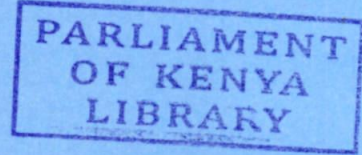


REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

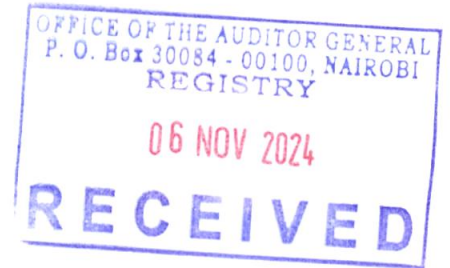
ON

MUNICIPALITY OF MASALANI

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

COUNTY GOVERNMENT OF GARISSA

PAPERS LAID	
DATE	6/6/2025
TABLED BY	Dep. M.A. W. W. W.
COMMITTEE	-
CLERK AT THE TABLE	M. A. T. M.



**MUNICIPALITY OF MASALANI
COUNTY GOVERNMENT OF GARISSA**

**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 Garissa
Municipality of Masalani
Report and Financial Statements for the year ended June 30, 2024

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1. Acronyms & Glossary of Terms

PSASB	Public Sector Accounting Standards Board
FY	Financial Year
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

2. Key Entity Information and Management

a) Background information

Masalani Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011 and Cities and Municipal Charter on *14 march 2023*. The Municipality is under the County Government of *Garissa* and is domiciled in Kenya. Masalani Municipality of Garissa County, Kenya, is a vibrant and bustling town known for its rich cultural heritage and historical significance. It is strategically situated as a major trading centre, linking various regions within Garissa County and neighbouring counties of Tana River and Lamu it also plays a significant role in cross-border trade and commerce with Somalia. The town is predominantly inhabited by pastoralist's communities that rear livestock, goats, and sheep. Masalani has been historically important as the headquarters of the former Ijara District and is administratively part of the Masalani division and Ijara Constituency. It also hosts Hirola, which is a world endangered species in its Ishaqbini Community Conservancy. The municipality lies on the eastern shores of the Tana River, between Hola and Garsen. The town's elevation to municipality status has been a significant development, anticipated to bring enhanced infrastructure, agriculture, drainage, education, and other social amenities. This upgrade is expected to attract national and international recognition, investment, and increase the town's ability to raise funds, including from foreign development partners.

Following the upgrading of the Masalani town to a Municipal status after the conferment of the charter, the board and the management quickly embarked on a number of activities as indicated below.

b) Principal Activities

The main function of the municipality is drawn from section 20 of urban areas and cities act, 2011 and municipal charter. The functions were officially transferred to the municipality vide Gazette notice no 6772. These include;

1. Promotion, Reregulation, and Provision of refuse collection and Solid Waste Management Services including:
 - (a) Solid waste management.
 - (b) Dumpsite management.
 - (c) Maintain general cleanliness of the Municipality.
 - (d) Enforcement of laws related to waste management.
2. Promotion, Regulation, and provision of Sanitation service including:
 - (a) Sanitation of provision of facilities and services for safe disposal of liquid waste.
 - (b) Wastewater management.

- (c) Supervision of Public County toilet construction.
 - (d) Protection of water supply.
 - (e) Protection of environment (Ecological sanitation).
 - (f) Recycling, composting.
 - (g) Transportation and disposal of waste.
 - (h) Waste handling.
3. Construction and maintenance of Municipal Administrative Offices and Yards:
- (a) Construction and maintenance of administrative offices; and
 - (b) Ensure compliance for contracted building services
4. Design, Construction and Maintenance of Urban Roads and Associated Infrastructure including:
- (a) Construction of Urban Roads within the Municipality including:
 - (i) Mapping of road reserves;
 - (ii) Opening of roads;
 - (iii) Survey works;
 - (iv) Installation of culverts; and
 - (v) Installation gabions, cut off drains;
 - (b) Maintenance of Urban Roads within the Municipality including:
 - (i) Re-carpeting of roads; and
 - (ii) Cleaning of drains.
 - (c) Improving of Urban and Rural Roads within the Municipality:
 - (i) Upgrading the roads.
5. Construction and Maintenance of Storm water drains and flood control infrastructure within the municipality including:
- (a) Design of storm water drainage structures;
 - (b) Construction of storm water drains and scour checks;
 - (c) Installation of culverts;
 - (d) Opening/unblocking of the drains; and
 - (e) Installations and construction of gulley pots.
6. Construction and Maintenance of Walkways and other non-motorized Transport Infrastructure including:
- (a) Demarcation of walkways and non-motorized transport areas;
 - (b) Design and construction of pavements/walkways;
 - (c) Signage; and
 - (d) Enforce proper use of walk-ways.
7. Design, Construction and maintenance of Street Lighting and Floodlights:
- (a) Design and Installation of Street lighting including
 - (i) Identification of sites;
 - (ii) Design and preparation of BOQs;
 - (iii) Installation of streetlights;
 - (iv) Servicing and maintenance schedules;
 - (v) Contracting;
 - (vi) Construction;
 - (vii) Supervision;
 - (viii) Completion; and
 - (ix) Commissioning.
 - (b) Maintenance of streetlights including:

- (i) Routine checks during maintenance;
 - (ii) Management of Flood lights; and
 - (iii) Payment of bills – logistics.
8. Construction and Maintenance of Recreational Parks and Green Spaces:
- (a) Design and Construction including:
 - (i) Landscaping and beautification work within the municipality;
 - (ii) Management of Recreational Parks and green spaces; and
 - (iii) Enforcement of Laws related to green spaces and parks.
 - (b) Maintenance of recreational parks and green spaces including:
 - (i) Landscaping and beautification work within the municipality.
 - (ii) Enforcement of Laws related to green spaces and Recreational parks.
9. Promotion, Regulation, and Provision of Fire-Fighting Services including:
- (a) Construction and maintenance of fire stations
 - (b) Provision of fire-fighting services
 - (c) Promotion of emergency preparedness
 - (d) Disaster management
10. Development and Enforcement of Municipal Plans and Development Controls including:
- (a) Development control;
 - (b) Zoning and management of public land;
 - (c) Collection of land rates;
 - (d) Urban planning;
 - (e) Survey;
 - (f) Ownership;
 - (g) Documentation; and road registration
11. Regulation of out-door advertising including:
- (a) Wall branding;
 - (b) Sign boards;
 - (c) Billboards;
 - (d) Banners;
 - (e) Leaflets;
 - (f) Posters;
 - (g) Tent pitching;
 - (h) Vehicle branding;
 - (i) Road shows;
 - (j) Sandwich men (entertainers);
 - (k) Umbrella branding;
 - (l) Neon signs;
 - (m) Kiosk branding etc.
12. Promotion, regulation, and provision of animal control and welfare including:
- (a) All aspects of animal well-being, including development of regulations, proper housing, management, nutrition, disease prevention and treatment, responsible care, humane handling, and, when necessary, humane euthanasia;
 - (b) Disposal of animal including removal of carcasses in public places;

MASALANI MUNICIPALITY VISION AND MISSION STATEMENT

VISION STATEMENT

To lead in creating a smart, resilient and cultural vibrant municipality that embraces diversity, enhances quality of life and inspires future generations.

MISSION

Our mission is to provide efficient governance, sustainable infrastructure and essential services that enhances the well-being and prosperity of every resident.

c) Municipality Board

Ref	Position	Name
1.	Chairman of the Board	Mr Mohamed Hajir
2.	County Executive Committee Member responsible for Cities and Urban areas.	Mohamed Hussein
3.	Board Member 1	Leila Ahmed Abdullahi
4.	Board Member 2	Adan Ali Abdi
5.	Board Member 3	Ismail Ahmed Duale
6.	Board Member 4	Hussein Abdullahi
7.	Board Member 5	Dayib Yare Bashir
8.	Board Member 6	Maryan Mohamud
9.	Municipality Manager	Yussuf Mohamed Abdi

d) Key Management

1	Municipality Manager	Yussuf Mohamed
2	Directors/Head of departments	Mohamed Hussein

Fiduciary Oversight Arrangements

The municipal manager who is the AIE holder is accountable to the municipal board. The municipal board is then accountable to the County executive committee and the county assembly.

Designation	Name
Municipality manager	Yussuf Mohamed
Directors /head of department-physical planning	-
-environment	-
Land survey	Abdi Malik Hassan
Public works	Eng. Ndinya
Accountant	Katra Hassan

ANNUAL REPORT AND FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30 2024

FIDUCIARY OVERSIGHT ARRANGEMENT

The municipal manager who is AIE holder is accountable to the municipal board. The municipal board is then accountable to the county executive committee with the county assembly.

i) Audit and risk management committee

The board has constituted an audit and risk committee which is headed by hon ADEN ALI

ii) County assembly committees

The board is answerable to the county assemble of Garissa and makes annual financial reports to the county assembly. Whenever called upon, the board files report to relevant county assembly departmental committee.

In terms of financial matters, the board always make appearance before public accounts committee, implementation committee, budget and appropriation committee whenever requested to do so.

iii) committees of the senate

the board can also be called to appear before the relevant senate community like public investment committee, and public accounts committee as case maybe

f) Registered Offices

P.O. Box 26 - 70105
Masalani Sub-County office building
Masalani Majengo Road
GARISSA, KENYA

e) Contacts

Telephone: (+254) 72464176
E-mail: masalani.municipality@gmail.com
Website: <https://garissa.go.ke>

f) Bankers

Commercial Banks

National Bank

Municipality of Masalani account no: 01570261188400

Municipality of Masalani development account no: 01570261185500

g) Independent Auditor

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





h) Principal Legal Adviser

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


3. Municipality Board

Name	Details of qualifications and experience
<p>1. Board Member 1 Mohamed Hajir Sheikh Chairman</p> 	<p>Mr. Mohamed is the Chair of the Board of Masalani Municipality. Professionally he is an administrator who served the Government of Kenya in different capacities, he was a registration officer with Civil registrar department before moving to the Administration and served as a District Officer for 20years. Mr. Mohamed has over 40 years' experience working for the government of Kenya.</p>
<p>2. Board Member 2 Leila Ahmed Abdullahi- Vice Chairlady</p> 	<p>Leila holds a bachelor's degree in business management. She has a background of program implementation and currently works for a local organization that implements projects in Masalani.</p>
<p>3. Board Member 3 Mr. Ismail Dualle.</p> 	<p>Mr. Ismail is a veteran retiree from the Government of Kenya who served over 40 years in different departments. Professionally is a range land management officer. He worked with the department of veterinary, Coast development Authority before joining National drought Management Authority. He also served in different boards.</p>

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<p>4. Board Member 4 Mr. Hussein Abdullahi</p> 	<p>Mr. Hussein is an accountant by professional who worked with the Government of Kenya for over 35years before retiring. He worked in different capacity including District Accountant, before joining Independent Electoral and Boundaries Commission as an accountant.</p>
<p>5. Board Member 5 Mr. Aden Ali</p> 	<p>Aden is a former retired Administrator who served as a senior Chief of Masalani town before retiring. He also worked a cashier in one of the local banks. He has over 30 years' experience.</p>
<p>6. Board Member 6 Mr. Dayib Yarow</p> 	<p>Dayib is a trained teacher by professional who is currently serving as a teacher in one of the local primary schools within the Sub- County of Ijara. Dayib has a Diploma in Education and vast experience in teaching.</p>
<p>7. Board Member 7 Madam Maryam Mohamud</p> 	<p>Maryam is currently working for a local organization that deals with improving the nutritional status of under-five. She has 5 years in the field.</p>

4. Management Team

Name	Details of qualifications and experience
<p>1. Manager:</p> 	<p>The Municipal Manger is called Mr. Yussuf Mohamed age 38 years and hails from Masalani. Mr. Yussuf is a Master holder on Project planning and Management from Moi University. He has 20 years of experience with international organizations across Africa and Asia. Organizing programs and activities in accordance with the mission and goals of the organization. The role of Manger include but not limited to:</p> <ul style="list-style-type: none"> ● Developing new programs to support the strategic direction of the organization. ● Creating and managing long-term goals. ● Developing a budget and operating plan for the program. ● Developing an evaluation method to assess program strengths and identify areas for improvement. ● Writing program funding proposals to guarantee uninterrupted delivery of services. ● Managing a team with a diverse array of talents and responsibilities.

5. Municipality Board Chairperson's Report

In the financial year 2023/2024 Masalani municipal board made a number of strides in the discharge of its mandate. The board has equally conducted meetings as required by the law where several policy directions were given to the municipal manager for implementation.

- Board Meeting to discuss on the priorities and needs of the municipality. The CEO presented on a number of priority areas to the board for their input and adaptation in line with the devolved functions.
- Conducted a formal introductory meeting with the district security committee and board for effective and efficient partnership and networking to enhance proper management of the municipality
- Assessment of Masalani Municipal market and identification of the gaps and needs of the market. The management led by the CEO conducted a visit to the market to identify the needs so the vendors can be relocated
- During the nationwide tree planting exercise municipality of Masalani participated in the exercise and planted 100 trees in the office as part of adapting to climate change effects and beautification of the town.
- General cleaning of the town and drainages within the municipality. The management partnered with the community of Masalani and dedicated a day for the general cleaning of the town. Following the heavy rains many drainage systems have been blocked and damaged and therefore, the management did cleaning of the town.
- Conducted staff meeting for introductory and planning
- Procured equipment's for the sanitation team to enhance cleaning within the town
- Identification of the needs of the office and procured 2 laptops for the office and other equipment's
- Follow up of the KUSP program by the management to understand the needs and requirements of the program and prepare accordingly
- Stakeholder mapping and analysis to enhance partnership and networking
- Proposal development- the management was able to develop two proposals submitted to the donors for funding and support.
- Established a management Committee for Slaughterhouse: A management committee was established to identify gaps and formulate a work plan for the efficient operation of the slaughterhouse, leading to advancements in community health and sanitation.
- Collaboration with KWS (Kenya Wildlife Service): Collaborative efforts with KWS were initiated to reduce human-wildlife conflicts within the municipality. A structured action plan with clear timelines was developed to address this issue.
- Mapping of all assets within the municipality and developed an action plan on proper utilization of the assets.
- Procurement of drums to enhance town cleaning and sanitation
- Recruitment of 15 individuals to support the municipal as kanjos.

County Government of Garissa
Municipality of Masalani
Report and Financial Statements for the year ended June 30, 2024

- Establishment of billboards within the Municipality
- Establishment of Boda Boda shade to enhance town image and security

FUNDING RECEIVED

The Municipality budgeted Kshs.30, 000,000 for the financial year 2024-2025. However, after the supplementary budget we were allocated Kshs.10, 000,000. But so far as at June 2024 we received Kshs.5, 000,000 from the treasury.

CHALLENGES

The following are the impediments the Municipality is facing which include but not limited to:

1. An executive order should be written by the Governor asking the CECM's to release the functions in the charters and the staff related to it to the municipalities created as well as the resources.

2. Staff establishment. The Municipalities must have the following critical staff in place:

- 2.1 Registered Engineer,
- 2.2 Registered planner,
- 2.3 Internal Auditor,
- 2.4 Substantive CEO
- 2.5 Accountant
- 2.6 Social safeguards officer
- 2.7 Environmental safeguards officer
- 2.8 Human Resource Officer

3 The Governor should write to the World Bank through the CoG a resolve to participate in the KUSP2 showing a commitment to conform to the requirements of the program by the County.

4 The municipality should draft an integrated development plan and be approved by the cabinet and the assembly

5. Means of transport to enhance ease movements and operation of the municipality.

6. Slow flow of budgetary allocations and funds from the treasury hindering the running and service delivery of the Municipality.

7. Support to develop strategic plan for the municipal and other policy papers eg spatial plan

.....
Name:
Mohamed Hajir Sheikh
Chairperson of the Board
Municipality of Masalani



6. Report of the Municipality Manager.

In the FY year 2023/2024 the county government of Garissa allocated the municipality of Masalani Kshs 5 million the municipality used the funds for office operations and payment of allowance to board members/staff and purchases of other procurable items as detailed here:

Supply of computer, laptops, printers and other it equipment	Kshs. 880,000
Supply and delivery of cleaning materials	Kshs. 580,000
Supply of wiring material for Municipality building	Kshs. 400,000

- Board Meeting to discuss on the priorities and needs of the municipality. The CEO presented on a number of priority areas to the board for their input and adaption in line with the devolved functions.
- Conducted a formal introductory meeting with the district security committee and board for effective and efficient partnership and networking to enhance proper management of the municipality
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Municipality of Masalani
Report and Financial Statements for the year ended June 30, 2024

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- 3 The Governor should write to the World Bank through the CoG a resolve to participate in the KUSP2 showing a commitment to conform to the requirements of the program by the County.
- 4 The municipality should draft an integrated development plan and be approved by the cabinet and the assembly
5. Means of transport to enhance ease movements and operation of the municipality.
6. Slow flow of budgetary allocations and funds from the treasury hindering the running and service delivery of the Municipality.
7. Support to develop strategic plan for the municipal and other policy papers eg spatial plan

.....
Name:
YUSSUF MOHAMED ABDI
SIGN
MANAGER MASALANI MUNICIPALITY



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

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 Masalani Municipality (state the period of the strategic document/plan) plan are to:

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

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
1.Sanitation programme	Removal of mathenge from all road around the town	To create a clean and safe environment for the citizen	Number of cleaning sessions	Cleaning was conducted twice for the year
2. Establishment A management committee for slaughterhouse	To identify gaps and formulate work plan	Advancement of community health and sanitation	No of meetings held	Quarterly meetings held to update the progress
3.Disaster management	To manage the disasters within the municipality of Masalani	Minimise the effect of the disasters	No of Disaster management session held.	Minimise disaster risk within the municipality of Masalani.

8. CORPORATE GOVERNANCE STATEMENT

8.1 PROCESS OF APPOINTMENT AND REMOVAL OF BOARD MEMBERS.

Masalani municipal board members were appointed as provided in the section 11 of urban areas and cities (amendment)act ,2019).Upon nomination the names of the nominees were forwarded to the county assembly of Garissa for vetting and subsequent approval. In terms of removal of the board members from office, the appointment letter given to them provides that, subject to section 18of the urban areas and cities (amendment act 2019 and all applicable laws, either party can terminate the contract by giving 30 days' notice”

8.2 ROLES AND FUNCTIONS OF THE MUNICIPALITY OF MASALANI BOARD MEMBERS

Pursuant to article 184 of the constitution of Kenya, Section 48(1)(a) of the county government act,2012, Section 9(1) and Section 20 of urban areas and cities act ,2011 and section 2.1 of as Masalani Municipal charter, the Governor of Garissa county transferred the under listed functions to the Municipal of Masalani-

- a) Oversee the affairs of municipality of Masalani
- b) Administer and regulate internal affairs
- c) Promote a safe and healthy environment
- d) Provide strategic leadership and Governance
- e) Provide strategic direction
- f) Provide oversight

8.3 INDUCTION AND TRAINING MUNICIPALITY BOARD MEMBERS AND MEMBERS PERFORMANCE.

As at the time of establishment of the board the county government of Garissa through department of physical planning and urban development conducted induction exercises to the board Members. The induction focused on the following areas:

- Roles and functions of municipal board
- Relationship between the municipal board and county government department
- Structure of Kenya urban support program.
- Cooperate governance
- Strategic leadership and Govern
- Financial management
- Risk management

In the financial under review board members were taken through trainings which focused on formulation of by-laws and preparations of various municipal plans.

8.4 NUMBER OF MUNICIPALITY BOARD MEETINGS HELD AND ATTENDANCE TO THOSE MEENTINGS BY MEMBERS

The numbers of municipal board meetings are capped by law at 4 ordinary sittings and special sittings in a year .in the financial year 2023/2024 the municipality of Masalani board conducted a total of 4 sittings. Four ordinary sittings were done once every quarter of the year The Municipality of Masalani board also has 3 sub –committees which include: finance committee, program committee and audit and risk committee

8.5 SUCCESSION PLAN

As per the applicable law the board of municipality shall be body corporate with perpetual succession and common seal. Each member of the board shall hold office for a term of 5 years, on part time basis. The term of office of municipality of Masalani board members should lapse on 27th may 2028 upon which a new board will be established.

8.6 EXISTANCE OF A SERVICE CHARTER

Municipality of Masalani has a service charter which was gazetted on 14th April 2023 in the Kenya government gazette notice vol 4403 the charter was then used by the government to confer the status of municipality to Masalani town. The charter outlines how the operations of the municipality are undertaken

8.7 BOARD REMUNERATION

As per the law the board members are not entitled to salaries since they work on part –time basis. However, the individual members are being payed sitting allowances as per the letter from salaries and remuneration commission dated august 2023.

9. Management Discussion and Analysis

Board Meeting to discuss on the priorities and needs of the municipality. The CEO presented on a number of priority areas to the board for their input and adaption in line with the devolved functions.

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10. Environmental and Sustainability Reporting

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

1. Sustainability strategy and profile

The Municipality has developed several proposals and work plans and shared with potential donors to sustain the programs of the municipality

2. Environmental performance

Municipality is keen on making the environment habitable and friendly. It has invested in planting of trees and cleaning the environment. Climate change is real and therefore the municipality is keen on making it friendly and climate sensitive programmes.

3. Employee welfare

The Municipality is guided by the HR policy that is at the County. Employees welfare is priority one.

4. Market place practices

The pricing is guided by the Cities and urban act 2019 and the by-laws of the Municipality in consultation with the citizens through the citizens fora that are usually conducted twice a year.

a) Responsible competition practice.

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors.

b) Responsible Supply chain and supplier relations

Explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

c) Responsible marketing and advertisement

Outline efforts to maintain ethical marketing practices

d) Product stewardship

Outline efforts to safeguard consumer rights and interests

5. Community Engagements

Give evidence of community engagement including charitable giving (cash & material), Community Social Investment and any other forms of community (The Municipality gives details of CSR activities carried out in the year and the impact to the society. The statement may also include how the Municipality promotes education, sports, healthcare, labour relations, staff training and development, and water and sanitation initiatives) Where no CSR activities are undertaken during the year, there is no need to include the statement).

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 waste management, transportation, traffic management, disposal of waste, sanitation, drainage management and street lights management,

Board Members


The members of the Board who served during the year are shown on page xxx .The changes in the Board during the financial year are as shown below:

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.

OR

By Order of the Board


.....
Name: Yusuf Mohamed
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 City/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. In preparing the financial statements, the Municipality Manager has assessed the Municipality's ability to continue as a going concern and disclosed, as

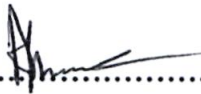
County Government of Garissa
Municipality of Masalani
Report and Financial Statements for the year ended June 30, 2024

applicable, matters relating to the use of going concern basis of preparation of the financial statements.

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

Approval of the financial statements

The Municipal financial statements were approved by the Board on 30TH JUNE ,2024 and signed on its behalf by:


.....

Name: MOHAMED HAJIR SHEIKH
Chairperson of the Board


.....
Name: YUSSUF MOHAMED
Accounting officer of the Board

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

	Notes	2023/24	2022/23
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from the County Government	6	10,000,000	000
Public contributions and donations	7	550	000
Total revenue		10,000,550	000
Expenditure			
Use of goods and services	8	2,934,725	000
Staff costs	9	929,000	000
Board expenses	10	256,000	000
Total expenses		4,119,725	000
Other gains/losses			000
Gain/loss on disposal of assets		000	000
Surplus/(deficit) for the period		5,880,825	000

The notes set out on pages 7 to 25 form an integral part of these Financial Statements. The entity financial statements were approved on 30th June 2024 and signed by:

Name: Yussuf Mohamed Abdi

Municipal Manager

Sign

Date

30/10/24



Name: Abdi Ali

Head of Accounts

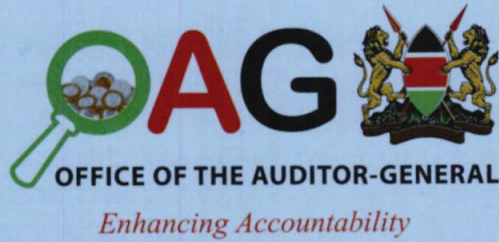
Sign

Date

30/10/2024

REPUBLIC OF KENYA

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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 MUNICIPALITY OF MASALANI FOR THE YEAR ENDED 30 JUNE, 2024 – COUNTY GOVERNMENT OF GARISSA

PREAMBLE

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

- A. Report on the 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 Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the 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 are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Municipality of Masalani set out on pages 1 to 35, which comprise the statement of financial position as at 30 June, 2024

Report of the Auditor-General on Municipality of Masalani for the year ended 30 June, 2024 – County Government of Garissa

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 Municipality of Masalani 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, 2011 and the Public Finance Management Act, 2012.

Basis for Opinion

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

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects revenue budget and actual revenue on comparable basis of Kshs.10,000,000 and Kshs.5,000,000 respectively, resulting to budget under funding of Kshs.5,000,000. This represents 50% of the total approved budget.

This shortfall resulted in the Municipality operating well below its approved budget, potentially affecting its ability to deliver services effectively.

2. Over Reliance on Funding from County Government

Review of the statement of financial performance revealed that Municipality of Masalani was financed solely through receipts allocated by the County Government of Garissa. The Municipality did not generate its own revenue from sources provided under Section 172(a) of the Public Finance Management Act, 2012 which include rates, fees, levies, charges and other revenue raising measures.

In the circumstances, the sustainability of service delivery may not be guaranteed due to over reliance on allocations from the County Government.

My opinion is not modified in respect of these matters.

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

The Management is responsible for the other information set out on page iv to xxv which comprise of Key Entity Information and Management, the Municipality Board, Management Team, Municipality Board chairpersons 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, Statement of Managements Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Conferment of Municipal Status

Municipality of Masalani was officially granted Municipality status under the Urban and Cities (Amendment) Act 2019 on March 14, 2023. According to the Act, when a town qualifies for municipal status, the County Executive Committee recommends it to the County Governor, who then forms an ad hoc committee to evaluate the recommendation. This committee, constituted with professionals from the Institution of Surveyors Kenya, Kenya Institute of Planners, Architectural Association of Kenya, Law Society of Kenya,

and Association of Urban Areas and Cities, reviews if the town meets the criteria specified in Section 9 of the Urban Areas and Cities Act to be conferred Municipal status.

Despite conferment to municipal status, the Municipality did not meet certain key conditions such as the need to have an integrated urban development plan and sufficient revenue-generating capacity. In addition, the Municipality did not have adequate infrastructural facilities, such as markets and a functional waste disposal system.

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

2. Non-compliance With Board of Management Constitution Procedures

During the year under review, Management incurred Kshs.256,000 on board sitting allowances. However, audit could not confirm the eligibility of the board members as the following documents have not been provided for audit verification:

- i. Appointment letters of the board members
- ii. Evidence of vetting and approval of board members by the County Assembly
- iii. Signed minutes as evidence of an accountable process of nomination of the four members described in Section 14(1)(c) of Urban Areas and Cities (Amendment) Act, 2019.
- iv. Evidence of compliance with statutory obligations of the four (4) members described in Section 14(1)(c) of Urban Areas and Cities (Amendment) Act, 2019.
- v. The vetting forms to establish that the four (4) nominees described in Section 14(1)(c) of Urban Areas and Cities (Amendment) Act, 2019 have complied with the prescribed criteria for appointment as a member of the board.
- vi. Personal files of the board members to confirm the mandatory requirements for qualification such as academic qualification, professional experience and requirements of Chapter Six of the Constitution.
- vii. Minutes of the board inauguration meeting.

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

3. Lack of Transfer of Functions to the Municipality by the County Executive

Review of the Municipality's operations indicates that several key functions that were transferred as per gazette notice vol. CXXV No.120 of 6773 and Section 2 (3) of the Municipal Charter are currently being managed by the County Executive of Garissa and not handed over to the Municipality. These functions include:

- Construction and maintenance of urban roads and associated infrastructure
- Construction and maintenance of storm drainage systems and flood control measures
- Construction and management of municipal markets and abattoirs
- Promotion, regulation and provision of municipal sports and cultural activities
- Development and enforcement of municipal plans and development control

- Construction and maintenance of fire stations, including provision of firefighting services, emergency preparedness and disaster management
- Construction and maintenance of street lighting and flood light
- Infrastructure development within the municipality
- Development of spatial and master plans for the municipality
- Revenue collection

Failure to transfer key functions to the Municipality may lead to ineffectiveness in the performance of its functions and may not justify the establishment of the Municipality.

In the circumstances, Management of Garissa County Executive was in breach of the law.

4. Non-compliance with Budget Formulation Laws

During the year under review, Municipality had an original approved budget of Kshs.30,000,000 that was adjusted by Kshs.20,000,000 through supplementary budget to a final budget of Kshs.10,000,000. However, the supplementary budget adjustments were not supported with a memorandum from Accounting Officer to confirm that the changes had been requested and explanations given for either scaling down or ceasing of planned development programmes. This was contrary to Regulations 39(7) of the Public Finance Management (County Governments) Regulations, 2015 which provides that, the County Government entity requesting additional funds through a supplementary budget process shall submit a memorandum to the County Treasury, on a date determined by County Treasury.

In addition, there was no evidence that Management of Municipality prepared estimate of income and expenditure and submitted the same to the County Executive Committee Member for finance as required as required by section 175(10) (b) of Public Finance Managements Act, 2012.

Further, Masalani Municipality budget estimates were not subjected to public participation as there was no evidence such as Gazette notification for the public participation, detailed schedule of both the coordinators and participants in the public participation Minutes emanating from the deliberations in the public participation showing the proposals from the public and details of the proposer and Management considerations of the public proposals and the way forward was not provided for review.

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

The audit was conducted in accordance with ISSAIs 3000 and 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 and based on the audit procedures performed, except for the matter described in the Basis for Conclusion, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of Risk Management Policy

Review of the Municipality's internal control and risk management processes revealed that the Municipality did not have a documented risk management policy. Lack of documented risk management policy may negatively impact on overall governance of the Municipality.

The audit was conducted in accordance with ISSAIs 2315 and 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 the Board of the Municipality

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires 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 IFPP 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 also 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/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

06 December, 2024

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

	Notes	2023/24	2022/23
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from the County Government	6	10,000,000	000
Public contributions and donations	7	550	000
Total revenue		10,000,550	000
Expenditure			
Use of goods and services	8	2,934,725	000
Staff costs	9	929,000	000
Board expenses	10	256,000	000
Total expenses		4,119,725	000
Other gains/losses			000
Gain/loss on disposal of assets		000	000
Surplus/(deficit) for the period		5,880,825	000

The notes set out on pages 7 to 25 form an integral part of these Financial Statements. The entity financial statements were approved on 30th June 2024 and signed by:

Name: Yussuf Mohamed Abdi
Municipal Manager

Sign
Date

30/10/24



Name: Abdi Ali
Head of Accounts

Sign
Date

30/10/2024

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15. Statement of Financial Position As At 30 June 2024

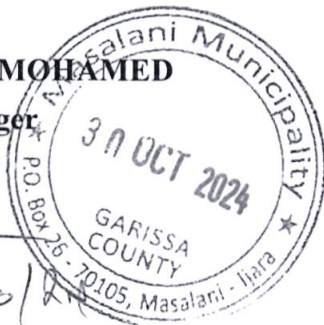
	Note	2023/24	2022/23
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	11	825	000
Receivables from exchange transactions		000	000
Receivables from Non- exchange transactions	12	5,000,000	000
		5,000,825	000
Non-current assets			000
Property, plant, and equipment	13	880,000	000
Intangible assets		000	000
Total Non-current Assets		880,000	000
Total assets		5,880,825	000
Liabilities			
Current liabilities			
Trade and other payables		000	000
Non-current liabilities			
Provisions		000	000
Total liabilities		000	000
			000
Net assets		5,880,825	000
Capital/Development Grants/Fund		000	000
Reserves		000	000
Accumulated surplus		5,880,825	000
Total net assets and liabilities		5,880,825	000

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 30th June 2024 and signed by:

Name: YUSSUF MOHAMED
Municipal Manager

Sign
Date

[Handwritten Signature]
20/10/24



Name: Abdi Ali
Accountant

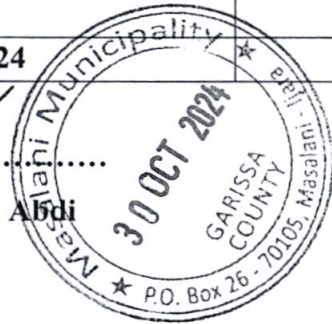
Sign
Date

[Handwritten Signature]
29/04/24

16. Statement of Changes in Net Assets As At 30 June 2024

	Capital/ Development Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
Balance as at 1 July 2022	00	000	00	00
Surplus/(deficit) for the period	-	-	-	-
Funds received during the year	000	-	-	-
Revaluation gain	-	000	-	-
Balance as at 30 June 2023	00	000	-	-
Balance as at 1 July 2023	00	000	00	00
Surplus/(deficit) for the period		-	5,880,825	5,880,825
Funds received during the year	000	-	-	-
Revaluation gain	-	000	-	-
Balance as at 30 June 2024	000	000	5,880,825	5,880,825

.....
Name: Yussuf Mohamed Abdi
Municipality Manager



.....
Name: Abdi Ali
Head of Accounts

County Government of Garissa
Municipality of Masalani
Report and Financial Statements for the year ended June 30, 2024

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


i

	Note	2023/24	2022/23
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6	5,000,000	000
Public contributions and donations	7	550	000
Interest received		000	000
<i>Other receipts (Specify)</i>		000	000
Total Receipts		5,000,550	000
Payments			000
Use of goods and services	8	(2,934,725)	000
Staff costs	9	(929,000)	000
Board expenses	10	(256,000)	000
Total Payments		(4,119,725)	000
Net cash flows from operating activities		880,825	000
			000
Cash flows from investing activities			000
Purchase of PPE & intangible assets	13	(880,000)	000
Proceeds from sale of PPE		000	000
Net cash flows used in investing activities		825	000
			000
Cash flows from financing activities			000
Receipts from Capital grants		000	000
Proceeds from borrowings		000	000
Repayment of borrowings		000	000

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	Note	2023/24	2022/23
		Kshs.	Kshs.
Net cash flows used in financing activities		000	000
Net increase/(decrease) in cash & cash equivalents		825	000
Cash And Cash Equivalents At 1 July		000	000
Cash And Cash Equivalents At 30 June	11	825	000

.....
Name: Yussuf Mohamed Abdi
Municipality Manager



.....
Name: Abdi Ali
Head of Accounts

1 CPAK No: 29047

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

	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.	Kshs.	Kshs.	Kshs.	
Transfers from the County Government	30,000,000	(20,000,000)	10,000,000	5,000,000	5,000,000	50%
Total Revenue	30,000,000	(20,000,000)	10,000,000	5,000,000	5,000,000	50%
Expenses						
Use of goods and services	19,600,000	(13,100,000)	6,500,000	2,934,725	3,565,275	45%
Board expenses(sitting allowance	3,400,000	(2,200,000)	1,200,000	256,000	944,000	21%
Staff Costs(salary-temporary casual	5,000,000	(3,700,000)	1,300,000	929,000	371,000	71.5%
Finance costs	-	-	-	-	-	-
Total Expenditure	28,000,000	(19,000,000)	9,000,000	4,119,725	4,880,275	46%
Surplus for the period	000	000	000	000	000	000
Capital Expenditure-PPE – Computers	2,000,000	(1,000,000)	1,000,000	880,000	120,000	88%

Name: Yussuf Mohamed
Municipality Manager

Sign 



Name: Abdi Ali
Head of Accounts

Sign 

19. Notes to the Financial Statements

1. General Information

Municipality is established by and derives its authority and accountability from urban areas and cities Act. The Municipality is under the County Government of Garissa and is domiciled in Kenya.

The Principal activity of municipality of Masalani ,is to oversee its affairs

2. Statement of Compliance and Basis of Preparation

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

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

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

(Notes to financial statements continued)

3. Application of New and revised standards (IPSAS)

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022

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

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

	(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees</p>

	<p>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 the municipality</p> <p>The new standard requires municipalities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. Early adoption of standards

The municipality did not early – adopt any new or amended standards in year 2023/2024

(Notes to financial statements continued)

4. Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2023/24 was approved by the County Assembly on 27th July 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Municipality upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Municipality recorded additional appropriations of (20,000,000) on 28, March 2024 following the governing body's approval.

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

financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial

(Significant accounting policies continued)

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

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

c) Property, plant and equipment

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

d) Intangible assets

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

(Significant accounting policies continued)

e) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

on the estimated future cash flows of the financial asset or the Municipality of financial assets that can be reliably estimated asset or the entity of financial assets that can be reliably estimated.

(Significant accounting policies continued)

Evidence of impairment may include the following indicators:

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

f) Inventories

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

Raw materials: purchase cost using the weighted average cost method

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

(Significant accounting policies continued)

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

(Significant accounting policies continued)

g) Provisions

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

h) Contingent liabilities

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

i) Contingent assets

The Municipality does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments

are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured

(Significant accounting policies continued)

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

j) Nature and purpose of reserves

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

k) Changes in accounting policies and estimates

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

l) Employee benefits – Retirement benefit plans

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

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

m) Foreign currency transactions

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

(Significant accounting policies continued)

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

n) Borrowing costs

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

o) Related parties

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

p) Cash and cash equivalents

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

q) Comparative figures

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

(Significant accounting policies continued)

r) Events after the reporting period

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

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

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

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

s) Currency

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

5. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made e.g.

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

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assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Municipality. Such changes are reflected in the assumptions when they occur.

(Significant accounting policies continued)

Useful lives and residual values

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

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

(Notes to the Financial Statements)

6. Transfers from the County Government

Description	2023/24	2022/23
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	10,000,000	000
Payments by County on behalf of the entity	000	000
Total	10,000,000	000

7. Public Contributions and Donations

Description	2023/24	2022/23
	Kshs.	Kshs.
Donation from development partners	000	000
Contributions from the public	550	000
Total	550	000

(Notes To the Financial Statements (Continued))

8. Use of Goods and Services

Description	2023/2024	2022/23
	Kshs.	Kshs.
Utilities, supplies and services	000	000
Communication, supplies and services	000	000
Domestic travel and subsistence	1,396,500	000
Foreign travel and subsistence	000	000
Printing, advertising, supplies & services	20,000	000
Rent and rates	000	000
Training expenses	000	000
Hospitality supplies and services	89,500	000
Insurance costs	000	000
Specialized materials and services	000	000
Office and general supplies and services	1,238,309	000
Fuel, oil and lubricants	110,185	000
Other operating expenses office internet services	18,000	000
Routine maintenance – vehicles and other equipment	54,915	000
Bank Charges	7,316	000
Depreciation and amortisation	000	000
Total	2,934,725	000

9. Staff costs

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Salaries and wages - Casual wages	929,000	000
Staff gratuity	000	000
Social security contribution	000	000
Other staff costs (<i>Specify</i>)	000	000
Total	929,000	000

10. Board expenses

Description	2023/24	2022/23
	Kshs.	Kshs.
Chairman/Members' Honoraria	000	000
Sitting allowances	256,000	000
Total	256,000	000

(Notes To the Financial Statements Continued)

11. Cash and cash equivalents

Description	2023/24	2022/23
	Kshs.	Kshs.
Current account	825	000
Others(<i>specify</i>)	-	000
Total cash and cash equivalents	825	000

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

Financial institution	Account number	2023/24	2022/23
		Kshs.	Kshs.
a) Fixed deposits account			
Kenya Commercial bank		000	000
Equity Bank, etc.		000	000
Sub- total		00	000
b) On - call deposits			
Kenya Commercial bank		000	000
Equity Bank – etc.		000	000
Sub- total		000	000
c) Current account			
Kenya National bank	01570261188400	825	000
Equity Bank – etc.		000	000
Sub- total		825	000
d) Others(specify)		000	000
Cash in transit		000	000
Cash in hand		000	000
Mobile Money		000	000
Sub- total		000	000
Grand total		825	000

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12. Receivable from non-exchange transaction

Description	30 June ,2024	30 th June ,2023
	Kshs.	Kshs.
Transfer from County Executive	5,000,000	000
Transfer from XXXX Fund	000	000
Total receivables from non-exchange transactions	5,000,000	000

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(Notes to the Financial Statements Continued)

22. Property, Plant and Equipment

	Land	Building	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Capital Work in progress	Total
Description	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 30th June 2023	000	000	000	000	000	000	000	000
Additions	000	000	000	000	000	000	000	000
Disposals	000	000	000	000	000	000	000	000
Transfers/adjustments	000	-	000	000	000	000	000	000
As at 30 th June 2024	000	000	000	000	000	000	000	000
Additions	000	000	000	000	880,000	000	000	880,000
Disposals	000	000	000	000	000	000	000	000
Transfer/adjustments	000	-	000	000	000	000	000	000
As at 30 th June 2024	000	000	000	000	000	000	000	000
Depreciation and impairment	000	000	000	000	000	000	000	000
As at 30 th June 2023	000	000	000	000	000	000	000	000
Depreciation	000	-	000	000	000	000	000	000
Impairment	000	000	000	000	000	000	000	000

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	Land	Building	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Capital Work in progress	Total
Description	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Transfers/ Adjustments	000	000	000	000	000	000	000	000
As at 30 June 2023	000	000	000	000	000	000	000	000
Depreciation	000	000	000	000	000	000	000	000
Disposals	000	-	000	000	000	000	000	000
Impairment	000	000	000	000	000	000	000	000
Transfer/adjustment	000	000	000		000	000	000	000
As at 30th June 2024	000	000	000	000	000	000	000	000
	000	000	000	000	000	000	000	000
NBV as at 30th June 2023	000	-	000	000	000	000	000	000
NBV as at 30th June 2024	000	000	000	000	880,000	000	000	880,000

Other Disclosures

23. Related party balances

a) Nature of related party relationships

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

b) Related party transactions

	2023/24	2022/23
	Kshs.	Kshs.
Transfers from related parties'	5,000,000	000
Transfers to related parties	000	000

c) Key management remuneration

	2023/24	2022/23
	Kshs.	Kshs.
Board of Board Members	256,000	000
Key Management Compensation	000	000
Total	000	000

d) Due from related parties

	2023/24	2022/23
	Kshs.	Kshs.
Due from parent Ministry	000	000
Due from County Government	5,000,000	000
Due from County Assembly	000	000
Total	5,000,000	000

(Other Disclosures continued)

e) Due to related parties

	2023/24	2022/23
	Kshs.	Kshs.
Due to parent Ministry	000	000
Due to County Government	000	000
Due to Key management personnel	000	000
Due to County Assembly	000	000
Total	000	000

24. Financial risk management

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

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

(Other Disclosures Continued)

I. Credit risk

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

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

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for

uncollectible amounts that the Municipality has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Municipality has significant concentration of credit risk on amounts.

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

II. Liquidity risk management

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

III. Market risk

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

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

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

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

IV. Foreign currency risk

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

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs.	Kshs.	Kshs.
20xx			
Euro	%	Xxx	xxx
USD	%	Xxx	xxx
20xx-1			
Euro	%	Xxx	xxx
USD	%	Xxx	xxx

V. Interest rate risk

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

Management of interest rate risk

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

(Other Disclosures continued)

VI. 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 Municipality capital structure comprises of the following Municipality’s:

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	2023/24	2022/23
	Kshs.	Kshs.
Revaluation reserve	000	000
Capital/Development Grants Municipality	000	000
Accumulated surplus	000	000
Total Funds	000	000
Total borrowings	000	000
Less: cash and bank balances	000	000
Net debt/(excess cash and cash equivalents)	000	000
Gearing	00%	00%

20. Annexes

Annex 1. Progress on Follow up of Auditors Recommendations.

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

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)
NIL		This municipality is being audited for the first time		

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Annex 2: Inter Entity Transfers

Municipality Name: Municipality of Masalani				
Breakdown of Transfers from the County Executive of Garissa County				
FY 2023-2024				
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			00	
			00	
		Total	000	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			00	
	NIL		00	
			00	
		Total	000	
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
		9/10/2023	2,000,000	2023/2024
		7/12/2024	2,000,000	2023/2024
		23/05/2024	1,000,000	2023/2024
		total	5,000,000	

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Annex 3: Reporting of Climate Relevant Expenditures

Name of the Organization Municipality of Masalani
 Telephone Number: 0724644176
 Email Address Masalanimunicipality@gmail.com
 Name of CEO/MD/Head Municipality of Masalani Manager

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

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Annex 4: Disaster Expenditure Reporting Template

Date: 30th June 2024

Entity : Municipality of Masalani

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

County Government of Garissa
Municipality of Masalani
Annual Report and Financial Statements for the year ended June 30, 2024

Municipality of Masalani
Trial Balnce as at 30th June 2024

	Dr.	Cr.
Balance B/F		550
Property ,plant and Equipment	880,000	
Cash and cash equivalent	825	
Revenue		
transfer from County Government -operations		5,000,000
Payments		
use of good and services	2,934,725	
Board expenses	256,000	
staff cost	929,000.00	
TOTAL	<u>5,000,550</u>	<u>5,000,550</u>

Head of Accounts
Abdi Ali

SIGN:
DATE:



CCPAK No: 29047