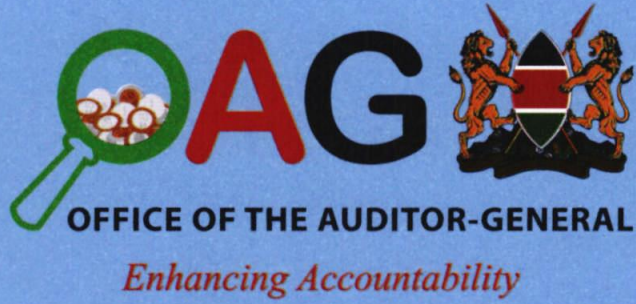
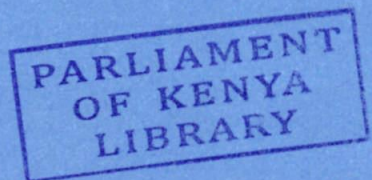


REPUBLIC OF KENYA



REPORT

OF



THE AUDITOR-GENERAL

ON

MUNICIPALITY OF AWENDO

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

| PAPERS LAID | |
|--------------------|---------------|
| DATE | 20/2/2025 |
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AWENDO MUNICIPALITY

MUNICIPALITY OF AWENDO
COUNTY GOVERNMENT OF MIGORI
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)**



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1. Acronyms and Definition of Key Terms

1.1 Acronyms

| | |
|-------|--|
| FY | Financial Year |
| OSHA | Occupational Safety & Health Act |
| PFMA | Public Finance Management Act |
| PSASB | Public Sector Accounting Standards Board |
| UACA | Urban Areas and Cities Act |

1.2 Definition of Key Terms

Comparative Year- Means the prior period.

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

2. Key Entity Information and Management

a) Background information

Awendo Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011(amended 2019) and Cities and Municipal Charter on 20th March 2020. The Municipality is under the County Government of *Migori* and is domiciled in Kenya.

b) Principal Activities

The principal activity/mission/ mandate of the Municipality are drawn from section 20 of urban areas and cities act, 2011 and the municipal charter. The functions were officially transferred to the municipality vide Gazette Notice no 2384 of 20th March 2020. These include but not limited to:

- (a) Oversee the affairs of Municipality of Awendo;
- (b) Develop and adopt policies, plans, strategies and Programs, and set targets for delivery of services;
- (c) Formulate and implement integrated development plan;
- (d) Maintain a comprehensive database and information system of the administration and provide public access thereto upon Payment of a nominal fee to be determined by the board;
- (e) Administer and regulate its internal affairs;
- (f) Implement applicable national and county legislation;
- (g) Enter into such contracts, partnerships or joint ventures as it may consider necessary for the discharge of its functions as required under the law;
- (h) Monitor and, where appropriate, regulate municipal services where those services are provided by service providers other than the board of the municipality;
- (i) Prepare its budget for approval by the county executive committee and administer the budget as approved;
- (j) Monitor the impact and effectiveness of any services, policies, programs or plans;
- (k) Establish, implement and monitor performance management systems;
- (l) Facilitate and regulate public transport;
- (m) Promote a safe and healthy environment; and
- (n) Perform such other functions as may be delegated by the county government or as may be provided for by any written law.

c) Key Management

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

- County Department in charge of Municipalities
- Board of Management
- Municipality Manager
- Accounting Officer
- Management

d) Fiduciary Management

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

| Ref | Position | Name | |
|-----|-------------------------------|------------------------|-----------------|
| 1 | Municipality Manager | Mandela Nelson Akong'o | |
| 2 | Directors/Head of departments | Physical Planning | Patrick Peter |
| | | Environmental Officer | Gerald Kibathi |
| | | Social Safeguards | Kephas Owinga |
| | | Land Survey | Geoffrey Ng'eno |
| | | Public Works | Isaiah Gangla |
| | | Accountant | Maurice Onyango |

e) 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.

i) Audit and Risk Management Committee

The Board has constituted an audit and Risk committee which is headed by Hon Florence Abich Oile.

ii) County Assembly Committees

The board is answerable to the County assembly of Migori and makes annual financial reports to the county assembly. Whenever called upon, the board files reports 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 the case maybe

f) Registered Offices

P.O. Box 1172-40400 Suna Migori

Awendo Sub-County Office Building

Kisii –Isebania Highway

Migori, KENYA

g) Contacts

Telephone: (+254) 059-20928

E-mail: migoricountygov@gmail.com

Website: <https://migori.go.ke>

h) Bankers

Commercial Banks-Kenya Commercial Bank –

1. Municipality of Awendo Urban Development Grant Account No. 1250196620
2. Municipality of Awendo Operations Account No. 1272575616
3. Municipality of Awendo Urban Development retention Account No. 1316545555

i) Independent Auditor

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

j) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200


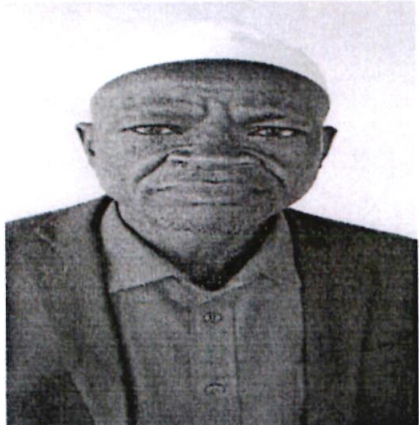

Nairobi, Kenya




The County Attorney

P.O Box 195-40400

Suna Migori

3. Municipality Board


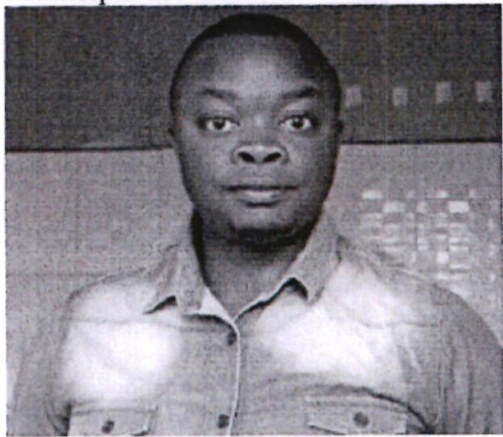
| Serial No. | Name | Details of qualifications and experience |
|------------|--|---|
| 1 | <p>Ms. Beatrice Adongo</p>  | <p>Age: 38 Years Academic and Professional Qualification- •Bachelor of Education Arts Work Experience •From 2016 to 2020 a teacher From March 2023 to date Chairperson Awendo Municipal Board</p> |
| 2 | <p>Mr. Isaack Ochieng Ouko</p>  | <p>Age 62Years Academic and Professional Qualification- Certificate in Strategic Management and County Governance Diploma in Human Resource Management and Development Work Experience • Councillor in Awendo Town Council – (2008-2013) Independent Board Member Chairman -Finance Committee</p> |
| 3 | <p>Hon. Johnson Omollo Owiro, HSC.</p>  | <p>Age 76 Years Academic and Professional Qualification- Diploma in County Governance Diploma in Public Administration. Diploma in Business Management. Work Experience March 2023- Date Member Awendo Municipal Board 2013-2017 Majority Leader Migori County Assembly 2007-2013 Mayor Awendo Town Council. 1982-1989 Superintendent Sony Sugar Company Independent Board Member Chairman of the Planning Committee</p> |
| 4 | <p>Mr. John Keno Chol</p> | <p>Age 55 Years Academic and Professional Qualification- Diploma in Hotel Management Work Experience</p> |

| | | |
|---|---|---|
| |  | <p>March 2023-Date Board member Awendo municipality 2000-2009 Field Supervisor Sony Sugar Company. 1989-1999 Assistant Executive House Keeper Independent Board Member Chair finance committee.</p> |
| 5 | <p>Hon. Florence Abich</p>  | <p>Age 57 Academic and Professional Qualification- MBA in strategic management. Post Graduate Diploma in Supply Chain Management. Bachelors in Human Resource Management. Work Experience March 2023-Date. Board Member Awendo Municipality 2017-2023 Member of Migori County Assembly Independent Board Member Chairperson of the Committee</p> |
| 6 | <p>Ms. Ruth Adhiambo Odhiambo</p>  | <p>Age 46 years Academic and Professional Qualification- Diploma in fashion and design. Work Experience March 2023- Date Member Awendo Municipal Board Independent Board Member Chair Human Resource Committee.</p> |
| 7 | <p>Mr. John OtienoOswe</p> | <p>Age 52 years Academic and Professional Qualification- Bachelors Degree in theology. Diploma in theology. Work Experience March 2023- Date Member Awendo Municipal Board 2015-Feb 2023 Manager IsayaAmonde Schools</p> |



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

| | | |
|---|--|--|
| |  | <p>2011-2014 Center Manager Pioneer Development Program 2007-2011 Teacher South Nyanza Baptist College Independent Board Member</p> |
| 8 | <p>Plan. Mandela Nelson Akong'o</p>  | <p>Age 33 years Academic and Professional Qualification- Master's Degree in Urban Development & Management (Ongoing) Bachelor's Degree in Urban and Regional Planning, with IT. Work Experience 2016-June 2023 Physical Planning Officer Migori County June 2023- Date Ag. Municipal Manager Municipality of Awendo Independent Board Member</p> |

4. Key Management Team

| S/ No | Name | Details of qualifications and experience |
|-------|--|---|
| 1. | <p>Plan. Mandela Nelson Akong'o</p>  | <p>Age 33 years</p> <p>Academic and Professional Qualification- Master's Degree in Urban Development & Management (Ongoing) Bachelor's Degree in Urban and Regional Planning, with IT.</p> <p>Work Experience 2017-June 2023 Physical Planning Officer Migori County June 2023- Date Ag. Municipal Manager Municipality of Awendo</p> <p>Independent Board Member</p> |
| 2. | <p>Mr. Justus Olima Municipal Environment Officer</p>  | <p>Age 37 years</p> <p>Academic and Professional Qualification- Bachelor's Degree in Environmental Science</p> <p>Work Experience 2015-Date –Environment Officer</p> <p>Area of Responsibility Municipal Environment Officer</p> |
| 3. | <p>Mr. Kepher Owinga Municipal Social Safeguards Officer</p>  | <p>Age 50 years</p> <p>Academic and Professional Qualification-</p> <ul style="list-style-type: none"> Bachelor's Degree in Arts and Anthropology <p>Work Experience</p> <ul style="list-style-type: none"> 1998-Date –Social Safeguards Officer <p>Area of Responsibility</p> <ul style="list-style-type: none"> Social Safeguards Officer |

*County Government of Migori
Municipality of Awendo
Annual Report and Financial Statements for the year ended June 30, 2024*

| | | |
|---|--|---|
| | | |
| 4 | <p>Mr. Isaiah Gangla Works officer</p>  | <p>Age 48 years Academic and Professional Qualification- •Bsc Technology (Building Construction) Work Experience • 2011-Date –Physical Planning Officer Area of Responsibility •Works officer</p> |
| 5 | <p>Mr. Maurice Onyango Municipal Accountant</p>  | <p>Age 44 years Academic and Professional Qualification- •BCOM, CPA(K) Work Experience •2006-2010 –Accountant at Non-Governmental Firms 2010 To Date – Accountant at Migori County Area of Responsibility •Municipality Accountant</p> |
| 6 | <p>Mr. Wycliffe Onyango Municipal Physical Planner</p> | <p>Age 30 years Academic And Professional Qualification- • Master’s Degree –Environmental Planning and Management (ongoing) • Bachelor’s Degree in Urban and Regional Planning Work Experience 2016-Date –Physical Planning Officer Area of Responsibility Physical Planning Officer</p> |

5. Municipality Board Chairperson's Report

In the financial year 2023/2024, Awendo Municipality Board made a number strides in the discharge of its mandate in the respective programmes. In particular the board oversaw the renovation of Awendo modern market under the infrastructure programme.

Under the Administrative and Support Services the Municipality facilitated the training of the board members and municipal staff. Additionally, the municipality conducted four citizen fora meetings, eight full board and special meetings and sixteen board committee meetings in line with the provisions of UACA, 2011. The board also undertook the preparation of Municipal by-laws.

Under the Environmental Management and Conservation, Awendo Municipality unclogged drainage and conducted routine cleaning of the streets to maintain a clean environment

The board also conducted meetings as required by law where several policy directions were given to the Municipal manager for implementation. The board also appreciates the support from development partners like the World Bank who has been supporting us with development funds.

We would also wish to thank H.E. the Governor for the political good will he has extended to us since we were inaugurated. The support from the County Government of Migori has seen the Municipality grow in terms of staff establishment and self-reliance.

The board is optimistic that the next financial year will be favourable.
Thank you.



Ms. Beatrice Adongo

Chairperson

Awendo Municipal Board

6. Report of the Municipality Manager

6.1 Budget performance

During the period under review, the municipality has carried out several activities. Under the Environmental Management and Conservation, the Municipality has been able to undertake the routine cleaning of drainages and sweeping of streets within the CBD and in other municipal nodal centres such as Rapogi.

Under the Infrastructural Development programme, the municipality has renovated the Awendo modern market.

Under the Municipal Planning services programme the municipality has formulated and reviewed Municipal AUIP, IDEP, Solid Waste Management Policy and Private sector Engagement framework. The Municipality has also conducted four citizen fora events, eight board committee meetings, six special board sittings as well as four full-board meetings.

Additionally, the Municipality used the recurrent for office operations, payment of board members allowances and purchase of other procurable items as indicated here below:

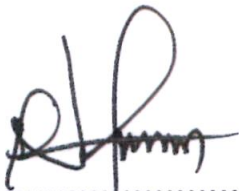
| | |
|--|---------|
| • Purchase of staff uniform | 179,940 |
| • Supply and delivery of sanitary and cleaning materials | 300,000 |
| • Printing services | 233,000 |
| • Supply and delivery of computers | 419,650 |

6.2 Progress of Municipality projects

During this financial year, the municipality was able to implement the following projects.

| Project | Out put | Out come | Progress | Comment |
|---|--|--|---------------|---------------------------------------|
| Renovation of Awendo modern market | <ul style="list-style-type: none"> Improved sanitation facilities Renovated market infrastructure | <ul style="list-style-type: none"> Improved shopping experience Better public health and hygiene | 100% complete | Funded by the Municipality |
| Digitization & Digitalization of land records in Awendo | <ul style="list-style-type: none"> Digitized land records database Data backup and security measures Mobile application for land record queries | <ul style="list-style-type: none"> Increased accessibility to land information Reduced risk of data loss and fraud Improved convenience for users | 25 % complete | Done in partnership with FAO |
| Planning, Survey and Issuance of lease titles to | 1. Project framework and timeline | <ul style="list-style-type: none"> Clear strategy for development | 80 % complete | Done in partnership with the National |

| | | | |
|---|---|---|---------------------------|
| Jiw Dendi Informal Settlement residents | <ol style="list-style-type: none">2. Resource allocation plan3. Identification of property boundaries4. Physical demarcation of individual lots5. Documentation of rights and responsibilities | <ul style="list-style-type: none">• Efficient use of resources• Clarity on land ownership• Reduced land disputes• Improved access to services and credit | Government under KISIP II |
|---|---|---|---------------------------|



.....
Name: Mandela Nelson Akong'o
City/Municipality Manager

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

In the Financial year 2023/2024 the Municipality of Awendo was allocated total budget of Kshs 38,570,825 distributed as Recurrent Budget Kshs 17,544,625 (45.5%), Development Kshs 10,618,571 (27.5%) and Pending Bills for Financial year 2022/2023 of Kshs. 10,407,629 (27%).

The development fund was fully committed towards Rehabilitation of Awendo Modern Market Ksh. 10,618,571.

The part of the pending bill of Ksh 6,649,326 was paid in the current financial year, the balance Ksh.3, 758,303 was still pending at the end of financial year under review.

On the other hand, the funds in the recurrent budget were majorly used in the operations of the municipality i.e. payments of allowances to Board members/staff and purchase of other procurable items.

7.1 Key achievement of the municipality as per the program

| Programme | Delivery Unit | Key outputs | Key performance indicators | Target (baseline) 2023/24 | Target 2024/25 | Target 2025/26 | Target 2026/27 |
|--|---------------------|--------------------------------|---|---------------------------|----------------|----------------|----------------|
| Name of programme: Administrative and Support Services | | | | | | | |
| Outcome: Enhanced service delivery. | | | | | | | |
| Sub Programme 1.1 | Awendo Municipality | Citizen fora reports. | No. of Ordinary Board Meetings held annually | 4 | 4 | 4 | 4 |
| | | Full Board meeting Minutes | No. of Board Committee Meetings held annually | 4 | 4 | 4 | 4 |
| | | Special board meetings minutes | No. of Citizen Fora meetings held quarterly | 12 | 12 | 12 | 12 |

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

| | | | | | | | |
|--|----------------------|---|--|----------------------------------|-----------------------|-----------------------|-----------------------|
| | | Committee meetings minutes | No. of Trainings conducted annually | 16 | 16 | 16 | 16 |
| | | Trained Municipal Staff and Board Members | No. of Bench marking activities undertaken | 10 | 14 | 16 | 16 |
| | | Pear learning Event Reports | No. of technical staff employed | 2 | 2 | 2 | 2 |
| | | New staff employed/Hired | No. of Municipal Office Building constructed to completion | 4 | 6 | 4 | 4 |
| Programme | Delivery Unit | Key outputs | Key performance indicators | Target (baseline) 2023/24 | Target 2024/25 | Target 2025/26 | Target 2026/27 |
| Name of Programme: Environmental Management and Conservation | | | | | | | |
| Outcome : Safe and Healthier Municipality with Enhanced Environmental Sustainability | | | | | | | |
| Sub Programme | Awendo Municipality | Planted tree seedlings | No. of Tree seedlings planted | 0 | 500 | 1000 | 1000 |
| Environmental Preservation and Conservation Services | | Installed waste bins | No. of waste bins installed | 0 | 20 | 25 | 25 |
| | | Purchased waste skip | No. of waste skips purchased | 0 | 4 | 4 | 4 |
| | | Purchased skip loader | No. of skip loaders purchased | 0 | 1 | 0 | 0 |

County Government of Migori

Municipality of Awendo

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

| | | Clean streets and open public spaces | Length of streets cleaned per week | 5km | 5km | 5km | 5km |
|--|---------------------|--|--|---------------------------|----------------|----------------|----------------|
| Programme | Delivery Unit | Key outputs | Key performance indicators | Target (baseline) 2023/24 | Target 2024/25 | Target 2025/26 | Target 2026/27 |
| Name of programme: Municipal Planning Services | | | | | | | |
| Outcome: Properly guided and formalised development. | | | | | | | |
| Policy Formulation Services | Awendo Municipality | Prepared Strategic plan | No. of approved strategic plan | 0 | 1 | 0 | 0 |
| | | Revised Integrated Development Plan (IDeP) for Awendo Municipality | Existence of Revised IDeP | 1 | 1 | 1 | 1 |
| | | Adopted Annual Urban Investment Plan | No. of Annual Urban Investment Plan prepared | 1 | 1 | 1 | 1 |
| | | Approval of By-laws | No. of approved by-laws | 0 | 0 | 0 | 0 |
| Programme | Delivery Unit | Key outputs | Key performance indicators | Target (baseline) 2023/24 | Target 2024/25 | Target 2025/26 | Target 2026/27 |
| Programme Name : Infrastructural Development | | | | | | | |
| Outcome: A municipality with adequate physical and social infrastructure | | | | | | | |
| Sub programme | Awendo Municipality | Constructed Integrated Market | No. of markets constructed | 0 | 1 | 0 | 0 |

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

| | | | | | | |
|--------------------------------------|------------------------------|----------------------------------|----|----|----|----|
| Infrastructural development services | Gravelling of urban roads | No. of Km of roads gravelled | 0 | 2 | 2 | 2 |
| | Asset Maintenance | No. of Assets maintained | 1 | 4 | 5 | 5 |
| | Unclogging of drainages | No. of km of Drainages unclogged | 0 | 4 | 4 | 7 |
| | Installation of streetlights | No. of Streetlights installed | 12 | 25 | 25 | 25 |

7.2 Status of Capital Projects

| Project Name | Objective/Purpose | Output | Description of Key Activities | Status (milestones) | Estimated Cost (Ksh) | Actual Cumulative (Ksh) | Source of Funds |
|--|--|-----------------------------------|--|---------------------|----------------------|-------------------------|-------------------|
| Renovation of Awendo modern market | To Promote sustainability | Upgraded stalls and vendor spaces | Renovation of stalls Renovation of kiosks Painting | 100 % complete | 10,620,000.0 | 10,618,571 | County allocation |
| Installation of solar powered street lights | To enhance security | Light streets | Installation of solar powered lights | 100 % complete | 4,300,000 | 4,050,000 | KUSP funds |
| Installation of waste skips and fire extinguishers | To enhance the aesthetics of the park. | Installed waste bins | Installation of bins | 100 % complete | 1,194,559.32 | 1,190,000 | KUSP funds |

8. Corporate Governance Statement.

8.1 Process of appointment and removal of Board members

Awendo municipal board members were appointed as provided for in section 11 of Urban Areas and cities (Amendment) Act, 2019). Upon nomination the names of the nominees were forwarded to the county assembly of Migori 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 18 of the urban areas and cities (Amendment)Act, 2019 and all the applicable laws, either party can terminate the contract by giving 30 days’ notice”

8.2 Roles and functions of the Municipality of Awendo Board members

Pursuant to Article 184 of the Constitution of Kenya, section 48 (1) (a) of the County Governments Act, 2012, sections 9 (1) and Section 20 of the Urban Areas and Cities Act, 2011 and section 6 of the Awendo Municipal Charter, the Governor, Migori County transferred the under listed functions to the Municipal Board of Awendo—

- a) oversee the affairs of Municipality of Awendo;
- b) develop and adopt policies, plans, strategies and programmes, and set targets for delivery of services;
- c) formulate and implement integrated development plan;
- d) maintain a comprehensive database and information system of the administration and provide public access thereto upon payment of a nominal fee to be determined by the board;
- e) administer and regulate its internal affairs;
- f) implement applicable national and county legislation;
- g) enter into such contracts, partnerships or joint ventures as it may consider necessary for the discharge of its functions as required under the law;
- h) monitor and, where appropriate, regulate municipal services where those services are provided by service providers other than the board of the municipality;
- i) prepare its budget for approval by the county executive committee and administer the budget as approved;
- j) monitor the impact and effectiveness of any services, policies, programmes or plans;
- k) establish, implement and monitor performance management systems;
- l) facilitate and regulate public transport;
- m) promote a safe and healthy environment; and
- (n) perform such other functions as may be delegated by the county government or as may be provided for by any written law. The transfer of the above functions took effect immediately.

8.3 Capacity Building of board members and staff

The board members and the staff underwent a number of trainings and peer learning events aimed at enhancing their capacity with the view of improving efficiency and effectiveness in service delivery to the residents of the municipality.

8.4 Number of Municipality Board meetings held and the attendance to those meetings by members

The number of Municipal Board Meetings are capped by law at 4 ordinary sittings and 4 special sittings in a year. In the financial year 2023/2024 the Awendo Municipal Board conducted a total of 8 sittings. The four ordinary meetings were done once every quarter of the year. Awendo Municipal Board also has 4 sub-committees which include: Finance Committee, Audit Risk & Compliance Committee, Human Resource & Gender committee and Technical & Strategy Committee.

The above four sub-committees held one meeting each quarter of the year under review bringing a total of 16 sub-committee meetings.

8.5 Preparation of Municipal By-Laws

In line with the provisions of section 21 (1) (t) of the Urban Areas and Cities Act 2011, the board prepared a draft Municipal By-laws which will assist in the operationalization of the municipal functions.

8.6 Review of the Municipal IDeP

As required by section 42 of the Urban Areas and Cities Act, 2011 the board reviewed the municipal integrated development plan.

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 paid sitting and lunch allowances as per the letter from Salaries & Remuneration Commission dated 27th February, 2019 Ref: SRC/TS/CG/3/61/19 (38)

9. Management Discussion and Analysis

On the financial performance, the Municipality did not receive all the budgeted for funds as the National government did not disburse all the monies to the county government. The municipality oversaw the renovation of Awendo modern market, installation of solar powered street lights and installation of waste skips.

The municipality in line with the Urban Areas and Cities Act, 2011, the municipality reviewed the Integrated Development Plan, prepared the by-laws as well as held the citizen for a events quarterly.

The municipality is facing the financial risks as funds are disbursed late from the National treasury as well as limited human resources.

These are however being mitigated as the municipality reports on the issue of late financial disbursements and also has budgeted for additional staff employment.

For the financial year 2023/2024 the Awendo Municipality was allocated total budget of Kshs 38,570,825 distributed as Recurrent Budget Kshs 17,544,625 (45.5%), Development Kshs 10,618,571 (27.5%) and Pending Bills for Financial year 2022/2023 of Kshs. 10,407,629 (27%).

The development budget was fully committed towards Rehabilitation of Awendo Modern Market Ksh. 10,618,571. And pending bill of Ksh 6,649,326 was paid in the current financial year, the balance Ksh.3, 758,303 was still pending at the end of financial year under review.

The recurrent budget of Ksh 9,660,012 out of Ksh 17,544,625 was transferred from County to Awendo Municipality operation account and were used as below:-

| | |
|----------------------------------|--------------|
| Boards and Committee | 2,741,000 |
| Daily Subsistence Allowances | 3,051,500.00 |
| Office Tea | 115,000.00 |
| Telephone | 81,007.00 |
| Travel Costs | 2,213,600.00 |
| Field Operation Allowances | 255,050.00 |
| Sanitary and Cleansing Materials | 926,350.00 |
| Advertisements and Publicity | 140,000.00 |
| Motor Vehicle Running Expenses | 128,250.00 |

10. Environmental and Sustainability Reporting

10.1 Sustainability strategy and profile

Awendo Municipality, located in Kenya, is committed to improving the quality of life for its residents through sustainable development. Our primary mandate is to deliver essential services, ensure public safety, and stimulate economic growth while safeguarding the environment for future generations. Our sustainability strategy seeks to harmonize social, economic, and environmental goals, ensuring that current needs do not compromise those of the future.

Top management, particularly the Accounting Officer, acknowledges that our sustainability efforts are shaped by various political and macroeconomic factors. We have embraced international best practices by fostering collaboration with local communities, NGOs, and government bodies to implement initiatives such as waste management and renewable energy projects. While we have achieved successes like a community-led recycling program that has enhanced environmental awareness, challenges persist in securing funding for larger projects and addressing community resistance. By learning from both our achievements and setbacks, we continue to refine our strategies to build a more resilient and sustainable Awendo.

10.2 Environmental performance

Awendo Municipality adheres to a comprehensive environmental policy that prioritizes the protection of natural resources, biodiversity, and effective waste management. This policy is evident in our community engagement initiatives, such as tree planting drives and sustainability workshops, which have successfully raised awareness among residents. While these efforts have made a positive impact, challenges like limited funding and some community resistance highlight the need for ongoing education and resource allocation.

To manage biodiversity, we have established protected green spaces and wetlands, promoting local ecosystem health and involving the community in conservation efforts. Our waste management policy emphasizes reducing, reusing, and recycling, supported by a systematic waste segregation program and partnerships with local organizations for efficient waste processing. Additionally, sustainable procurement practices ensure that our products and services minimize environmental impact. Through these initiatives, Awendo Municipality remains committed to enhancing its environmental performance while addressing challenges and fostering a culture of sustainability.

10.3 Employee welfare

Awendo Municipality is dedicated to creating a fair and inclusive workplace through transparent hiring policies that prioritize gender balance and stakeholder engagement. The recruitment process actively seeks to reflect the community's diversity, with annual reviews to ensure alignment with evolving demographics and local needs. This engagement fosters a workforce that is representative and responsive to the community it serves.

To promote employee development, the municipality offers regular training and career management programs, supported by a structured appraisal system that encourages performance feedback and growth. Our reward system recognizes exceptional contributions, enhancing motivation and job satisfaction. Additionally, we comply with the Occupational Safety and Health Act of 2007 (OSHA), implementing safety policies and conducting regular audits and training to ensure a safe work environment for all employees.

10.4 Market place practices

The organisation should outline its efforts to:

a) *Responsible competition practice.*

Awendo Municipality is dedicated to responsible competition practices, emphasizing integrity, fairness, and transparency. Our anti-corruption policy strictly prohibits unethical behaviour, with regular training for employees on maintaining ethical standards. We engage in responsible political involvement, promoting civic participation while respecting democratic processes. Our commitment to fair competition ensures that all businesses have equal opportunities through transparent procurement processes. Additionally, we foster respect for competitors, recognizing their role in the local economy and collaborating when beneficial for community development. Through these principles, Awendo Municipality cultivates a competitive landscape grounded in trust and mutual respect.

b) *Responsible Supply chain and supplier relations*

Awendo Municipality is committed to responsible supply chain management and fostering strong supplier relations through transparent and fair business practices. We prioritize merit-based procurement, ensuring that suppliers meet quality standards and contracts are honored. Clear communication and timely payments are central to our approach, supporting suppliers and enhancing local economic stability. By treating our suppliers with respect and integrity, Awendo Municipality reinforces its dedication to ethical practices and sustainable partnerships.

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.

11.1 Principal activities

The principal activities of the Municipality are as set out in section 5(1) are:

- a) Promotion, regulation and provision of refuse collection and solid waste management services;
- b) Promotion and provision of water and sanitation services and infrastructure
Construction and maintenance of urban roads and associated infrastructure;
- c) Construction and maintenance of storm drainage and flood controls;
- d) Construction and maintenance of walkways and other non-motorized transport infrastructure;
- e) Construction and maintenance of recreational parks and green spaces; Construction and maintenance of street lighting;
- f) Construction, maintenance and regulation of traffic controls and parking facilities;
Construction and maintenance of bus stands and taxi stands;
- g) Regulation of outdoor advertising;
- h) Construction, maintenance and regulation of municipal markets and abattoirs;
- i) Construction and maintenance of fire stations;
- j) Provision of fire-fighting services, emergency preparedness and disaster management;
- k) Promotion, regulation and provision of municipal sports and cultural activities;
- l) Promotion, regulation and provision of animal control and welfare;
- m) Development and enforcement of municipal plans and development controls;
- n) Municipal administration services (including construction and maintenance of administrative offices);
- o) Promoting and undertaking infrastructural development and services within municipality;
- p) Any other functions as may be delegated by the County Government.

Performance

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

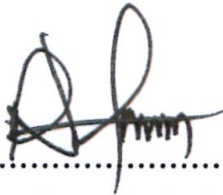
Board Members

The members of the Board who served during the year are shown on page viii and ix. There were no changes in the board during the financial year.

Auditors

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

By Order of the Board



.....
Name: Mandela Nelson Akong'o

Secretary of the Board

12. Statement of Management's Responsibilities

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

The Municipality manager is responsible for the preparation and presentation of the Municipality's financial statements, which give a true and fair view of the state of affairs of the Municipality for and as at the end of the financial year ended on June 30, 2024. This responsibility includes:

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

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

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

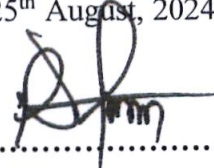
In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern. Nothing has come to the attention of the Municipality Manager to indicate that the Municipality will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Municipal's financial statements were approved by the Board on 25th August, 2024 and signed on its behalf by:



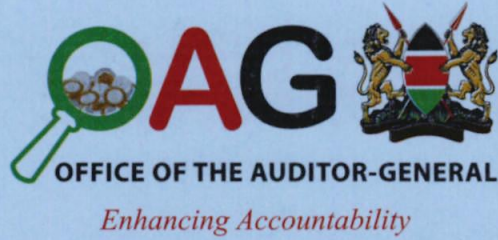
.....
Name: Beatrice Adongo
Chairperson of the Board



.....
Name: Mandela Nelson Akong'o
Accounting officer of the Board

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MUNICIPALITY OF AWENDO FOR THE YEAR ENDED 30 JUNE, 2024

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 the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on 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.

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Municipality of Awendo set out on pages 1 to 35, which comprise the statement of the statement of financial position for

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Municipality of Awendo as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Accuracy of the Statement of Financial Performance

The statement of financial performance reflects a balance of Kshs.Nil on public contributions and donations as at 30 June, 2024. However, the corresponding Note 7 to the financial statement reflects a balance of Kshs.6,862,747 for the current year and Kshs.1,441,555 for comparative year 2022-2023. The resultant variance of Kshs.6,862,747 for the current year and Kshs.1,441,555 for the prior year have not been explained.

In the circumstances the accuracy of the statement of financial performance for the year ended 30 June, 2024 could not be confirmed.

2.0 Variance Between the Statement of Comparison of Budget and Actual Amounts and the Statement of Changes in Net Assets

The statement of changes in net assets reflects a balance Kshs.6,862,747 as capital development grants received during the year. However, the statement of comparison of budget and actual amounts reflects an actual balance of Kshs.6,649,326 resulting to a variance of Kshs.213,421 which has not been explained.

In the circumstances the accuracy of the statement of comparison of budget and actual amounts for the year ended 30 June, 2024 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Municipality of Awendo Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total budget of Kshs.54,078,454 against actual receipts of Kshs.51,139,541 resulting to under realization of Kshs.2,938,913. Similarly, the Municipality made actual payments of Kshs.51,139,541 against budgeted amount of Kshs.54,078,454 resulting to under-expenditure of Kshs.2,938,913.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matter described in the Basis for Qualified Opinion Section of my report, I have determined that there are no other key audit matters to communicate in my report.

Other Information

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

The audit was conducted in accordance with the ISSAI 3000 and ISSAI 4000. The standards requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements 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 effects matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, 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

Weaknesses in Internal Audit Function

Management of the Municipality of Awendo did not provide any evidence in form of reports on actions on recommendations of the internal auditor's recommendations nor explanations in writing on why the internal audit report has not been acted upon in breach of regulation 155(2).

In the circumstances, the effectiveness and assurance of the internal audit function could not be confirmed.

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

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as the 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 sustain its services, disclosing, as applicable, matters related to going concern and using going concern basis of accounting unless Management is aware of the intention to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements

comply with the authorities which govern them and that public resources are applied in an effective way.

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


Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

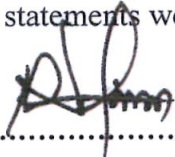
Nairobi

23 December, 2024

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

| Description | Note | 2023/24 | 2022/23 |
|---|------|---------------------|--------------------|
| | | Kshs. | Kshs. |
| Revenue from non-exchange transactions | | | |
| Transfers from the County Government | 6 | 9,660,012 | 6,394,460 |
| Total revenue | | 9,660,012 | 6,394,460 |
| Expenditure | | | |
| Use of goods and services | 8 | 6,925,839 | 764,798 |
| Staff costs | 9 | 0 | 3,163,214 |
| Board expenses | 10 | 2,741,000 | 2,456,980 |
| Finance costs | | 0 | 9,468 |
| Depreciation and amortization | 12 | 4,236,868 | 3,261,985 |
| Total expenses | | 13,903,707 | 6,394,460 |
| Surplus/(deficit) for the period | | (4,243,695) | (3,261,985) |

The notes set out on pages 1 to 39 form an integral part of these Financial Statements. The entity financial statements were approved on 27th September, 2024 and signed by:



.....
Name: Mandela Nelson Akong'o
Municipality Manager



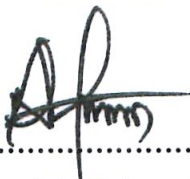
.....
Name: CPA Maurice Onyango
Head of Finance
ICPAK M/No 23933

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

15. Statement of Financial Position As At 30 June 2024

| Description | Note | 2023/24 | 2022/23 |
|----------------------------------|------|--------------------|--------------------|
| | | Kshs. | Kshs. |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 11 | 17,458 | 27,866,877 |
| Total current assets | | 17,458 | 27,866,877 |
| Non-current assets | | | |
| Property, plant, and equipment | 12 | 168,800,783 | 138,332,312 |
| Total Non-current Assets | | 168,800,783 | 138,332,312 |
| Total assets (A) | | 168,818,241 | 166,199,189 |
| Liabilities | | | |
| Current liabilities | | | |
| Total current liabilities | | 0 | 0 |
| Non-current liabilities | | | |
| Total liabilities (B) | | 0 | 0 |
| Net Assets (A-B) | | 168,818,241 | 166,199,189 |
| Represented by: | | | |
| Capital/Development Grants/Fund | 13 | 127,358,756 | 120,496,009 |
| Reserves | | 0 | 0 |
| Accumulated surplus | | 41,459,485 | 45,703,180 |
| Net Assets/Equity | | 168,818,241 | 166,199,189 |

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 27th September, 2024 and signed by:



.....
Name: Mandela Nelson Akong'o
Municipality Manager
Date: 18/11/2024



.....
Name: Maurice Onyango
Head of Finance
ICPAK M/No 23933
Date: 18/11/2024

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

| Description | Capital/ Development Grants/Fund | Revaluation Reserve | Accumulated surplus | Total |
|-----------------------------------|--|------------------------|------------------------|---------------------|
| | | Kshs. | Kshs. | Kshs. |
| Bal as at 1 July 2022 | 119,054,454 | | 48,965,165 | 168,019,619 |
| Surplus/(deficit) for the year | 0 | 0 | 0 | 0 |
| Funds received during the year | 1,441,555 | 0 | 0 | 1,441,555 |
| Revaluation gain/loss | 0 | 0 | 0 | 0 |
| Bal as at 30 Jun 2023 | 120,496,009 | 0 | 48,965,165 | 169,461,174 |
| Surplus/(deficit) for the year | | | (3,261,985) | (3,261,985) |
| Bal as at 1 July 2023 | 120,496,009 | 0 | 45,703,180 | 166,199,189 |
| Surplus/(deficit) for the year | | 0 | (4,243,695) | (4,243,695) |
| Funds received during the year | 6,862,747 | 0 | 0 | 6,862,747 |
| Revaluation gain/loss | 0 | 0 | 0 | 0 |
| Balance as at 30 June 2024 | 127,358,756 | 0 | 41,459,485 | 168,818,241 |

*Municipality of Awendo
County Government of Migori
Annual Report and Financial Statements for the year ended June 30, 2024*

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

| Description | Note | 2023/24 | 2022/23 |
|---|------|--------------------|--------------------|
| | | Kshs. | Kshs. |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from the County Government | 6 | 9,660,012 | 6,394,460 |
| Transfer from Migori County under KUSP | 7 | 6,862,747 | 1,441,555 |
| Total Receipts | | 16,522,759 | 7,836,015 |
| Payments | | | |
| Use of goods and services | 8 | 6,925,838 | 764,798 |
| Staff costs | 9 | 0 | 3,163,214 |
| Board expenses | 10 | 2,741,000 | 2,456,980 |
| Finance costs | | 0 | 9,468 |
| Total Payments | | 9,666,838 | 6,394,460 |
| Net cash flows from operating activities | | 6,855,921 | 1,441,555 |
| | | | |
| Cash flows from investing activities | | | |
| Purchase of PPE & intangible assets | 13 | 34,705,339 | 51,645,976 |
| Net cash flows used in investing activities | | 34,705,339 | 51,645,976 |
| | | | |
| Net increase/(decrease) in cash & cash equivalents | | -27,849,418 | -50,204,421 |
| Cash And Cash Equivalents At 1 July,2023 | | 27,866,876 | 78,071,298 |
| Cash And Cash Equivalents At 30 June,2024 | 12 | 17,458 | 27,866,876 |

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

| Description | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % of utilization |
|--------------------------------------|-------------------|--------------|-------------------|----------------------------|------------------------|------------------|
| | 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 | 17,544,625 | 0 | 17,544,625 | 9,660,012 | 7,884,613 | 55% |
| Total Revenue | 17,544,625 | 0 | 17,544,625 | 9,660,012 | 7,884,613 | 55% |
| Expenses | | | | | 0 | |
| Use of goods and services | 11,244,625 | 0 | 11,244,625 | 6,925,839 | 4,318,786 | 62% |
| Board expenses | 6,300,000 | 0 | 6,300,000 | 2,741,000 | 3,559,000 | 44% |
| Total Expenditure | 17,544,625 | 0 | 17,544,625 | 9,666,839 | 7,877,786 | 55% |
| Surplus for the period | 0 | 0 | 0 | 0 | 0 | |
| Development Expenditure | 21,026,200 | 0 | 21,026,200 | 6,649,326 | 14,376,874 | 32% |

19. Notes to the Financial Statements

1. General Information

Awendo Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011. The Municipality is under the Migori County Government and is domiciled in Kenya.

The Municipality principal activity is oversee the affairs of Municipality of Awendo

2. Statement of Compliance and Basis of Preparation

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

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

3. Application of New and revised standards (IPSAS)

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

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

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

| Standard | Effective date and impact: |
|--|---|
| IPSAS 43: Leases | Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of Awendo Municipality. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. The Municipality does not have leases and therefore the IPSAS 43 does not apply at the moment |
| IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations | Applicable 1st January 2025 The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. The Standard is not irrelevant to the municipality. Disposal of assets are done by Migori County under relevant law of assets disposal Act. |
| IPSAS 45: Property Plant and Equipment | Applicable 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets |

*County Government of Migori
Municipality of Awendo
Annual Report and Financial Statements for the year ended June 30, 2024*

| | |
|---|---|
| <p>IPSAS 46: Measurement</p> | <p><i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> |
| <p>IPSAS 47: Revenue</p> | <p><i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. The Standard won't affect the operation of the Municipality only relies on County Contribution and Donor Funds</p> |
| <p>IPSAS 48: Transfer Expenses</p> | <p><i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. Not relevant the Municipality</p> |
| <p>IPSAS 49: Retirement Benefit Plans</p> | <p><i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. Not relevant as the Municipality is under County</p> |

iii. Early adoption of standards

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

4. Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2023/24 was approved by the County Assembly on 21st 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 did not record additional appropriations from the governing body.

The Municipality's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis

using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial Statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, Prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 1 of these financial statements.

c) Property, plant and equipment

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

During the financial year 2023/2024, the depreciation was applied on the carrying cost at the rate of 2.5% for roads and related expenses, 2% on building and related expenses and 12.5% on equipment.

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.

4. Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

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Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year-end.

Impairment

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

Financial liabilities

Classification

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

e) Inventories

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

Raw materials: purchase cost using the weighted average cost method

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

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

f) Provisions

Provisions are recognized when the City/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.

g) Social Benefits

Social benefits are cash transfers provided to

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

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 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

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

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.

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 there is *non-adjusting events after the reporting date*.

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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.) and the values rounded off to the nearest shilling.

5. Significant judgments and sources of estimation uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Notes to the Financial Statements

6. Transfers from the County Government

| Description | 2023/2024 | 2022/2023 |
|--|---------------------|------------------|
| | Kshs. | Kshs. |
| Transfers from County Govt. – Recurrent | 9,660,012.00 | 6,394,460 |
| Payments by County on behalf of the entity | 0 | 0 |
| Unconditional development grants | 0 | 0 |
| Total | 9,660,012.00 | 6,394,460 |

7. Public Contributions and Donations

| Description | 2023/2024 | 2022/2023 |
|---|------------------|------------------|
| | Kshs. | Kshs. |
| Retention held by County under- KUSP-03/08/2023 | 6,862,747 | 1,441,555 |
| Contributions from the public | 0 | 0 |
| Total | 6,862,747 | 1,441,555 |

8. Use of Goods and Services

| Description | 2023/2024 | 2022/2023 |
|---|-----------|-----------|
| | Kshs. | Kshs. |
| Utilities, supplies and services | 0 | 9,500 |
| Communication, supplies and services | 81,007 | 0 |
| Domestic travel and subsistence | 3,051,500 | 162,200 |
| Domestic travel | 2,468,650 | 380,400 |
| Printing, advertising, supplies & services | 140,000 | 78,128 |
| Hospitality supplies and services | 115,000 | 49,800 |
| Specialized materials and services | 926,350 | 9,200 |
| Purchase of equipment | 0 | 75,570 |
| Routine maintenance – vehicles and other equipment | 128,250 | 0 |

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| Description | 2023/2024 | 2022/2023 |
|--------------|------------------|----------------|
| | Kshs. | Kshs. |
| Bank Charges | 15,081 | |
| Total | 6,925,838 | 764,798 |

9. Staff costs

| Description | 2023/2024 | 2022/2023 |
|--------------------------------------|-----------|------------------|
| | Kshs. | Kshs. |
| Salaries and wages | 0 | 3,163,214 |
| Staff gratuity | 0 | 0 |
| Social security contribution | 0 | 0 |
| Other staff costs (<i>Specify</i>) | 0 | 0 |
| Total | 0 | 3,163,214 |

10. Board expenses

| Description | 2023/2024 | 2022/2023 |
|-------------------------------------|------------------|------------------|
| | Kshs. | Kshs. |
| Chairman/Members' Honoraria | 0 | 0 |
| Sitting allowances | 2,741,000 | 941,000 |
| Medical Insurance | 0 | 0 |
| Induction and Training | 0 | 598,280 |
| Travel and accommodation | 0 | 403,000 |
| Conference Costs | 0 | 514,700 |
| Other allowances (<i>Specify</i>) | 0 | 0 |
| Total | 2,741,000 | 2,456,980 |

11. Cash and cash equivalents

| Description | 2023/2024 | 2022/2023 |
|--|---------------|-------------------|
| | Kshs. | Kshs. |
| Fixed deposits account | 0 | 0 |
| On – call deposits | 0 | 0 |
| Current account | 17,458 | 27,866,877 |
| Others(<i>specify</i>) | 0 | 0 |
| Total cash and cash equivalents | 17,458 | 27,866,877 |

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

| Financial institution | Account number | 2023/2024 | 2022/2023 |
|----------------------------------|----------------|---------------|-------------------|
| | | Kshs. | Kshs. |
| a) Fixed deposits account | | | |
| Kenya Commercial bank | | 0 | 0 |
| Equity Bank, etc | | 0 | 0 |
| Sub- total | | 0 | 0 |
| b) On - call deposits | | | |
| Kenya Commercial bank | | 0 | 0 |
| Equity Bank - etc | | 0 | 0 |
| Sub- total | | 0 | 0 |
| c) Current account | | | |
| Kenya Commercial bank | 1250196620 | 6,265 | 15,626,200 |
| Kenya Commercial bank | 1316545555 | 7,861 | 12,240,676 |
| Kenya Commercial bank | 1272575616 | 3,331 | 0 |
| Sub- total | | 17,458 | 27,866,876 |
| d) Others(specify) | | | |
| Cash in transit | | 0 | 0 |
| Cash in hand | | 0 | 0 |
| Mobile Money | | 0 | 0 |
| Sub- total | | 0 | 0 |
| Grand total | | 17,458 | 27,866,876 |

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12. Property, Plant and Equipment

| Description | Road Construction | Building | Motor vehicles | Furniture and fittings | Equipment s | Capital Work in progress | Total |
|--|----------------------|-------------------|-------------------|---------------------------|------------------|--------------------------------|--------------------|
| | Shs | Shs | Shs | Shs | Shs | Shs | Shs |
| As at 1 July 2022 | 71,687,310 | 0 | 0 | 0 | 0 | 18,261,011 | 89,948,321 |
| Additions | 14,332,490 | 0 | 0 | 0 | 0 | 37,313,486 | 51,645,976 |
| Disposals | 00 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers/adjustments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| As at 30th June 2023 | 86,019,800 | 0 | 0 | 0 | 0 | 55,574,497 | 141,594,297 |
| Additions for the year | 31,165,339 | 57,924,497 | 0 | 0 | 1,190,000 | 0 | 34,705,339 |
| Disposals for the year | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer/adjustments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| As at 30th June 2024 | 117,185,139 | 57,924,497 | 0 | 0 | 1,190,000 | 0 | 176,299,636 |
| Depreciation and impairment | | | | | | | |
| At 1 July 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Depreciation | 3,261,985 | 0 | 0 | 0 | 0 | 0 | 3,261,985 |
| Impairment | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers/ Adjustments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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| Description | Road Construction | Building | Motor vehicles | Furniture and fittings | Equipment s | Capital Work in progress | Total |
|---|----------------------|-------------------|-------------------|---------------------------|------------------|--------------------------------|--------------------|
| | Shs | Shs | Shs | Shs | Shs | Shs | Shs |
| As at 30 June 2023 | 3,261,982 | 0 | 0 | 0 | 0 | 0 | 3,261,982 |
| Depreciation for the year | 2,929,628 | 1,158,490 | 0 | 0 | 148,750 | 0 | 4,236,868 |
| Disposals for the year | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment for the year | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer/adjustment | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| As at 30th June 2024 | 6,191,610 | 1,158,490 | 0 | 0 | 148,750 | 0 | 7,498,850 |
| NBV as at 30th Jun 2023 | 82,757,818 | 0 | 0 | 0 | 0 | 55,574,497 | 138,332,312 |
| NBV as at 30th Jun 2024 | 110,993,526 | 56,766,007 | 0 | 0 | 1,041,250 | 0 | 168,800,783 |

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13. Financial risk management

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

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

I. Capital risk management.

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

| Description | 2023/2024 | 2022/2023 |
|--|--------------------|--------------------|
| Revaluation reserve | 0 | 0 |
| Capital/Development Grants/City/Municipality | 127,358,756 | 120,496,009 |
| Accumulated surplus | 41,459,485 | 48,965,165 |
| Total Funds | 168,818,241 | 169,461,174 |
| Total borrowings | 0 | 0 |
| Less: cash and bank balances | 0 | 0 |
| Net debt/(excess cash and cash equivalents) | 0 | 0 |
| Gearing | 0 | 0 |

6. 20 Appendices

Appendix 1. Progress on Follow up of Auditors Recommendations.

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

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|---|--------------------------------------|---|
| 1. Budgetary Control and Performance | The statement of comparison of budget and actual amounts reflects revenue budget and actual on comparable basis amounts of Kshs. 96,988,123 and Kshs. 85,907,314 respectively resulting in an underfunding of Kshs. 11,080,809 (or 11% of the budget). Similarly, the Municipality expended Kshs. 58,040,437 against an approved budget of Kshs. 96,988,123 resulting in an under-expenditure of Kshs. | <i>The underfunding and under-expenditure is normally caused by delay in disbursement of funds from National Treasury which posse challenge in implementation of County Budget which subsequently impact negatively on service delivery to the people of Migori County. However, the county will continuously provide necessary feedback on these delays on service delivery to the National Treasury through various intergovernmental coordination meetings and Council of Governors.</i> | Resolved | Resolved |

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| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---|---------------------------------|--------------------------------------|---|
| | 38,947,686 (or 40% of the budget). The underfunding and under-expenditure affected the Municipality's planned activities and may have impacted negatively on service delivery to the public. | | | |
| 2. Unresolved Prior Year Matters | In the audit of the previous year, several issues were raised under Report on the Financial Statements and report on Lawfulness and Effectiveness in Use of Public Resources. However, as disclosed in the follow up of auditor's recommendations at Annex 1, the Management had not resolved all the issues as at 30 th June, | <i>The matter was resolved.</i> | Resolved | Resolved |

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| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---|--|--------------------------------------|---|
| | 2023 and no satisfactory reasons were provided for not resolving all the prior year audit matters. | | | |
| 3. Cash and cash equivalent not supported | The statement of financial position and as disclosed in Note 7(a) reflects cash and cash equivalents amount of Kshs. 78,071,298. A review of the bank accounts maintained by the Municipality revealed that the Municipality had two bank accounts; with a cash book balance of Kshs. 78,071,298 and current bank account with Nil balance. The Nil balance was not supported by a bank confirmation certificate and bank reconciliation statement. | <i>Bank balance confirmation certificate and bank reconciliation statement as at 30th June 2022 were availed.</i> | Resolved | Resolved |

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|--|---|--|--------------------------------------|---|
| | <p>In addition, review of the cash book revealed a closing balance of Kshs. 264,300 for this account. In the circumstances, the accuracy and completeness of the cash and cash equivalent amount of the Kshs. 78,071,298 could not be confirmed.</p> | | | |
| <p>4. Budgetary control and performance</p> | <p>The statement of comparison of the budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs. 128,054,454 and Kshs. 123,017,884 respectively resulting to an underfunding of Kshs. 5,036,570 or (4%) percent of the budget. Further, the Municipality expended</p> | <p><i>The underfunding and under-expenditure was caused by delay in disbursement of funds from National Treasury which posed challenge in implementation of County Budget which subsequently impacted negatively on service delivery to the people of Migori County. However, the county will continuously provide</i></p> | <p>Resolved</p> | <p>Resolved</p> |

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|--|--|--|--------------------------------------|---|
| | <p>Kshs. 93,911,751 against an approved budget of Kshs. 128,054,454 resulting to an under-expenditure of Kshs. 34,142,703 (27 %) percent of the budget.</p> <p>The under-realization of revenue and under-expenditure represents budgeted goods and services that were not delivered to the County residents of Awendo Municipality.</p> | <p><i>necessary feedback on these delays on service delivery to The National Treasury through various intergovernmental coordination meetings and Council of Governors.</i></p> <p><i>This matter is not under direct control of the Municipality.</i></p> | | |
| 5. Construction of Ultra-Modern Market, Washrooms, Cabro Paving of Paths and Landscaping- | <p>The statement of financial position and as disclosed in Note 8 to the financial statements reflects an amount of Kshs. 89,948,321 in respect of property, plant and equipment. Further the balance include an</p> | <p><i>The management has noted the Auditors observation and provided the</i></p> | Resolved | Resolved |

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|--|--|--|--------------------------------------|---|
| | <p>(II) The amount certified as at 30th June, 2022 was Kshs. 20,290,012. Further, the signed form of tender document was not provided and there was no evidence of provision of the performance bond or bid security by the contractor as required by Regulation 106 (7) of the</p> | <p>(V) No separate procurement and monthly progress report files were maintained contrary to Section 68 of the Public Procurement and Asset Disposal Act, 2015.</p> <p><i>The management has noted the Auditors observation and provided the</i></p> | | |

**County Government of Migori
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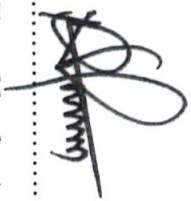
| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: <i>(Resolved / Not Resolved)</i> | Timeframe: <i>(Put a date when you expect the issue to be resolved)</i> |
|--|--|---|---|--|
| | <p>Public Procurement and Asset Disposal Regulations, 2020.</p> <p>(III) In addition, the signed Bills of Quantities and specific conditions of the contract were also not provided for audit contrary to Section 70 (6) of the Public Procurement and Asset</p> | <p><i>procurement files for review.</i></p> <p><i>The signed bills of quantities is part of the tender document and have been provided.</i></p> | | |
| | | <p><i>There were delays in implementation of the project</i></p> | | |

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|--|---|--|---|--|
| | <p>Disposal Act, 2015.</p> <p>(IV) The contract period had lapsed but the project was 37% complete. The remaining works included installation of workshops, cabro works, landscaping, water tank installation and installation of a high mast. However, no request for extension of</p> | <p>and the contractor requested for extension of time. The project is however now complete and is in use</p> | | |

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|--|--|---------------------|--------------------------------------|---|
| | the works was provided for audit review. | | | |



To be Signed by the Accounting officer of the Entity

County Government of Migori
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Appendix 2: Inter-Entity Transfers

| MUNICIPALITY NAME: AWENDO MUNICIPALITY | | | | |
|--|-------------------------|----------------------------|-----------------------|--|
| Breakdown of Transfers from the County Executive of Migori County | | | | |
| FY 2023/2024 | | | | |
| a. | Recurrent Grants | Bank Statement Date | Amount (Kshs.) | Indicate the FY to which the amounts relate |
| 1 | Office operations | 24-Aug-2023 | 711,612 | FY 2023 - 2024 |
| 2 | Office operations | 15-Sep-2023 | 988,300 | FY 2023 - 2024 |
| 3 | Office operations | 27-Dec-2023 | 1,408,900 | FY 2023 - 2024 |
| 4 | Office operations | 28-Dec-2023 | 1,135,400 | FY 2023 - 2024 |
| 5 | Office operations | 15-Feb-2024 | 1,222,600 | FY 2023 - 2024 |
| 6 | Office operations | 7-May-2024 | 1,221,500 | FY 2023 - 2024 |
| 7 | Office operations | 24-May-2024 | 2,971,700 | FY 2023 - 2024 |
| | | Total | 9,660,012 | |