its source revenue collection. During the year under review 70 units of market stalls were completed and given out to traders to start their business. We realize that funds from the grants and other government entities will not be sufficient to achieve the objectives of our Integrated Development Plan (IDeP) and CIDP therefore, we seek to economically empower our people by actively investing in infrastructure that will benefit the Municipality residents through engaging in trading (such infrastructure include construction and paving of market stalls). This will also be a source revenue collection.

2. Environmental performance

Kapenguria Municipality has in place a Solid Waste Management Policy that has assisted the public and the institutions involved to be 7R oriented society by Reducing; Rethinking; Refusing; Recycling; Reusing; Repairing; and Refilling their waste. The policy has also provided framework to address solid waste problems and ensures at achieving zero waste generation. The policy has further ensured that the Municipality in collaboration with other stakeholders is able to sustain the provision of adequate quality services in solid waste management and establish appropriate response to solid waste challenges. In conjunction with department of Environment, we have developed Environmental Rules and Regulations, which include Noise Regulations among others and this has led to reduction in loud noise, unnecessary or unreasonable noise to ensure health and safety of the others. An environmental expert was employed and deployed to the Municipality during the year under review.

3. Employee welfare

Employee welfare is a critical component for unified service delivery. Kapenguria Municipality is very committed in ensuring that the welfare of all its employees is catered for by providing a favourable working

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environment. During the 2022/2023 financial year and with the stewardship of the County Public Service board and the HR department the following key issues were achieved towards staff welfare:

- Provision of full medical cover for staff and their dependents as well as capacity building through trainings and workshops both internally and at the Kenya School of Government.
- Procured working tools including Wheelbarrows, *Jembes*, spades, rakes so as ensure that staff working in our municipality use the right items to ensure their safety.
- Result Based Management / Performance management System is key in ensuring staff perform their work and are rewarded accordingly. In this regard, the department ensured staff were appraised through systematic staff performance appraisal system and performance contracting where staff participates through work planning, target setting and execution, feedback and reporting. During the year under review, the staff were appraised using a scale to indicate the level of performance and those who performed exemplary were rewarded through commendation letter among other recognitions.

4. Market place practices

a) Responsible competition practice.

The Kapenguria Municipality applies the principles of public procurement as espoused in the Public Procurement and Asset Disposal Act, 2015; fairness, competitiveness, integrity, professionalism, transparency and accountability, promotion of local industry, promotion of citizen contractors and maximization of value for money.

The County uses the Public Procurement and Regulatory Authority market price index and its own market survey to assure competitive prices of procured goods, works and services. In compliance with achieving affirmative action as provided by the Constitution under Articles 55 and 56 and as enacted in the Public Procurement and Asset Disposal Act, 2015 Sections 155,156,157 & 158, the County reserves 30% of its procurement budget to Youths, Women and Persons Living with Disability. Furthermore, the department prepares and submits the reports to Public Procurement and Regulatory Authority Quarterly and bi-annually as required under the Act and Executive Order no. 2/2018.

b. Responsible Supply chain and supplier relations

The Municipality applies the procurement methods that ensure promotion of local industry through Request for Quotations and Open County Specific Tenders. In accordance, as provided in the first schedule of the Act, the threshold matrix guides all other procurement for adoption for each procurement, which is included in a procurement plan and approved by the accounting officer.

Kapenguria Municipality continued to sensitize its residents on various policies including Solid Waste Management Policy, draft Kapenguria Municipality By-Laws, and Budgetary Process, monthly cleaning services, Urban Integrated Development Plans. This has been done through Public Meetings and Radio

County Government of West Pokot

Kapenguria Municipality

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

Talk shows. The engagement has provided the residents of Kapenguria Municipality an opportunity to bring out their views in respect to laws and policies as well as infrastructural programmes hence ensuring ownership by the citizens

11. Report of the Municipality Board Members

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

Principal activities

The principal activities of the Municipality are to provide efficient and effective services to the residents of Kapenguria Municipality so as to improve their livelihoods

Performance

The performance of the Municipality for the year ended June 30, 2024 are set out on page 1.

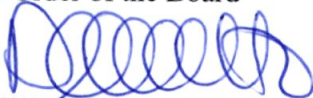
Board Members

The members of the Board who served during the year are shown on page Vii. During the year the secretary to the board who is the Municipal manager was recruited and he replaced the then acting Manager.

Auditors

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

By Order of the Board



.....
Name: Donato Long'al

Secretary of the Board

12. Statement of Management's Responsibilities

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

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

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

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

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

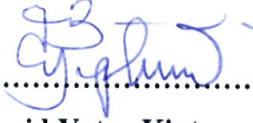
Approval of the financial statements

County Government of West Pokot
Kapenguria Municipality

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

The Municipal financial statements were approved by the Board on ... 26/11/2024 2024

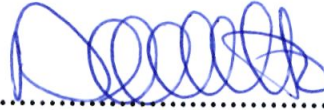
and signed on its behalf by:



.....

Name: David Yator Kiptum

Chairperson of the Board



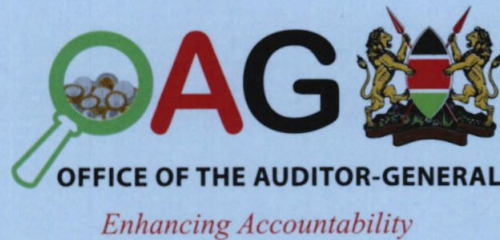
.....

Name: Donato Long'al

Accounting officer of the Board

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KAPENGURIA MUNICIPALITY BOARD FOR THE YEAR ENDED 30 JUNE, 2024 - COUNTY GOVERNMENT OF WEST POKOT

PREAMBLE

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

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

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kapenguria Municipality Board - County Government of West Pokot set out on pages 1 to 37, which comprise of the statement of financial position as at 30 June, 2024 and the statement of financial

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kapenguria Municipality Board - County Government of West Pokot as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Urban Areas and Cities Act No.13 of 2011 and Cities, Kapenguria Municipality Charter, 2018 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.73,532,606 and Kshs.19,025,019 respectively resulting to an underfunding of Kshs.54,507,587 or 74% of the budget. Similarly, the Municipality Board actual expenditure amounted to Kshs.32,280,493 against an approved budget of Kshs.73,532,606 resulting to an under absorption of funds of Kshs.41,252,113 or 56% of the budget.

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

My opinion is not modified in respect of this matter.

Other Matter

1. Non-Collection of Own Generated Revenue

The statement of financial performance for the year ended 30 June, 2024 indicates that the Municipality was financed solely through revenue allocated by the County Government and conditional grants by The National Treasury through the Kenya Urban Support Programme (KUSP). This was contrary to Section 172(a) of Public Finance Management Act, 2012 which states that 'an urban area or city may also be funded through revenue arising from rates, fees, levies, charges and other revenue raising

measures which is retained by the urban area'. Further, conferment of municipal status may have been made without satisfying criterion of demonstrable revenue collection or revenue collection potential, contrary to Section 9(3)(c) of the Urban Areas and Cities Act, 2011.

In the circumstances, the Municipality may not achieve its objectives and goals as outlined in its charter.

2. Lack of Financial and Operational Independence

Review of provided documentation revealed that the Municipality lacked financial independence as revenues and expenditures of the municipality were controlled from the County Treasury thereby denying the Municipality the independency of financial operations.

Key Audit Matters

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

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing 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

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

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

Conclusion

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

Basis for Conclusion

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

Responsibilities of the Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


16 December, 2024

*Kapenguria Municipality
County Government of West Pokot
Annual Report and Financial Statements for the year ended June 30, 2024*

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

| Description | Note | 2023-2024 | 2022-2023 |
|---|------|---------------------|----------------------|
| | | Kshs. | Kshs. |
| Revenue from non-exchange transactions | | | |
| Transfers from the County Government | 6 | 19,024,869 | 26,279,356 |
| Total revenue | | 19,024,869 | 26,279,356 |
| Expenditure | | | |
| Use of goods and services | 7 | 14,330,296 | 18,883,361 |
| Board expenses | 8 | 993,500 | 3,000,000 |
| Depreciation and amortization | 9 | 12,243,417 | 10,043,630 |
| Repairs and maintenance | 10 | 4,713,280 | 4,051,300 |
| Total expenses | | 32,280,493 | (35,978,291) |
| Other gains/losses | | | |
| Surplus/(deficit) for the period | | (13,255,624) | (9,698,935) |

The notes set out on pages 22 to 30 form an integral part of these Financial Statements. The entity financial statements were approved on 2024 and signed by:



Name: Donato Long'al
Municipality Manager



Name: Geoffrey Lokong
Head of Finance
ICPAK M/No 27397

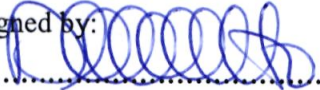
County Government of West Pokot
 Kapenguria Municipality
 Annual Report and Financial Statements for the year ended June 30, 2024

15. Statement of Financial Position as at 30 June 2024

| Description | Note | 2023-2024 | 2022-2023 |
|---|------|---------------------------|---------------------------|
| | | Kshs. | Kshs. |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 11 | 2,531,342 | 22,121,977 |
| Total current assets | | 2,531,342 | 22,121,977 |
| Non-current assets | | | |
| Property, plant, and equipment | 12 | 124,883,715 | 110,294,851 |
| Total Non-current Assets | | 124,883,715 | 110,294,851 |
| Total assets | | 127,415,057 | 132,416,828 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 13 | 2,530,835 | 3,169,030 |
| Total current liabilities | | 2,530,835 | 3,169,030 |
| Non-current liabilities | | - | - |
| Total liabilities | | (2,530,835) | (3,169,030) |
| Net assets | | <u>124,884,222</u> | <u>129,247,798</u> |
| Capital/Development Grants/Fund | | 157,786,986 | 148,894,938 |
| Reserves | | - | - |
| Accumulated surplus | | (32,902,764) | (19,647,140) |
| Total net assets and liabilities | | <u>124,884,222</u> | <u>129,247,798</u> |

County Government of West Pokot
Kapenguria Municipality
Annual Report and Financial Statements for the year ended June 30, 2024

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 ... 26/11/2024

and signed by: 

.....
Name: Donato Long'al

Municipality Manager

Date: 26/11/2024


.....

Name: Geoffrey Lokong

Head of Finance

ICPAK M/No 27397

Date: 26/11/2024

*County Government of West Pokot
Kapenguria Municipality
Annual Report and Financial Statements for the year ended June 30, 2024*

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

| Description | Capital/ Development Grants/Fund | Revaluation Reserve | Accumulated surplus | Total |
|--|--|------------------------|------------------------|--------------------|
| | | Kshs. | Kshs. | Kshs. |
| Bal as at 1 July 2022 (previous year) | 137,700,379 | - | (9,948,205) | 127,752,174 |
| Surplus/(deficit) for the year | | - | (9,698,934) | (9,698,934) |
| Funds received during the year | 11,194,560 | - | - | 11,194,560 |
| Revaluation gain | - | - | - | - |
| Bal as at 30 Jun 2023 | 148,894,938 | - | (19,647,139) | 129,247,798 |
| Bal as at 1 July 2023 (current year) | 148,894,938 | - | (19,647,139) | 129,247,798 |
| Surplus/(deficit) for the year | | - | (13,255,624) | (13,255,624) |
| Funds received during the year | 8,892,048 | - | - | 8,892,048 |
| Revaluation gain | - | - | - | - |
| Balance as at 30 June 2024 | 157,786,986 | - | (32,902,764) | 124,884,222 |

*Kapenguria Municipality
County Government of West Pokot
Annual Report and Financial Statements for the year ended June 30, 2024*

17. Statement of Cash Flows for the Year Ended 30 June 2023

| Description | Note | 2023-2024 | 2022-2023 |
|--|------|---------------------|---------------------|
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from the County Government | 6 | 19,024,869 | 26,279,356 |
| Total Receipts | | 19,024,869 | 26,279,356 |
| Payments | | | |
| Use of goods and services | 7 | (14,330,296) | (18,883,361) |
| Board expenses | 8 | (993,500) | (3,000,000) |
| Repairs and maintenance | 10 | (4,713,280) | (4,051,300) |
| Working capital adjustments | | | |
| Increase /Decrease in Payables | 14 | (638,193) | 2,584,179 |
| Net cash flows from operating activities | 14 | (1,650,400) | 2,928,874 |
| Cash flows from investing activities | | | |
| Purchase of PPE & intangible assets | 12 | 26,832,283 | (31,690,276) |
| Net cash flows used in investing activities | | (26,832,283) | (31,690,276) |
| Cash flows from financing activities | | | |
| Receipts from Capital grants | 6(a) | 8,892,048 | 11,194,559 |

*County Government of West Pokot
Kapenguria Municipality
Annual Report and Financial Statements for the year ended June 30, 2024*

| Description | Note | 2023-2023 Kshs. | 2022-2023 Kshs. |
|---|------|---------------------|---------------------|
| Net cash flows used in financing activities | | 8,892,048 | 11,194,559 |
| Net increase/(decrease) in cash & cash equivalents | | (19,590,635) | (17,566,843) |
| Cash And Cash Equivalents At 1 July2023 | 11 | 22,121,977 | 39,688,820 |
| Cash And Cash Equivalents At 30 June 2024 | 11 | 2,531,342 | 22,121,977 |

*Kapenguria Municipality
County Government of West Pokot
Annual Report and Financial Statements for the year ended June 30, 2024*

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

| Description | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % of utilisation |
|--------------------------------------|-------------------|-------------------|-------------------|----------------------------|------------------------|------------------|
| | Kshs. | Kshs. | Kshs. | Kshs. | Kshs. | |
| | a | b | c=(a+b) | d | e=(c-d) | f=d/c |
| Revenue | | | | | Kshs. | |
| Transfers from the County Government | 18,500,000 | 55,032,456 | 73,532,456 | 19,024,869 | 54,507,587 | 26% |
| Public contributions and donations | - | - | - | - | - | 0% |
| Interest income | - | - | - | - | - | 0% |
| Miscellaneous income- Mpesa deposit | 150 | - | 150 | 150 | - | 0% |
| Total Revenue | 18,500,150 | 55,032,456 | 73,532,606 | 19,025,019 | 54,507,587 | 26% |
| Expenses | | | | | - | |
| Use of goods and services | 12,786,870 | 42,789,039 | 55,575,909 | 14,330,296 | 41,245,613 | 26% |
| Board expenses | 1,000,000 | - | 1,000,000 | 993,500 | 6,500 | 99% |
| Depreciation | - | 12,243,417 | 12,243,417 | 12,243,417 | - | |
| Repairs and Maintenance | 4,713,280 | - | 4,713,280 | 4,713,280 | - | 100% |
| Total Expenditure | 18,500,150 | 55,032,456 | 73,532,606 | 32,280,493 | 41,252,113 | |
| Surplus for the period | - | - | - | (13,255,474) | 13,255,474 | |
| | | | | | | |
| Capital Expenditure | 8,892,048 | 58,559,250 | 67,451,298 | 27,630,323 | 39,820,975 | 41% |

**County Government of West Pokot
Kapenguria Municipality
Annual Report and Financial Statements for the year ended June 30, 2024**

Budget notes

The difference between the actual and budgeted amount was because the anticipated amount of Kshs. 55,000,000 from the conditional grants were not disbursed from the national treasury to the County Government

The difference between the original and final budget amount was because there were anticipated conditional grants that were not disbursed from the national treasury to the County Government which were included as additional funds amounting to Kshs. 55,000,000 while kshs.32, 456 were re- allocations

19. Notes to the Financial Statements

1. General Information

Kapenguria Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act. The Municipality is under the West Pokot County Government and is domiciled in Kenya.

The *entity's* principal activity is to provide efficient and effective services to the residents of Kapenguria Municipality so as to improve their livelihood.

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 *entity'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 *entity*.

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

3. Application of New and revised standards (IPSAS)

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

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

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

| Standard | Effective date and impact |
|--|---|
| IPSAS 43: Leases | <i>Applicable 1st January 2025</i> 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 cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. |
| IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations | <i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. |
| IPSAS 45: Property Plant and Equipment | <i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and |

County Government of West Pokot
Kapenguria Municipality
Annual Report and Financial Statements for the year ended June 30, 2024

| | |
|----------------------------------|--|
| | <p>measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> |
| <p>IPSAS 46: Measurement</p> | <p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> |
| <p>IPSAS 47: Revenue</p> | <p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> |

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| | |
|--|--|
| IPSAS 48: Transfer Expenses | <p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> |
| IPSAS 49: Retirement Benefit Plans | <p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> |

iii. Early adoption of standards

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

4. Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *Entity* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2023/24 was approved by the County Assembly on 15th June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Municipality upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Municipality recorded additional appropriations of Kshs. 95,000,000 on 7th December 2022 following the governing body's approval. The additional Kshs. 95,000,000 were anticipated conditional funding from Kenya Urban Support Programme which at the end of the financial year there was no indication of receipt of the funds.

The Municipality's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial Statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, Prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 18 of these financial statements.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of

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

d) Intangible assets

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

e) Financial instruments

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

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

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

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

Fair value through surplus or deficit

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

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An

estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

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

Financial liabilities

Classification

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

f) Inventories

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

Raw materials: purchase cost using the weighted average cost method

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

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

g) Provisions

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

h) Social Benefits

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

i) Contingent liabilities

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

j) Contingent assets

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

k) Nature and purpose of reserves

The Municipality does not create nor maintains reserves in terms of specific requirements.

l) Changes in accounting policies and estimates

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

m) Employee benefits – Retirement benefit plans

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

n) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported in the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

o) Borrowing costs

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

p) Related parties

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

q) Cash and cash equivalents

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

r) Comparative figures

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

s) Events after the reporting period

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorized for issue.

Two types of events can be identified:

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

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

During the year under review there were no material adjustments both adjusting and non-adjusting events after the reporting period.

t) Currency

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

5. Significant judgments and sources of estimation uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

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(Notes to the Financial Statements)

6. Transfers from the County Government

| Description | 2023-2024 | 2022-2023 |
|--|-------------------|-------------------|
| | Kshs | Kshs |
| Transfers from County Govt. – Recurrent | - | 1,145,356 |
| Payments by County on behalf of the entity | 19,024,869 | 25,134,000 |
| Total | 19,024,869 | 26,279,356 |

(a) Transfers from County Government entities (Categorized)

| Name Of The Entity Sending The Grant | Amount recognized to Statement of financial performance Kshs | Amount deferred under deferred income Kshs | Amount recognised in capital fund | Total grant income during the year Kshs | 2022-2023 |
|--------------------------------------|---|---|-----------------------------------|--|-------------------|
| | | | Kshs | | Kshs |
| West Pokot County Government | 19,024,869 | - | 8,892,048 | 27,757,417 | 37,473,915 |
| Total | 19,024,869 | | 8,892,048 | 27,757,417 | 37,473,915 |

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(Notes to the Financial Statements Continued)

7. Use of Goods and Services

| Description | 2023-2024 | 2022-2023 |
|--------------------------------------|-------------------|-------------------|
| | Kshs. | Kshs. |
| Utilities, supplies and services | 8,000,000 | 331,500 |
| Communication, supplies and services | | 7,999,988 |
| Domestic travel and subsistence | 1,973,600 | 6,837,850 |
| Training expenses | - | 742,600 |
| Hospitality supplies and services | 237,449 | - |
| Specialized materials and services | 699,802 | |
| Fuel, oil and lubricants | 2,432,388 | 2,968,732 |
| Contracted Professional Services | 615,990 | |
| Transfers to CRF | 367,280 | |
| Bank Charges | 3,787 | 2,691 |
| TOTAL | 14,330,296 | 18,883,361 |

8. Board expenses

| Description | 2023-2024 | 2022-2023 |
|-----------------------------|----------------|------------------|
| | Kshs. | Kshs. |
| Chairman/Members' Honoraria | | - |
| Sitting allowances | 773,000 | 1,464,100 |
| Induction and Training | | 1,535,900 |
| Travel and accommodation | 220,500 | |
| Total | 993,500 | 3,000,000 |

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9. Depreciation and amortization

| Description | 2023-2024 | 2022-2023 |
|--|-------------------|-------------------|
| | Kshs | Kshs |
| Property, plant and equipment | 12,243,417 | 10,043,630 |
| Total depreciation and amortization | 12,243,417 | 10,043,630 |

10. Repairs and Maintenance

| Description | 2023-2024 | 2022-2023 |
|--------------------------------------|------------------|------------------|
| | Kshs | Kshs |
| Motor vehicle expenses | 3,915,200 | 4,051,300 |
| Maintenance of civil works | 798,080 | |
| Total repairs and maintenance | 4,713,280 | 4,051,300 |

11. Cash and cash equivalents

| Description | 2023-2024 | 2022-2023 |
|--|------------------|-------------------|
| | Kshs | Kshs |
| Current account | 2,531,342 | 22,121,977 |
| Total cash and cash equivalents | 2,531,342 | 22,121,977 |

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

| Financial Institution | Account number | 2023-2024 | 2022-2023 |
|--|----------------|------------------|-------------------|
| | | Kshs | Kshs |
| a) Current account | | - | - |
| Kenya Commercial bank | 1259776840 | 426 | 18,559,250 |
| Kenya Commercial Bank | 1259776697 | 81 | 26,417 |
| Transfers to CRF | - | - | 367,280 |
| WPC- Deposit and Suspense A/c- Retention | 1164634089 | 2,530,835 | 3,169,030 |
| Sub- total | | 2,531,342 | 22,121,977 |
| Grand total | | 2,531,342 | 22,121,977 |

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(Notes to the Financial Statements Continued)

12. Property, Plant and Equipment

| Description | Land | | Building Permanent | | Temporary Building | | Motor vehicles | | Furniture and fittings | | Computers | | Recreational Parks | | street lights | | Road Infrastructure Asphalt | | Road infrastructure Concrete | | Road Infrastructure Gravel Road | | Capital Work in progress | | Total | |
|---|------|-----|--------------------|------------|--------------------|-----------|----------------|-----|------------------------|-----|-----------|-----|--------------------|-----|---------------|-----|-----------------------------|--------------|------------------------------|------------|---------------------------------|--------------|--------------------------|-------------|-------------|-----------|
| | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs |
| As at 1 July 2022 (previous year) | - | - | 14,954,142 | 13,000,000 | 4,490,650 | 2,999,000 | - | - | - | - | - | - | - | - | - | - | - | 51,560,138 | - | - | 3,155,855 | 59,823,790 | - | - | 98,423,437 | |
| Additions | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 51,560,138 | - | - | - | 31,690,276 | - | - | 83,250,415 | |
| Disposals | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Transfers from W.I.P | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| As at 30th June 2023 | - | - | 14,954,142 | 13,000,000 | 4,490,650 | 2,999,000 | - | - | - | - | - | - | - | - | - | - | - | 51,560,138 | - | - | 3,155,855 | 39,953,928 | (51,560,138) | - | 130,113,714 | |
| Additions for the year | - | - | 2,097,280 | - | - | - | - | - | - | - | - | - | 20,407,300 | - | - | - | - | - | - | 5,536,164 | 9,966,550 | 9,253,536 | - | - | 66,786,211 | |
| Disposals for the year | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Transfer from W.I.P | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| As at 30th June 2024 (current year) | - | - | 17,051,422 | 13,000,000 | 4,490,650 | 2,999,000 | - | - | - | - | - | - | 20,407,300 | - | - | - | - | 51,560,138 | 5,536,164 | 13,122,405 | 9,253,536 | (39,953,928) | - | 156,945,997 | | |
| Depreciation and impairment | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| At 1 July 2022 (previous year) | - | - | 2,990,828 | 2,600,000 | 1,122,663 | 1,799,400 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 9,775,234 |
| Depreciation | - | - | 1,495,414 | 1,300,000 | 561,331 | 899,700 | - | - | - | - | - | - | - | - | - | - | - | 5,156,013.84 | - | - | 1,262,343 | - | - | - | 10,043,630 | |
| Impairment | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Transfers/ Adjustments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| As at 30 June 2023 | - | - | 4,486,242 | 3,900,000 | 1,683,994 | 2,699,100 | - | - | - | - | - | - | - | - | - | - | - | 5,156,014 | - | - | 1,893,514 | - | - | - | 19,818,864 | |

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| | | | | | | | | | | | | | |
|---|---|------------|------------|-----------|-----------|-----------|------------|---------|------------|-----------|-----------|------------|-------------|
| Depreciation for the year | - | 380,508 | 1,705,142 | 1,300,000 | 561,331 | 299,900 | | 33,347 | 5,156,014 | 182,693 | 2,624,481 | - | 12,243,417 |
| Disposals for the year | - | - | - | - | - | - | | | - | | - | - | - |
| Impairment for the year | - | - | - | - | - | - | | | - | | - | - | - |
| Transfer/adjustment | - | - | - | - | - | - | | | - | | - | - | - |
| As at 30th June 2024(current year) | - | 380,508 | 6,191,384 | 5,200,000 | 2,245,326 | 2,999,000 | - | 33,347 | 10,312,028 | 182,693 | 4,517,995 | - | 32,062,282 |
| | - | | | | | | | | | | | | |
| NBV as at 30th Jun 2023 (previous year) | - | | 10,467,900 | 9,100,000 | 2,806,656 | 299,900 | | | 46,404,125 | | 1,262,341 | 39,953,928 | 110,294,850 |
| NBV as at 30th Jun 2024 (current year) | - | 18,644,913 | 10,860,038 | 7,800,000 | 2,245,325 | - | 20,407,300 | 466,613 | 41,248,111 | 5,353,471 | 8,604,410 | 9,253,536 | 124,883,715 |

WIP:

1. Gabbro paving at fire station Kshs. 8,891,048
2. installation of solar street lights at Makutano market Kshs. 362,488

Total 9,253,496

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(Notes to the Financial Statements Continued)

13. Trade and other payables from exchange transactions

| Description | 2023-2024 | | 2022-2023 | |
|---------------------------------------|------------------|-----------------------|------------------|-----------------------|
| | Kshs. | | Kshs. | |
| Retentions | 2,530,836 | | 3,169,030 | |
| Total trade and other payables | | | 3,169,030 | |
| | | | | |
| Ageing analysis: | 2023-2024 | % of the Total | 2022-2023 | % of the Total |
| Under one year | 2,530,835 | 100% | 3,169,030 | 100% |
| 2-3 years | - | 0% | - | 0% |
| Total | 2,530,835 | | 3,169,030 | 100% |

14. Cash generated from operations

| Description | 2023-2024 | | 2022-2023 | |
|--|--------------------|--|------------------|--|
| | Kshs. | | Kshs. | |
| Surplus/ (deficit) for the year before tax | (13,255,624) | | (9,698,935) | |
| Adjusted for: | | | | |
| Depreciation | 12,243,417 | | 10,043,630 | |
| Gains/ losses on disposal of assets | | | | |
| Working capital adjustments | | | | |
| Increase/Decrease in Payables | (638,193) | | 2,584,179 | |
| Net cash flow from operating activities | (1,650,400) | | 2,928,874 | |

15. Related party balances

a) Nature of related party relationships

Entities and other parties related to the City/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 City/Municipality/scheme is related to the following entities:

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

b) Related party transactions

| Description | 2023-24 | 2022-23 |
|-------------------------------|-------------------|-------------------|
| | Kshs. | Kshs. |
| Payments by County Government | 19,024,869 | 26,279,356 |
| Total | 19,024,869 | 26,279,356 |

c) Key management remuneration

| Description | 2023-2024 | 2022-23 |
|---------------|----------------|------------------|
| | Kshs. | Kshs. |
| Board Members | 993,500 | 3,000,000 |
| Total | 993,500 | 3,000,000 |

16. Financial risk management

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

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

| Description | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|---------------------------------------|-------------------|--------------------|---------------|-----------|
| | Kshs. | Kshs. | Kshs. | Kshs. |
| At 30 Jun 2024 (current year) | | | | |
| Trade payables- Retentions | - | - | 2,530,835 | 2,530,836 |
| Total | - | - | 2,530,836 | 2,530,836 |
| At 30 Jun 2023 (previous year) | | | | |
| Trade payables | - | - | 3,169,030 | 3,169,030 |
| Total | - | - | 3,169,030 | 3,169,030 |

II. 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.

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

III. Capital risk management.

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

| Description | 2023/2024 | 2022/2023 |
|---|--------------------|--------------------|
| | Kshs. | Kshs. |
| Revaluation reserve | - | - |
| Capital/Development Grants Municipality | 157,786,986 | 148,894,938 |
| Accumulated surplus | (32,902,764) | (19,647,141) |
| Total Funds | 124,884,222 | 129,247,797 |
| Total borrowings | - | - |
| Less: cash and bank balances | 2,531,342 | 22,121,977 |
| Net debt/(excess cash and cash equivalents) | 2,531,342 | 22,121,977 |
| Gearing | 0% | 0% |

17. Program for Results (PforR) Disclosure

| Name of the PforR: Kenya Urban Support Programme | |
|--|-----------------------|
| Financing Partners: World Bank | |
| Purpose of the PforR: To establish and strengthen Urban Institutions to deliver improved infrastructure and services. | |
| Expenditure Details | Amount in Kshs |
| Cumulative actual expenditures for the previous years | 197,490,826 |
| Actual expenditure in the current financial year. | - |

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| | |
|---|--------------------|
| 1. Use of goods and Services | 641,290 |
| 2. Infrastructural development | 17,941,235 |
| Sub-total | 18,582,525 |
| Cumulative Actual Expenditures to date | 216,073,351 |

20. Appendices

Appendix 1. Progress on Follow up of Auditors Recommendations.

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

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---|---|-----------------------------------|--|
| Basis for Qualified opinion | <p>Unsupported Cash and Cash Equivalents</p> <p>The statement of financial position reflects cash and cash equivalents of Kshs. 22,121,977 as disclosed in Note 11 to the financial statement which includes deposits and suspense account balance of Kshs. 3,169,030. However, the amount is held in an account which does not belong to the Municipality Board. In addition, cash books and bank reconciliation statements on the balance were not provided for audit review to confirm the deposits and suspense balance.</p> <p>In the circumstances, the accuracy and completeness of cash and cash equivalents balance could not be confirmed.</p> | <p>The details of the payables including the payee, date contracted and contract were availed.</p> <p>The Municipality had not opened a retention account as at that period (2022-2023) but has since opened its deposits and suspense account.</p> <p>The retention money owed to the above contractors have since been paid fully</p> | Resolved | 30 th June 2024 |

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| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|---|-----------------------------------|--|
| | <p>Unsupported Trade and Other Payables</p> <p>The statement of financial position reflects trade and other payables totalling to Kshs. 3,169,030 as disclosed in Note 13 to the financial statements. The money is owed to various contractors as retention money. However, details on the payables including the payees, date contracted and contracts were not provided for audit review. In the circumstances, it was not possible to confirm the accuracy and completeness of the balance of trade and other payables.</p> | <p>The details of the payables including the payee, date contracted and contract were availed.</p> <p>The Municipality had not opened a retention account as at that period (2022-2023) but has since opened its deposits and suspense account.</p> <p>The retention money owed to the above contractors have since been paid fully</p> | resolved | 30 th June 2024 |
| | <p>Unexplained Restatement of Prior Year Balances</p> <p>The statement of financial performance, statement of financial position, statement of changes in net assets and statement of cash flows reflect</p> | <p>IPSAS3 paragraph 54(d) states that 'If retrospective restatement is impracticable for a particular prior period, the circumstances that led to the existence of that condition and a description of how and</p> | Resolved | 30 th June 2024 |

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| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---|---|-------------------------------------|---|
| | <p>restated balances for the 2021-2022 financial year. As required by IPSAS 3 paragraph 54, there is no explanatory information or Note to disclose the nature of the prior period error; the amount of correction for each financial statement line item affected; the amount of correction at the beginning of the earliest prior period presented and if retrospective restatement was impracticable for a particular prior period, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected. Under this circumstance, the accuracy and completeness of the prior year restated balances could not be confirmed</p> | <p>from when the error has been corrected'. Based on the above, the 2021-22 financial statement were prepared on IPSAS cash while the 2022-23 FS were on accrual basis as provided by Public Sector Accounting Standard Board (PSASB) .To get the accurate prior year balance and which should also be in the same IPSAS, the 2021-22 were restated to be on accrual basis to conform to the 2022-23 Financial statements .This error was corrected from 2021-2022 when the Municipality started preparing its financial statements</p> | | |
| <p>Emphasis of mater</p> | <p>Budget Control and Performance The statement of comparison of budget and actual amounts reflect total revenue and total expenditure</p> | <p>As indicated in the statement of Comparison of Budget & actual amounts for the year ended 30 June 2023 total revenue and total expenditure budget amounts of Kshs.</p> | <p>Resolved</p> | <p>30th June 2024</p> |

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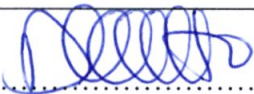
| Reference No. on the external audit Report | Issue/ Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|--|-----------------------------------|--|
| | <p>budget amounts of Kshs. 26,279,356 and Kshs. 47,172,804 respectively, resulting to an unbalanced budget by Kshs. 20,893,448. Further, the statement reflect total revenue and total expenditure actual amount of Kshs. 26,279,356 and 45,944,796 respectively resulting to over expenditure of KShs. 19,665,440. The management has however, not explained how the over expenditure was to be funded and how the resultant actual over expenditure was funded. The board did not also prepare budget estimates to be submitted to the County Assembly for approval as required by Law.</p> <p>Consequently, it was not possible to ascertain the performance of the Board without an approved budget. The funding of the over-expenditure has also not been explained</p> | <p>26,279,356 and Kshs. 35,978,245 respectively. The difference between the revenue and expenditure was because of the cash and cash equivalent for the previous year of KShs. 39,103,</p> <p>In the financial 2022/2023 the Municipality had its budget as a sub-programme under the department of lands, Physical planning, and Housing and Urban development .However in the 2024/2025 the Municipality has prepared its stand-alone budget</p> | | |
| Basis for Conclusion | <p>Irregular Extension on Construction of Recreational Park</p> <p>During the year under review, the Management made payments totalling to Kshs. 21,723,726 to a</p> | <p>The contract implementation committee deliberated and recommended for the contract extension period as requested by the contractor. The letter of request from the contractor</p> | Resolved | |

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| Reference No. on the external audit Report | Issue/Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeline: (Put a date when you expect the issue to be resolved) |
|--|--|--|-----------------------------------|---|
| | <p>local contractor for the proposed recreation park and purchase of three (3) storage containers for Municipality Board. The contract's completion date was set for 14 February, 2023. However, the Management extended the contract period for a further five (5) months which expired on 14 July, 2023.</p> <p>On expiry of the first extension on 14 July, 2023 an additional extension was given to the contractor for four (4) months ending on 14 November, 2023. There was no evidence from the tender evaluation committee approving the request for extension, accompanied by a certificate of the tenderer justifying the extended period.</p> <p>No explanation was provided for extending a contract of seven (7) months by a cumulative period of nine (9) months or approximately 129% of the original contract period, contrary to Section</p> | <p>contained the grounds for extension of contract period. The Municipal Manager approved the contract extension period based on the recommendations by the committee.</p> <p>Provided are the copies of request for extension by the contractor, the contract implementation committee minutes and the amended contracts.</p> <p>As at the time of audit, major works had been completed. The only outstanding activity was watering of grass and the ornamental trees.</p> <p>Currently, the project is complete and in use.</p> | | |

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| Reference No. on the external audit Report | Issue/ Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---|---------------------|--|--|
| | <p>139(2)(a) of the Public Procurement and Asset Disposal Act, 2015 which provides that an accounting officer of a procuring entity, on the recommendation of an evaluation committee, may approve the request for the following, which request shall be accompanied by a certificate from the tenderer making a justifications for such extension of contract period. In addition at the time of audit in November, 2023, the contractor was not on site and the project was incomplete.</p> <p>In this circumstance, the Management was in breach of the law and value for money for the fund expended on the construction of the recreational park could not be confirmed.</p> | | | |

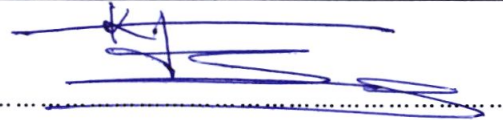


Name: Donato Long'al
 Municipality Manager

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Appendix 2: Inter Entity Transfers

| MUNICIPALITY NAME: KAPENGURIA MUNICIPALITY | | | | |
|---|--|----------------------------|-----------------------|---|
| Breakdown of Transfers from the County Executive of West Pokot County | | | | |
| FY 2023/2024 | | | | |
| a. | Development Grants- Balance B/F | <u>Bank Statement Date</u> | <u>Amount (Kshs.)</u> | <u>The FY to which the amounts relate</u> |
| | Balance brought Forward | | 18,559,250 | 2022/2023 |
| | Other Sources | | | |
| | | | | |
| | Total | | 18,559,250 | |
| b. | Direct Payments | <u>Bank Statement Date</u> | <u>Amount (Kshs.)</u> | <u>The FY to which the amounts relate</u> |
| | Expenditures paid through IFMIS(Recurrent) | | 18,226,639 | 2023/2024 |
| | Expenditures paid through IFMIS(Development) | | 9,689,128 | 2023/2024 |
| | | | | |
| | Total | | 27,915,767 | |
| | TOTAL | | 46,475,017 | |



Haron Muruny
Head of Treasury



Donato Long'al
Municipality Manager