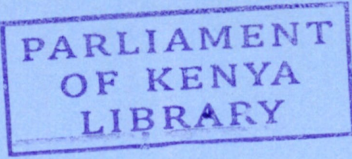
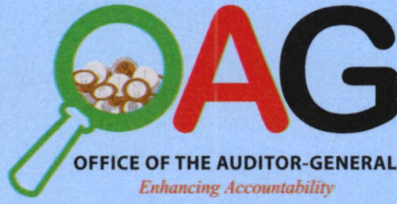


REPUBLIC OF KENYA



**REPORT**  
**OF**  
**THE AUDITOR-GENERAL**  
**ON**  
**MUNICIPALITY OF NDHIWA**  
**FOR THE YEAR ENDED**  
**30 JUNE, 2025**

PAPERS LAID	
DATE	12.11.25
TABLED BY	C.M.L
COMMITTEE	-
CLERK AT THE TABLE	Angela



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# NDHIWA MUNICIPALITY

*County Government of Homa Bay*

AMENDED ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30<sup>TH</sup> JUNE 2025

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

150

*County Government of Homa Bay  
Ndhiwa Municipality  
Annual Report and Financial Statements for the year ended June 30, 2025*

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**Contents**

1. ACRONYMS & GLOSSARY OF TERMS .....	II
2. KEY MUNICIPALITY INFORMATION AND MANAGEMENT .....	III
3. MUNICIPALITY BOARD .....	VII
4. KEY MANAGEMENT TEAM .....	X
5. MUNICIPALITY BOARD CHAIRPERSON'S REPORT .....	XIII
6. REPORT OF THE MUNICIPAL MANAGER .....	XV
7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR THE FY 2024/2025 .....	XIX
8. CORPORATE GOVERNANCE STATEMENT .....	XXVIII
9. MANAGEMENT DISCUSSION AND ANALYSIS .....	XXXI
10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING .....	XXXIV
11. REPORT OF THE MUNICIPALITY BOARD MEMBERS .....	XL
12. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES .....	XLII
13. REPORT OF THE AUDITOR GENERAL – NDHIWA MUNICIPALITY .....	XLIV
14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025 .....	1
15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025 .....	2
16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2025 .....	3
17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025 .....	4
18. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025 .....	5
19. NOTES TO THE FINANCIAL STATEMENTS .....	7
20. APPENDICES .....	29

**1. Acronyms & Glossary of Terms**

**IPSAS:** International Public Sector Accounting Standards Board

**FY:** Financial Year

**FIDUCIARY MANAGEMENT:** Members of Management directly entrusted with the entity's financial resources.

**PFM:** Public Finance Management

**COMPARATIVE YEAR:** The preceding period.

**CIDP:** County Integrated Development Plan

**IDeP:** Integrated Development Plan

**PPP:** Public Private Partnership

**BQs:** Bill of Quantities

**OSHA:** Occupational Safety and Health Act

**CSR:** Community Social Responsibility

**SDG:** Sustainable Development Goal

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

### **a) Background information**

Ndhiwa Municipality is established by and derives its authority, accountability from Urban Areas and Cities Act No. 13 of 2011 (amended 2019), Cities, and Municipal Charter on 9<sup>th</sup> January 2023. The Municipality is under the County Government of Homa Bay and is domiciled in Kenya.

### **b) Principal Activities**

The principal activity/mission/ mandate of the Municipality is to perform the following functions: -

- i. Promotion, regulation and provision of refuse collection and solid waste management services
- ii. Promotion and provision of water and sanitation services and infrastructure (in areas within the Municipality not served by the Water and Sanitation)
- iii. Construction and maintenance of urban roads and associated infrastructure
- iv. Construction and maintenance of storm drainage and flood controls.
- v. Construction and maintenance of walkways and other non-motorized transport infrastructure.
- vi. Construction and maintenance of recreational parks and green spaces
- vii. Construction, maintenance and regulation of municipal markets and abattoirs
- viii. Construction and maintenance of fire stations; provision of fire-fighting services, emergency preparedness and disaster management
- ix. Promoting and undertaking infrastructural development and services within the Municipality

**VISION:** To be centre of excellence in planning for a globally competitive and prosperous nation with high quality of life for all Kenyans.

**MISSION:** To provide effective leadership and coordination in planning, policy formulation and tracking results for a globally competitive and prosperous nation.

*County Government of Homa Bay  
Ndiwa Municipality  
Annual Report and Financial Statements for the year ended June 30, 2025*

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**c) Key Management**

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

S/No	Position	Name
1.	Chairperson of the Board	Prof. Gordon Nguka
2.	Vice chairperson	Ms. Mary Opiyo
3.	Board Member	Dr. Joseph Alal
4.	Board Member	Ms. Carolyne Oguta
5.	Board Member	Eng. Samson Amollo
6.	Board Member	Mr. Godwine Juma
7.	Board Member	Mr. Jared Owaga
8.	Board Member	Ms. Hilarly Okuku
9.	Chief Officer In charge of Housing and Urban Matters	Mr Charles Obondo
10.	Municipality Manager	Mr. Salmon Owii

**d) Fiduciary Management**

The Municipal Manager who is the AIE holder is accountable to the Municipal board. The Municipal Board on the other hand is accountable to the County Executive Committee and the County Assembly:

Ref	Position	Name
1	Municipality Manager	Mr. Salmon Owii
2	Chief Officer- Urban Development	Mr Charles Obondo
3	Accountant	Mr. David Adawo

**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 Municipal Board constituted an audit and Risk committee headed by Commissioner Jared Owaga. Besides, the Municipality has an internal auditor seconded to it by the Homabay County Internal Audit Unit.

**ii) County Assembly Committees**

The board is answerable to the County Assembly of Homa Bay and makes Annual Financial Reports to the County Assembly. On need basis, the board files report to relevant County Assembly departmental committees. In matters finance, the board appears before the Public Accounts Committee, Budget and appropriation committee and any other relevant county assembly committee as may be so directed by the County Assembly.

**iii) Committees of the Senate**

The board can also be called to appear before the relevant Senate Committee like Public Investment Committee, and Public Accounts Committee as may be called upon to answer to any matters raised concerning its financial management.

**f) Registered Offices**

P.O.BOX 61- 302  
NDHIWA, KENYA

**g) Contacts**

Telephone: (+254) 722 833 706  
E-mail: [ndhiwamunicipality@gmail.com](mailto:ndhiwamunicipality@gmail.com)  
Website: [www.homabaycounty.go.ke](http://www.homabaycounty.go.ke)

**h) Bankers**

**Commercial Banks**

1. Kenya Commercial Bank  
P.O.BOX 368-40300  
Homabay, Kenya

**i) Independent Auditor**




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

**j) Principal Legal Adviser**


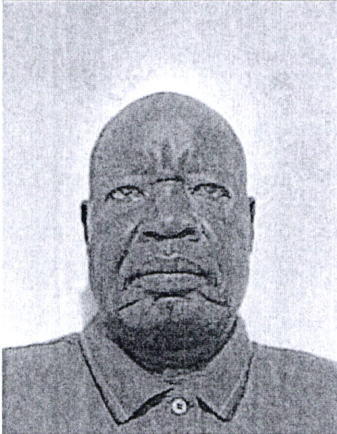

The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

*County Government of Homa Bay  
Ndhiwa Municipality  
Annual Report and Financial Statements for the year ended June 30, 2025*


**3. Municipality Board**

Serial No.	Name	Details of qualifications and experience
1	 <p>Professor Nguka Gordon</p>	<p>Age: 45 Years</p> <p>Holds PhD in Human Medical Dietetics and Paediatrics Epidemiology from McGill University, Montreal, Canada. He equally holds a PhD in Human Medical Dietetics and Paediatric Physiology from Emory University, Georgia, USA. He's equally an Associate Professor of Nutritional Sciences as well as the Director Institute of Open, Distance and E-Learning of Masinde Muliro University of Science and Technology</p>
2	 <p>Ms. Mary Opiyo</p>	<p>AGE: 57</p> <p>A highly experienced and diligent professional with a background in Education, management and stakeholder engagement. Hold a Bachelors of Arts Degree in Early childhood Development from Rongo University</p>
3	 <p>Mr. Salmon Owii</p>	<p>Age: 57</p> <p>Board Secretary- Municipal Manager</p> <p>Salmon is a multi-disciplinary leader, programmer, practitioner and innovator in community-based health and development approaches. He has earned this in the last 30 (thirty years). Holds a masters in Community Health Development, Higher Diploma in Community Health Development, Bachelors in Education Arts (Economics and Geography) Additionally, Salmon has demonstrated</p>

*County Government of Homa Bay  
Ndhiwa Municipality  
Annual Report and Financial Statements for the year ended June 30, 2025*




		competence in linking and blending theoretical knowledge to practice in community through partnership learning model. He has used evidence produced from research to inform action.
4	 Mr. Jared Owaga	AGE: 43 Holds a Diploma in Business Management from Kenya Institute of Management and has worked in several managerial positions including Ward Manager, Mathare North Ward in Ruaraka Constituency, Nairobi County. Currently serving as the Chairperson, Audit Risk and Compliance Committee, Ndhiwa Municipal Board.
5	 Mr. Joseph O. Alal	AGE: 67 An experienced and highly motivated individual with vast experience of over 30 years' experience working under the ministry of health. Holds a Bachelor's Degree in Psychology from Jomo Kenyatta University of Agriculture and Technology. Has held several high-profile positions including Chair Afya Sacco Limited-Loitoktok, Kajiado, Chair Afya Sacco Limited, Migori and currently the Chairperson NG-CDF, Ndhiwa Constituency as well as the Chairperson, Finance and General Purpose, Ndhiwa Municipal Board.
6	 Ms. Carolyn Oguta	AGE: 53 Holds a Diploma in Public Administration from the University of Eldoret. Has also served as Manager Bidii ECDE Centre, Kanyamwa Ward Councillor, between 2007 – 2013. Currently serving as the Chairperson, Technical and Strategy Committee, Ndhiwa Municipal Board.

*County Government of Homa Bay  
Ndhiwa Municipality  
Annual Report and Financial Statements for the year ended June 30, 2025*




7	 Eng. Samson Amollo	AGE: 49 Years He holds PhD in Management Science (Operations Management), Masters in Strategic Management, Bachelors of Commerce, Accounting option with over 20 (twenty years) experience. He is currently working as a shift packaging manager, East African Breweries.
8	 Mr. Godwine Juma	AGE: 37 An experienced business manager with over four years' experience. Holds a Diploma in Business Management from Kenya Institute of Business Management Committee. A professional in Occupational Health and Safety Industry with over eleven years working experience in the same field. Currently serving as the Chairperson Human Resource and Administration, Ndhiwa Municipal Board.
9	 Ms. Hilarly Okuku	Age: 31 Years A dedicated individual with expertise in navigating organizational success, a team player committed to providing support and motivation that breeds results. Holds a Bachelor of Arts in Gender, Information and Development Studies from Egerton University. Equally hold the award of the best female student leader-2018 and Human Rights advocate of the year-2017 from Egerton University.
10	 Mr. Charles Obondo	Age: 37 Years A professional, ambitious and highly skilled in the field of urban planning, management and development with over 10 years working experience. Holds a Bachelor Degree in Urban Planning and Regional Planning from Maseno University. Currently serving as the Chief Officer, Urban Planning and Development, Homabay County Government.

*County Government of Homa Bay  
Ndhiwa Municipality  
Annual Report and Financial Statements for the year ended June 30, 2025*



**4. Key Management Team**

Serial No	Name	Details of qualifications and experience
1.		<p>Age: 37 Years</p> <p>A professional, ambitious and highly skilled in the field of urban planning, management and development with over 10 years working experience. Holds a Bachelor Degree in Urban Planning and Regional Planning from Maseno University. Currently serving as the Chief Officer, Urban Planning and Development, Homabay County Government.</p>
2.	 <p>Mr. Salmon Owii</p>	<p>Municipal Manager</p> <p>Age: 57</p> <p>Board Secretary- Municipal Manager</p> <p>Salmon is a multi-disciplinary leader, programmer, practitioner and innovator in community-based health and development approaches. He has earned this in the last 30 (thirty years). Holds a masters in Community Health Development, Higher Diploma in Community Health Development, Bachelors in Education Arts (Economics and Geography)</p>
3.		<p>Age: 36</p> <p>Municipal Accountant</p> <p>Holds Bachelor of Commerce, Accounts Diploma in Disaster Management</p> <p>Has served in the following capacities with the county government of Homabay;</p>

*County Government of Homa Bay  
Ndhiwa Municipality  
Annual Report and Financial Statements for the year ended June 30, 2025*

	Mr. David Adawo	<ul style="list-style-type: none"> <li>• Reporting Unit in the department of finance and economic planning</li> <li>• Examinations unit in the department of Finance</li> <li>• Accountant in the Department of Education</li> </ul>
4.	 Mr. Brian Ochieng	Age: 25 Municipal Physical Planner Holds a Bachelors Degree in Urban Planning and Development
5.	 Ms. Emily Awuor	Age: 36 Municipal Human Resource Manager Holds Diploma in Human Resource Management. Has served in the Department of Water, Sanitation and Irrigation as a Human Resource Management Assistant
6.	 Mr. Benard Tara	Age: 38 Procurement Officer Holds a Diploma in Supply Chain Management Has served in the following Capacities; Procurement officer in the Department of Roads, Procurement officer in charge in the Department of Health as well as the department of Education.

*County Government of Homa Bay  
 Ndhiwa Municipality  
 Annual Report and Financial Statements for the year ended June 30, 2025*

<p>7.</p>	 <p>Mr. Ferdinand Nyagol</p>	<p>Age: 38          Environmental Officer          Hold a Diploma in Disaster Management.          Has served as an environment officer in the          Department of Water, Sanitation and Irrigation.</p>
<p>8.</p>	 <p>Mr. Tobias Ogutu</p>	<p>Age: 34          Public Health Officer          Holds a Bachelor of Science in Public Health.          Has served as a public Health officer in the          Department of Health.</p>

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

Since the establishment of Ndhiwa Municipality under the Urban Areas and Cities Act, 2011 that operationalized Article 184 of the Constitution by providing for the classification, governance and management of urban areas and cities, the criteria for establishing urban areas and principle of governance and participation of citizen and for connected purposes, the Municipality has been striving towards attaining its set objectives

In the financial year 2024/2025, the Municipality had a total budget of Kes 17,870,274 out of which KES 9,870,274 was allocated for recurrent expenditure whereas Kes 8,000,000 was for the purposes of Development which did not come forth for the Municipality.

During the period in review, the board managed to make some achievements including making timely Board Members' allowances, development of Municipal Board By-Laws (in progress), initiation of Urban Integrated Development Plan which anchors key guidance and roadmap towards achieving the set objectives of the Municipality as well as engaging the Community through successful citizen fora exercises to discuss a raft of issues pertaining the Municipality.

The Board managed to discuss numerous issues in its sittings that helped give guidance on a number of measures taken towards achieving the set objectives. The composition of the Board had a slight change as a new member, Hilarly Achieng Okuku was incorporated mid-way, as a nominee to replace the CECM in the board to distinct the board functions devoid of conflict of interest and protocol issues

However, all these efforts did not come without challenges during the implementation process. The Board was suffocated with untimely and inadequate funds to carry out its mandate rendering some of the pet project obsolete. For instance, in the FY 2024/2025, the Board intended to install solar lights across the Municipality, construct an Ultra-Modern Market in Ndhiwa town in addition to developing a 7km drainage system. All these could not be achieved under the current model of availing funds to the entity. However, the Board entered into a Public Private Partnership with DHA-East Africa to support the development of the master plan and currently processing other PPPs.

Nevertheless, the Board looks forward to building a prosperous economy, compact city and a great community through effective urban planning and infrastructural connectivity for social wellness, recreation and cultural growth.

In the coming fiscal budget, the Board plans to carry out murraming and culverting of Ndhiwa Municipal Bus Park, Purchase and Installation of waste bins, construction of a modern public toilet in Kosewe as well as purchase and Installation of a waste skip which will help improve sanitation and address the menace of undisposed wastes and garbage within various market centres of the Municipality. With all these development projects in place, the Board shall have managed to achieve some of its set objectives as enshrined in the yet to be ratified Urban Integrated Development Plan.

*County Government of Homa Bay  
Ndhiwa Municipality  
Annual Report and Financial Statements for the year ended June 30, 2025*

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Going forward, the Board plans to continue to carry out community citizen fora as this has proved very effective in incorporating ideas and input of the residents who are essential in the management of the Board affairs.

In conclusion, the Board wishes to reiterate its commitment to collaborate with development partners who play a pivotal role in achieving the developmental goals of the Municipality which in turn will help bridge the gap on budgetary constraints through Public Private Partnerships (PPPs)

The Municipality is also working towards putting in place a raft of measures to help plan and cope with the rapid growth in population as well as urbanisation, in addition to initiating the budgeted development projects in the coming financial year, improve waste management system, strengthen governance and community participation in the affairs of the Municipality and offer a strengthened urban planning and sustainable development. We remain committed to work in collaboration with all the stakeholders in achieving the set goals despite the challenges we continue to face.

Signed.....

**Name: Prof. Nguka Gordon**  
**Chairperson of the Board**

## **6. Report of the Municipal Manager**

Ndhiwa Municipality with support from the County Government of Homabay works hand in hand with respect to achieving delegated functions and Municipal objectives that are developed and executed in accordance with the County Governments Act of 2012, the Urban areas and Cities Act of 2011 (amended 2019), and Ndhiwa Municipality Charter approved on the 9<sup>th</sup> January 2023. The Municipal Board signed a performance contract with the County Government of Homabay through the CECM which stipulates what to achieve within the period in review. The Municipal Board has initiated the development of an Integrated Development Plan (IDeP) as well as Municipal Board By-laws which shall act as a guide for the Municipality to deriving its programs and service delivery through Annual Development Plan (ADP) in administering the set-out mandates as well as emerging issues within its district of jurisdiction.

The Municipality carries out activities such building a framework to facilitate security of land tenure, enhancing service delivery to the residents, building and maintaining functional infrastructure and promoting intervention measures for mitigating planning matters in question and provocations.

Additionally, the Municipality identifies and analyses planning matters and challenges, utilises subsisting opportunities in addition to encouraging suitable land use, locations and legitimate densities.

The soon to be ratified Integrated IDeP shall enable the Municipality to lay out a policy framework for socio-economic investment, infrastructural services and adequate utilisation of public facilities within the Municipality among other priorities set out in the ADP.

Similarly, the Municipality aims to provide overall policy and strategic direction for the transformation of the Ndhiwa Municipality and to promote effective development, management and maintenance of all municipal facilities as Smart Sustainable Agricultural Municipality under the motto: *The Palm of Endless Potential*

In the 2024/2025 financial year, Ndhiwa Municipality had budgetary printed estimates totalling to KES 17,870,274 of which KES 9,870,274 was for recurrent expenditure while KES 8,000,000 was meant for Capital Expenditure which did not come forth for the Municipality.

On recurrent expenditure, the Municipality received a total of Ksh. 5,250,000 whereby Ksh.2,750,000 was paid by the County Government of Homabay Treasury on behalf the Municipality for the purposes of Salaries and Wages while the remaining Ksh.2,500,000 was spent on office operation expenses. (See separate table on Statement of Financial Position for the Year Ended 30 June 2025 on Page 1)

Furthermore, the Municipality managed to Award tender worth Ksh. 909,035, whereby Ksh.432,230 was for the Supply and Delivery of Office Stationery whereas Ksh. 476,805 was meant for the Supply and Delivery of Office Furniture. The two set of items were processed to the final desk of the Homabay County Treasury and are awaiting payment. The delivery of the above-mentioned items made it easy for the office to operate flawlessly and more efficiently.

*County Government of Homa Bay  
Ndhiwa Municipality  
Annual Report and Financial Statements for the year ended June 30, 2025*

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On the other hand, on capital expenditure, the Municipal Board managed to develop a Bill of Quantities (BQs) for the Delivery and Installation of Solar Lights worth Ksh. 3,000,000 and forwarded a Cabinet Paper to the County Executive Cabinet Meeting for subsequent approval (Since the award figure is beyond Ksh.500,000 that requires a cabinet approval) The project got the nod of the cabinet and is work in progress

During the first supplementary budget process, some items on capital expenditure were realigned for implementation.

This included construction of a non-residential building (office space) at a cost of Ksh. 2,020,000, Municipal Board Offices at a cost of Ksh. 1,000,000, fencing of the Municipal Compound at a cost of Ksh. 1,000,000, acquisition of land for dumpsite for Ksh. 3,000,000 and another Ksh, 490,000 for the construction of a two-door pit latrine and culvert at the Municipal entrance for each project. All the BQs for the above projects were developed awaiting implementation.

However, the Municipal Board did not manage to adequately work on the above projects in good time but will continue to put measures in place to seal the gaps that led to non-implementation of the projects.

The Board managed to carry out successful public participation on several matters for discussion. This included the debate on construction of a waste management site at Rakoro, where the public gave very positive and constructive responses that shall help in planning and execution of the projects. The Board also managed to develop two policy papers on Ndhiwa Investment Development Agency (NIDA) and Ndhiwa Waste for Wealth.

Throughout the year, the Municipal Board was faced with a multitude of challenges that included but not limited to the following: -

**i) Understaffing**

The municipality is inadequately staffed since a number of officers critical in implementing the Municipal set goals are not in place. This includes the following;

- Municipality Inspector
- Municipality Enforcement officers
- Municipality Internal Auditor
- Municipal Revenue Clerks
- Municipality ICT officer
- Municipality Revenue Officer
- Municipality Engineer
- Municipality Cleaner and groundsman
- Municipality stakeholder engagement/partnership officer
- Municipality Social Services officer
- Municipality Water officer

*County Government of Homa Bay  
Ndhiwa Municipality  
Annual Report and Financial Statements for the year ended June 30, 2025*

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- Municipality Monitoring and Evaluation officer
- Municipality surveyor
- Municipal Economist and Budget Officer
- Municipal Trade officer
- Municipality Lands officer
- Municipality Works officer
- Municipality Enterprise/Investment officer
- Municipality Planning officer
- Municipality Agricultural Officer
- Municipality Water Officer
- Municipality Administrative Officer

If the above-mentioned officers can be availed to the Municipality, it will be a step towards achieving the laid-out plans for the Municipal Board.

ii) Untimely and inadequate disbursement of funds

The Municipal Board receives monthly capitation of Ksh. 250,000 from the County Treasury. This is hardly enough to carry out its plans and daily running of the Municipal affairs, since the same amount is shared between the Board Members in terms of their allowances as well as the other operational expenditure. At the same time, there is always delays in releasing the funds from the National Treasury complicating the situation even further.

iii) The Board was faced with the menace of inconsistent waste disposal practices by residents, especially in areas major urban centres as well as informal settlements in addition to water storm to the Municipality.

iv) Inadequate Office space and a supervisory vehicle. The current state makes it difficult for the Municipality to carry out its operations as there is movement constrains during market engagements as well as other field related exercises.

However, the County Government of Homabay has moved try to address the underfunding at the Municipal Board. In FY 2025/26, the Board has been allocated a total of **Ksh. 24,923,840** which includes **Ksh. 9,923,840** for recurrent and **Ksh. 15,000,000** for development purposes respectively. These resources will be directed as follows;

Under Policy, Planning and Administration Services Programme, the recurrent funds will be channelled towards: compensation to employees at **Ksh. 3,886,440** and general operations of the municipality at **Ksh. 6,037,400**

Under the Public Works and Infrastructure Improvement Services Programme, the capital expenditure will be channelled towards improvement of Ndhiwa Municipal Bus Park at **Ksh. 2,403,416**, purchase and installation of 44 (Forty-Four) waste bins at **Ksh 2,640,000**, refurbishment of Municipal Offices at **Ksh. 3,000,000**, purchase and installation of a single waste

*County Government of Homa Bay  
Ndhiwa Municipality  
Annual Report and Financial Statements for the year ended June 30, 2025*

skip at **Ksh. 456,584** and construction of a modern public toilet at Ndhiwa bus stage at **Ksh. 3,500,000**.

Under the Housing and Urban Development Services Programme the funds will be channelled towards fencing, installing of a gate and erecting a shade at Ndhiwa Municipal proposed site for construction of a waste management plant at Rakoro at **Ksh. 3,000,000**.

Going forward, the Municipal Board intends to put measures in place to tackle the challenges it faced throughout the year by collaborating with development partners to secure financial and technical support towards the implementation of critical projects such as infrastructure upgrades and environmental management programs.

Similarly, the Municipal Board will explore any available opportunity to invest in technical training for municipal staff which will enhance their ability to manage and execute development projects more efficiently. This includes capacity building in urban planning, waste management, and project execution

In addition, the Municipal Board will work on new ways of generating revenue, by reviewing business licenses and expanding public-private partnerships (PPPs), to reduce reliance on national government disbursements which in most occasions is untimely causing massive inconveniences. This will help improve diversity revenue stream.

The Board has put measures in place in the coming FY by allocating funds towards the purchase and installation of forty-four waste bins and an additional waste skip to be distributed in areas with high levels of waste disposals. We plan also intend to modernize waste management by introducing better collection systems and expanding public awareness on proper waste disposal. We are equally in the process of partnering with a private waste management agent to help curb the waste disposal quandary.

In conclusion, the, the FY 2024/2025 marked the base year the Municipal Board managed its budget since its inception in January 2023. The several strides made, especially in the development of the Integrated Urban Development Plan and Municipal Board By-Laws shall help in addressing several challenges faced over the period by streamlining plans and operations of the Municipality. We are confident of realising our dream of turning the great Municipality of Ndhiwa into an Agri-city with the development of an IDeP, By-Laws, stiffened financial planning, diversified revenue stream and capacity building and improved budget for the FY 2025/2026. We are capable of actualising the dream of Ndhiwa Municipality.

Signed: \_\_\_\_\_

Name: **Salmon Ogotu Owii** - 40300 NDHIWA  
HOMA BAY COUNTY GOVERNMENT

**Municipality Manager**

**Ndhiwa Municipality**

**7. Statement of Performance against Predetermined Objectives for the FY 2024/2025**

The key development objectives of Ndhiwa Municipality are to:

**a) Provide Urban Quality Physical Infrastructure**

This involves the development and maintenance of infrastructure within the municipality, such as:

- Roads and transport networks
- Water and sanitation systems
- Street lighting
- Public buildings and recreational facilities
- Drainage systems
- Waste management facilities

Ensuring that these infrastructures are of high quality and meet the community's needs is essential for fostering economic growth and improving residents' quality of life.

**b) Promote proper Environmental Management and Conservation Services**

Environmental sustainability is crucial for urban areas. This includes:

- Managing waste, including recycling and reduction strategies
- Preserving natural resources such as parks, wetlands, and rivers
- Controlling pollution (air, water, soil)
- Promoting green spaces and tree planting
- Implementing sustainable urban development policies, the goal is to balance development with environmental stewardship.

**c) Urban Planning**

Municipal planning is vital for organized growth and development, covering areas like:

- Land use and zoning regulations
- Urban design and development control
- Housing policies and affordable housing initiatives
- Public transportation planning
- Spatial planning to anticipate future needs Effective planning services ensure sustainable urban growth and prevent problems like overcrowding or unplanned settlements.

*County Government of Homa Bay  
Ndhiwa Municipality  
Annual Report and Financial Statements for the year ended June 30, 2025*

**d) Provide Urban Governance and Administration Services**

Urban governance encompasses the management of city resources, with a focus on:

- Ensuring accountability, transparency, and citizen participation
- Managing municipal finances and budgets effectively
- Overseeing municipal employees and services
- Developing and enforcing local policies, laws, and regulations
- Encouraging public engagement and partnerships with stakeholders' good governance

ensures that the municipality runs efficiently and meets its social and economic obligations

**Below we provide the progress on attaining the stated objectives:**

<b>PROGRAMME NAME</b>	<b>Environmental Management and Conservation</b>					
<b>OBJECTIVE</b>	To improve cleanliness, preserve and conserve the environment					
<b>Outcome</b>	Enhanced Safety and Healthier Environment					
<b>Sub-Programme</b>	<b>Key Outputs</b>	<b>Key Performance Indicators</b>	<b>Targets</b>			<b>Remarks</b>
			<b>Baseline</b>	<b>Planned</b>	<b>Achieved</b>	
Environmental Preservation, Cleaning and Conservation Services	Tree seedlings planted	No. of Tree seedlings planted	0	300	0	Objectives not achieved due to inadequate funds
	Clean streets and open public spaces	Length of streets cleaned perweek (km)	0	5	0	Objectives not achieved due to inadequate funds

*County Government of Homa Bay  
Ndhiwa Municipality  
Annual Report and Financial Statements for the year ended June 30, 2025*

<b>Programme Name</b>	<b>Municipal Planning Services</b>					
<b>Objective</b>	To enhance land use planning, economic development and integrated planning					
<b>Outcome</b>	Properly guided and formalized development					
<b>Sub-Programme</b>	<b>Key Outputs</b>	<b>Key Performance Indicators</b>	<b>Targets</b>			<b>Remarks</b>
			<b>Baseline</b>	<b>Planned</b>	<b>Achieved</b>	
Policies, plans and by-laws review and development	Approved Ndhiwa Municipal By-laws	Existence of Ndhiwa municipal by-law	0	1	0	The draft by laws have been prepared awaiting approval
	Revised Integrated Urban Development Plan (IDeP) for Ndhiwa Municipality	Existence of updated IDeP	0	1	0	Draft road map for the development of Ndhiwa Municipality IDeP has been drafted.
	Strategic plan for Ndhiwa Municipality	Existence of Revised strategic plan	0	1	0	Project was not done due to insufficient funding

*County Government of Homa Bay  
Ndhiwa Municipality  
Annual Report and Financial Statements for the year ended June 30, 2025*

<b>Program Name</b>	<b>Infrastructure development</b>					
<b>Objective</b>	To improve basic services within the municipality					
<b>Outcome</b>	Enhanced basic service within the municipality					
<b>Sub-Programme</b>	<b>Key Outputs</b>	<b>Key Performance Indicators</b>	<b>Targets</b>			<b>Remarks</b>
			<b>Baseline</b>	<b>Planned</b>	<b>Achieved</b>	
Infrastructural Development services	Refurbishment of office blocks	No. of office blocks refurbished	0	3	0	Project not achieved due to long procurement procedure
	Fencing of Municipality compound	% of works done	0	1	0	
	Construction of office space	% of works done	3	1	0	

*County Government of Homa Bay  
Ndhiwa Municipality  
Annual Report and Financial Statements for the year ended June 30, 2025*

<b>Program Name</b>	<b>Administrative and support services</b>					
<b>Objective</b>	To improve the work environment, administration and governance					
<b>Outcome</b>	Improved service delivery					
<b>Sub- Program</b>	<b>Key Outputs</b>	<b>Key Performance Indicators</b>	<b>Targets</b>			<b>Remarks</b>
			<b>Baseline</b>	<b>Planned</b>	<b>Achieved</b>	
Planning, administration and governance services	Board Meeting Minutes	No. of Board Meetings held per year	2	4	3	The board held three full board meetings over the last one year
	Market engagements	No. of market engagements held per year	0	4	4	Four market engagement exercises carried out over the past year
	Board Committee Meeting minutes	No. of Board Committee Meetings held per year	4	8	8	Eight subcommittee meetings held over the last one year
	Public engagements	No. of public engagement meetings held per year	0	8	5	Five public engagement meetings held

a) **Sector Challenges**

- **Infrastructure Deficit:** Inadequate road networks, poor drainage systems, and insufficient public amenities.
- **Limited Financial Resources:** Budget constraints limiting the execution of development projects and maintenance of existing infrastructure.
- **Waste Management:** Challenges in solid waste collection and disposal, leading to environmental degradation.
- **Urban Planning Issues:** Uncontrolled urban sprawl, lack of adherence to zoning regulations, and informal settlements.

b) **Emerging Issues**

- **Urbanization Pressure:** Rapid population growth increasing demand for housing, infrastructure, and services.
- **Technology Integration:** The need to incorporate smart technologies in urban management and service delivery.
- **Climate Change Impact:** Increased frequency of extreme weather events affecting infrastructure and livelihoods.
- **Public Health:** Rising concerns about public health due to poor sanitation and lack of clean water.
- **Youth Unemployment:** Growing unemployment rates among the youth, leading to social and economic challenges.
- **Community Participation:** Increasing demand for greater public involvement in decision-making processes.

c) **Lessons Learnt**

- **Community Engagement is Key:** Successful implementation of development projects requires active community participation.
- **Sustainable Planning:** Long-term, sustainable urban planning is essential to manage growth and environmental challenges effectively.
- **Collaboration with Stakeholders:** Working closely with government agencies, NGOs, and private sector partners enhances project success.

- **Adapting to Change:** Flexibility in planning and project execution is crucial to address emerging challenges effectively.
- **Capacity Building:** Continuous training and capacity building of municipal staff improve service delivery and project management.

**d) Recommendations**

- **Increase Budget Allocation:** Advocate for increased financial resources to support infrastructure development and maintenance.
- **Enhance Urban Planning:** Implement stricter zoning regulations and enforce urban planning guidelines to manage urban growth.
- **Strengthen Waste Management:** Invest in waste management infrastructure and promote community awareness on waste disposal.
- **Promote Environmental Conservation:** Develop and implement policies focused on environmental sustainability and climate change adaptation.
- **Leverage Technology:** Integrate technology in public service delivery and urban management to improve efficiency.
- **Boost Public Service Delivery:** Streamline processes, reduce bureaucracy, and improve responsiveness to public needs.
- **Youth Empowerment Programs:** Develop programs aimed at reducing youth unemployment through skills training and entrepreneurship support.
- **Improve Community Involvement:** Enhance mechanisms for public participation in planning and decision-making processes.

**Progress on attainment of Strategic development objectives**

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Policy Planning and administration services	To provide overall policy and strategic direction for the transformation of the Ndhiwa Municipality	Well-staffed, equipped and operational municipal office	Number of staff paid on time	Staff were paid on time and operations funded to 95%

*County Government of Homa Bay  
Ndhiwa Municipality  
Annual Report and Financial Statements for the year ended June 30, 2025*

Public Works and Infrastructure Development Services	To promote effective development, management and maintenance of all municipal facilities and roads.	Well-developed and maintained infrastructure for public use.	Number of facilities maintained or developed	BQs developed and cabinet papers presented to the cabinet for approval
Housing and Urban Development Services	To promote proper planning and development of urban areas within the municipality.	Well planned, orderly and developed Municipality	Number of solar lights installed	Not achieved due to delays in procurement process
Environmental Management Services	To promote a proper waste disposal and clean environment	A well-maintained clean environment	200	Not Achieved fully due to inadequate budget

**e. Conclusion**

The opportunities available to the Municipality include Waste management and creation of order through proper relocation of structure and control of land use within the municipality among others

**Risk Management Strategies**

The Municipality identified and undertook an assessment of impending risks to effective and efficient operations. These risks are environmental, political, organizational, operational, financial and technological in nature and affect implementation of programmes and its outcomes. The foregoing risks call for accountability, monitoring and reporting on mitigation factors so as to ensure a prosperous Municipality. Using the Low, Medium and High risk ranking on the basis of Likelihood and impact, the significant risks are highlighted as follows:

Key Risks	Likelihood (H/M/L)	Impact (H/M/L)	Contingency Plan/ Steps to Mitigate Risk	Person(s) Responsible
Political instability and Insecurity (e.g.	Low	High	<ul style="list-style-type: none"> <li>Utilizing already existing county government structures, national</li> </ul>	Office of the Governor

*County Government of Homa Bay  
Ndhiwa Municipality  
Annual Report and Financial Statements for the year ended June 30, 2025*

election unrest, terrorism etc.)			government and other key actors	
Limited Financial Resources	Medium	High	<ul style="list-style-type: none"> <li>Development of sustainable income generating programs and support from development partners</li> </ul>	Municipal Manager
Insufficient collaboration, cooperation and strategic partnerships with relevant stakeholders (PPP)	Medium	High	Enhancing partnerships with various stakeholders	Municipality Board/ CEC
Few technical staff	Medium	High	<ul style="list-style-type: none"> <li>Identifying, developing and retaining the requisite human resources to support the strategy implementation</li> <li>Provide a competitive remuneration and benefits policy</li> </ul>	Public Service Board
Rapid technological advancement	Medium	High	<ul style="list-style-type: none"> <li>Integrating information and communication technologies in the processes of services provision</li> </ul>	Director ICT

**MANAGER**  
**NDHIWA MUNICIPALITY**  
*[Signature]*  
**14 AUG 2025**  
P.O. BOX 61-40300 NDHIWA  
HOMABAY COUNTY GOVERNMENT

Sign .....  
**Mr. Salmon Ogutu Owii**  
**Municipal Manager**  
**Ndhiwa Municipality**

## **8. Corporate Governance Statement**

### **8.1 Process of Appointment and Removal of Board Members.**

Ndhiwa 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 Homabay for vetting and subsequent approval.

The removal of respective Board Members is guided by Urban Areas and Cities Act, 2011 section 18 which provides as follows:

- (1) A person may be removed from the office of chairperson, vice chairperson or a member of the board on any of the grounds provided under section 16 (a), (b), (c), (e), (f), (g), (h), (i) and (j)
  - (a) A person may be removed under subsection (1);
  - (b) by the county governor;
  - (c) by the board, supported by the vote of at least two-thirds of the members of the board; or
  - (d) upon petition by the residents of a city or municipality.
- (3) A resident of a city or municipality may file a writing petition with a board for the removal of a chairperson or vice chairperson.
- (4) The procedure for the removal or petition for removal of a chairperson or vice chairperson under subsections (1) and (2) shall be provided by regulations.

### **8.2 Roles and Functions of Ndhiwa Municipal 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 Ndhiwa Municipal Charter, the Governor, Homa Bay County transferred the under listed functions to the Municipal Board of Ndhiwa—

- (a) Oversee the affairs of Ndhiwa Municipality;
- (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, prepare its budget for approval by the county executive committee and administer the budget as approved;
- (i) Monitor the impact and effectiveness of any services, policies, programs or plans;
- (j) Establish, implement and monitor performance management systems;
- (k) Promote and undertake infrastructural development within the Municipality
- (l) Promote a safe and healthy environment; and

- (m) 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 Induction and Training of Municipality Board Members and Member's Performance.**

As at the time of establishment of the board, the County government of Homa Bay through the department of Physical Planning and urban development conducted induction exercises to board members. The induction focused on the following areas:

- Roles/functions of the Municipal Board
- Relationship between the Municipal Board and County government departments/other devolve units
- Structure of Kenya Urban Support Program

In the financial year under review board members were taken through one training which focused on KUSP II projects and preparation of various Municipal plans.

### **8.4 Number of Municipality Board Meetings Held and The Attendance to those meetings by members.**

In the financial year 2024/2025 Ndhiwa Municipal Board conducted a total of 4 (four) sittings. The four ordinary full board meetings were done once every quarter of the year. Ndhiwa Municipal Board in addition has 4 (four) committees which include: Finance and General-Purpose Committee, Human Resource and Administration Committee, Technical and Strategy Committee as well as Audit Risk and compliance committee.

### **8.5 Succession Plan.**

As per the applicable law the Municipal Board shall be body corporate with perpetual succession and common seal. Each member of the board shall hold office for a term of five years, on part time basis.

### **8.6 Existence of a Service Charter.**

Ndhiwa Municipality has a service charter which was gazetted on Gazette Notice Supplement No.3 dated 10th January 2023 in the Kenya Government gazette. The charter formed the basis of conferment of the status of Municipality to Ndhiwa. The charter outlines how the operations of the municipality are undertaken.

### **8.7 Board Remuneration.**

As per the law the Board Members are not entitled to salaries since they work on part-time basis. However, the individual members are being paid sitting and lunch allowances as per the circular from Salaries & Remuneration Commission dated 27th February, 2019 Ref: SRC/TS/CG/3/61/19 (38)

**8.8 Board Remuneration.**

Existing Government Policies guide ethics and Conduct of Members of the Board of the Municipality.

**8.9 The Board Members performance/Governance and Audit**

In the year under review, Ndhiwa Municipal Board signed the performance contract with the CECM Lands, Physical Planning, Housing and Urban Development. The performance contents drawn from the Homabay County Government CIDP, Vision 2030 and National Government BETA. The Board Ndhiwa Municipality works through 4 (four) committees which has worked tirelessly to process internal policy, petitions from the residents and delegated functions, PPPs, formulation of budgets and make recommendations to the full board meetings. The board processed all the proposals from the committees and is currently working on Ndhiwa Municipality Integrated Development Plan (IDeP), Ndhiwa Municipality Strategic Urban Development Plan, Ndhiwa Municipality Solid Waste Management Policy and Ndhiwa Municipality by-laws awaiting approval. The Board just like every other spending entity within the County Government is overseen by the Homa Bay County Assembly and Audited by Internal and External Government Auditors. The Board has not had any cases of conflict of interest since inception.

**9.0 The Powers and Objects of the Municipality**

The Municipal Board of Ndhiwa shall have all the powers, general and special, Governmental or proprietary, expressed or implied, which may be possessed or assumed by municipalities under the Urban Areas and Cities Act, the County Government Act and the County of Homa Bay By-laws. No enumeration of specific powers in the Charter shall be held to be exclusive.

All such powers shall be exercised in the manner prescribed in the Charter, or, if not prescribed herein, in such manner as the Board of the Municipality may determine, or, unless a contrary intent appears in this Charter or in the By-laws and Resolutions of the Board of the Municipality, in such manner as may be provided by the County of Homa Bay by-laws.

## **9. Management Discussion and Analysis**

This report provides an overview of the operational and financial performance of Ndhiwa Municipality for the financial year ended 30th June 2025, covering key projects, statutory compliance, risks, material arrears, and other relevant information.

### **a) Operational and Financial Performance**

#### **Operational Performance:**

During the year, Ndhiwa Municipality planned to undertake significant projects that enhanced infrastructure, governance, and community engagement. The key operational plans included:

- **Installation of Solar Lights:**

A total of 16 (sixteen) solar lights had been proposed for installation. The procurement process of the project is on course

- **Waste Management and Environmental Initiatives:**

Routine clean-up exercises campaigns contributed to improved public sanitation.

- **Community Engagement:**

The municipality conducted several citizen fora, which allowed to residents to give their view on several key issues affecting the Municipality thereby including them in decision-making processes, enhancing transparency and accountability.

- **Governance and Planning:**

The Municipality developed and adopted several key documents, including the IDeP and Draft By-laws aimed at improving urban management and regulation.

#### **Financial Performance:**

Despite these achievements, the Municipality faced financial challenges due to delayed disbursements from the national government, affecting project timelines. The Municipality accumulated pending bills of Ksh. 909,035, reflecting financial strain. Additionally, efforts were made to diversify revenue streams and secure external funding.

**b) Key Projects or Investment Decisions Implemented or Ongoing**

**i. Development of Integrated Development Plans (IDePs):**

Comprehensive planning documents were developed to guide the long-term urban development of Ndhiwa. These plans outline priority areas, such as infrastructure, housing, and environmental sustainability.

**ii. Draft By-laws:**

The Municipality developed draft by-laws aimed at improving urban governance, waste management, and public safety. These by-laws are pending approval and will strengthen regulatory frameworks.

**iii. Funding Proposal to Development Partners:**

The Municipality submitted a proposal to a Development Partners including DHA EAST AFRICA seeking funding for infrastructure development and waste management projects. This proposal is a key step in securing external support for critical initiatives.

**c) Compliance with Statutory Requirements**

Ndhiwa Municipality remained compliant with statutory requirements, including financial reporting, environmental regulations, and procurement laws. The development of IDeP and by-laws aligns with national urban planning requirements, while annual financial audits were conducted to ensure accountability. However, challenges such as delayed and inadequate disbursement of funds affected the timely settlement of statutory obligations.

**d) Major Risks Facing the Municipality and Material Arrears Major Risks:**

**1. Financial Strain and Accumulation of Pending Bills:**

The accumulation of pending bills has resulted in operational delays and strained relationships with contractors. Resolving these arrears is a priority to maintain service delivery.

**2. Urbanization Sprawl:**

Rapid urbanization in Ndhiwa is exerting pressure on the Municipality's infrastructure and services, highlighting the need for comprehensive planning and resource mobilization.

**3. Waste Management:**

Waste management remains a challenge, with inconsistent disposal practices and insufficient public awareness posing environmental and health hazards.

**Material Arrears:**

As at 30th June 2025, the Municipality's outstanding bills had peaked at Ksh. 909,035, which included payments owed to service providers as furniture as well as stationery.

**e) Other Relevant Information**

**• Public-Private Partnerships:**

The Municipality is exploring public-private partnerships (PPPs) to improve service delivery, particularly in waste management and infrastructure development.

**Conclusion**

Ndhiwa Municipality made significant progress in infrastructure, governance, and community engagement during the 2024/2025 financial year. However, financial constraints, pending bills, and rapid urbanization pose ongoing challenges. Moving forward, the Municipality will focus on resolving financial obligations, diversifying revenue sources, and strengthening urban planning to ensure sustainable growth.

The Municipal Board operates and spends funds within the requirements of the Public Finance Management Act 2012 and other relevant laws.

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

### **i. Sustainability Strategy and Profile**

The core mandate of Ndhiwa Municipality is to provide essential public services, including infrastructure development, waste management, urban planning, and environmental conservation, to ensure a sustainable and liveable urban environment for all residents. The Municipality's sustainability strategy is built on the principle of delivering long-term services while conserving resources for future generations. This includes reducing the environmental impact of operations, promoting public health, and engaging the community in sustainable development initiatives.

Sustainability in this context is about maintaining the capacity of Ndhiwa to continue delivering public services efficiently over the long term while adapting to emerging political, economic, and environmental challenges. The Municipality's leadership, particularly the Accounting Officer, is committed to ensuring that sustainability considerations are embedded in strategic decision-making processes. This commitment aligns with international best practices such as the United Nations Sustainable Development Goals (SDGs) and Kenya's Vision 2030, with a focus on reducing inequality, promoting environmental conservation, and ensuring economic stability.

The Board was created to give effect to article 184 of the constitution, which provides for the classification, governance and management of urban areas and cities. The article is operationalised by the AUCA 2011 revised 2019 further refined the municipality charter. Ultimately, the Board is mandated to make Ndhiwa Municipality more attractive and sustainable through effective policy formulation, implementation, and strategic direction for the transformation of the Homa Bay Municipality and to promote effective development, management and maintenance of all municipal facilities.

The County Government of Homa Bay through the county assembly has continued to ensure sustainability of the Municipality through allocation of resources to fund its operations and continued development of more infrastructure and provision of services.

During the 2024/2025 financial year, the Municipality made significant strides in improving public infrastructure and environmental management, although financial constraints and the rapid pace of urbanization presented challenges. Moving forward, the focus will be on enhancing community

engagement, improving waste management systems, and expanding partnerships with development stakeholders to promote sustainable urban growth.

**ii. Environmental performance**

**Environmental Policy and Practices:**

The environmental policy of Ndhiwa Municipality focuses on sustainable urban development, waste management, conservation of natural resources, and pollution control. The policy is anchored on principles of reducing the environmental footprint of Municipal operations and promoting eco-system practices across the community. This year, the Municipality implemented initiatives to promote recycling, reduce plastic waste, and increase green spaces by Planting trees in several areas.

**Area of Successes:**

- Initiating the process of installation of solar lights will help in boosting security as well as trade within the region
- Planting of trees in multiple areas will help reduce soil erosion and improve green space
- Frequent clean-up campaigns were conducted in collaboration with local communities, reducing littering and illegal dumping.

**Shortcomings:**

- Waste management remains a challenge, particularly in in urban centres where waste disposal practices are inconsistent.
- Lack of efficient recycling system poses a major challenge

**Efforts to Manage Biodiversity:**

The board is working on increasing urban green spaces through planting of a variety of species of trees and the preservation of existing natural habitats.

**Waste Management Policy:**

The municipal board has a waste management policy focused on reducing landfill waste, promoting recycling, and improving waste collection systems. The Municipality is

exploring partnerships with private waste management companies to improve efficiency and expand recycling programs

There are ongoing efforts to construct a waste management plant at Rakoro by a private partner and this shall help in waste management program.

iii. **Employee welfare**

**Hiring and Gender Ratio:**

The hiring of the Municipal Board employees is currently a reserve if the Homabay County Public Service Board save for the Board Members whose hiring procedure is provided for in the Urban Areas and Cities Act. Nevertheless, the Municipality's hiring policy emphasizes inclusivity, with a focus on achieving gender balance across all departments. The board has managed this while the management has not yet. Currently, the Municipality aims for at least 30% female representation in its workforce, in line with Kenya's public sector guidelines. Stakeholder engagement is key in the recruitment process, ensuring that local community needs and employment equity is considered.

The legislative frameworks to take care of gender ration and stakeholder engagements is work in the process. The Board members and staff are taken on periodic capacity building training to improve their skills and managing careers, appraisal and reward systems. The Board is also in compliance with Occupational Safety and Health Act of 2007 (OSHA).

**Skills Development and Career Management:**

The Board members and staff have had very limited capacity building training to improve their skills and managing careers, appraisal and reward systems. These initiatives focus on building capacity in urban planning, waste management, and environmental conservation. The Municipality's career development policy includes regular appraisals, which inform promotions and reward systems.

**Occupational Safety and Health:**

The Municipal Board is yet to fully understand the Occupational Safety and Health Act of 2007 (OSHA) providing a safe working environment for all employees. Regular safety audits are conducted by the County Government and employees receive training on workplace safety practices

**Market place practices**

**a) Responsible Competition Practices:**

Ndhiwa Municipality operates with a strong commitment to transparency and integrity in its operation dealings. Anti-corruption policies are strictly enforced, with regular audits conducted to ensure accountability. The Board equally avoids involvement in political activities and promotes fair competition in public tenders and procurement processes.

**b) Responsible Supply Chain and Supplier Relations:**

The Municipality maintains strong relations with its suppliers by adhering to contractual obligations and ensuring timely processing of payment for services rendered. The Municipality follows the laid down procurement laws in procurement of its goods and services. All qualifying tenders are advertised and bidders evaluated competitively and in a fair manner. Nonetheless, there are cases of delayed payment of the suppliers by the exchequer. The Municipal Board is working around the clock to address this menace through structured payment plans as well as ensuring good business practices with all stakeholders is a top agenda.

**c) Responsible Marketing and Advertisement:**

The Municipality adheres to ethical standards in all its communications and marketing, ensuring that information provided to the public is accurate, fair, and transparent. Public notices and tender announcements follow ethical guidelines, ensuring fairness and clarity in messaging.

**d) Product Stewardship:**

The Municipal Board is committed to safeguarding the rights of its residents by ensuring that public services are delivered efficiently and that consumer feedback is incorporated into service improvements. This stewardship includes maintaining public infrastructure, promoting environmental sustainability, and ensuring the well-being of the community.

**iv. Community Engagements**

**Community Social Responsibility (CSR):**

Ndhiwa Municipality has actively engaged the community through various CSR initiatives aimed at promoting social welfare and environmental sustainability. The Municipal Board engages in several community clean up exercises in various market centres in collaboration with the county government and the local community as its contribution towards maintenance of a clean environment. Key CSR activities include:

**• Clean-up campaigns:**

The Municipality organized several clean-up exercises in collaboration with local youth groups and community organizations, contributing to cleaner streets and public spaces.

**• Education and Training Programs:**

The Municipality partnered with local educational institutions to offer training on Chakula Bora Project, Agroforestry environmental conservation, waste management, and sustainable urban development.

**• Healthcare and Sanitation Initiatives:**

In collaboration with local health Centres, the Municipality ran public health campaigns focusing on sanitation and disease prevention, improving community health outcomes.

**Sports and Youth Empowerment:**

Ndhiwa Municipality has also supported local sports events as part of its commitment to youth empowerment and community well-being. These initiatives foster community spirit and provide platforms for young people to engage in productive activities.

**Water and Sanitation:**

Efforts to improve water access and sanitation in urban centres are ongoing, with the Municipality investing collaborating with service providers and companies like HOMAWASCO in infrastructure upgrades to improve access to clean water and adequate sanitation facilities for all residents.

**Conclusion.**

Ndhiwa Municipal Board remains committed to sustainable development, environmental stewardship, and community engagement. However, challenges such as financial constraints and waste Management remain a challenge. The Municipality is making steady progress in delivering services that promote long-term sustainability. By aligning its efforts with national and international best practices, the Municipal Board aims to enhance the quality of life for all its residents while ensuring a sustainable urban future.

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

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

### **Principal activities**

The principal activities of the Municipality are as contained in the section 20 of Urban areas and Cities Act, 2011.

### **The principal activities of the Municipality are:**

- i. Build and maintain functional infrastructure for the residents of the Municipality
- ii. Provide framework to facilitate security of land tenure within the Municipality
- iii. Identify and analyse planning issues and challenges, harness existing opportunities and promote intervention measures for mitigating the issues and challenges identified.
- iv. Promote appropriate land uses, locations and permissible densities. Besides, the Municipality will begin to provide a policy framework for socio-economic investments, economic use of space, infrastructure services and public facilities within the Municipality.
- v. Enhanced service delivery to the residents of the Municipality.

### **Performance**

The performance of the Municipality for the year ended 30th June 2025 are set out on pages vii,viii,ix.

### **Board Members**

The members of the Board who served during the year are shown on pages vii,viii,ix. The changes in the Board during the fy 2024/2025 was an additional of one member, Hilarly Achieng Okuku. The details are covered on page ix.

### **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.

*County Government of Homa Bay  
Ndhwa Municipality  
Annual Report and Financial Statements for the year ended June 30, 2025*

The following Certified Public Accountants were nominated by the Auditor General to carry out the audit of Ndhwa Municipality for the period ended June 30 2025 in accordance with section 23 of the Public Audit Act 2015.

By Order of the Board

Sign.....

Name: **Salmon Ogutu Owii**

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 Ndhiwa Municipal 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, 2025. 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 the Municipality's transactions during the financial year ended June 30, 2025, and the financial position as at that date.

*County Government of Homa Bay  
Ndhiwa Municipality  
Annual Report and Financial Statements for the year ended June 30, 2025*


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


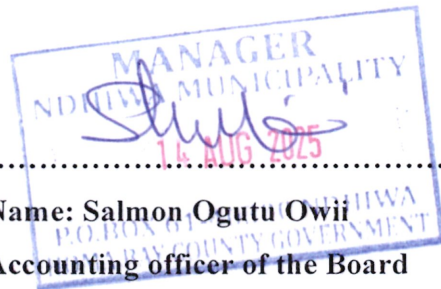
Nothing has come to the attention of the Municipality Manager to indicate that the Municipality will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Municipality's financial statements were approved by the Board on 31<sup>st</sup> July 2025 and signed on its behalf by:



.....  
**Name: Prof. Nguka Gordon**  
**Chairperson of the Board**

  
.....  
  
**Name: Salmon Ogutu Owii**  
**Accounting officer of the Board**

# REPUBLIC OF KENYA

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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON MUNICIPALITY OF NDHIWA FOR THE YEAR ENDED 30 JUNE, 2025

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of Municipality of Ndhiwa set out on pages 1 to 29, which comprise of the statement of financial position as at

30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Municipality of Ndhiwa as at 30 June, 2025 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 Opinion**

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis amounts of Kshs.17,870,274 and Kshs.5,682,230 respectively, resulting in underfunding of Kshs.12,188,044 or 68% of the budget.

Similarly, the Municipality paid an amount of Kshs.476,805 in respect of development expenditure against a development budget of Kshs.8,000,000, resulting in under expenditure on development projects of Kshs.7,523,195, or 94% of the budget.

The underfunding, underutilization and non-implementation of projects affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

## **Other Matter**

### **Lack of Land Ownership Documents**

Review of records revealed that the Municipality did not have ownership documents for the parcel of land on which its offices occupy.

### **Other Information**

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

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Failure to Prepare Integrated Urban Development Plan**

Review of documents revealed that the Municipality did not have in place an integrated development planning, contrary to Section 36(1)(a)(b) and (c) of the Urban Areas and Cities Act, 2011, which states that every city and municipality established under this Act shall operate within the framework of integrated development planning which shall give effect to the development of urban areas and cities as required by this Act and any other written law.

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

## **2. Unfairness in Appointment of the Board and Recruitment of Municipal Manager**

Reported in the statement of financial performance are Board expenses amount of Kshs.625,000 and staff costs amount of Kshs.2,750,000 which includes salary of the Municipal Manager. However, there was no evidence that the Board members and the Municipal Manager were recruited through a competitive process, contrary to Article 232(g) of the Constitution of Kenya, 2010, which requires fair competition and merit as the basis of appointments and promotions in the public service.

In the circumstances, the appointing authority was in breach of the law.

## **3. Failure to Develop Public Participation Mechanisms**

Review of records revealed that although public participation forums were held during the year under review, the Municipality had not developed public participation mechanisms, contrary to Paragraph 18(1)(2) and (3) of the Municipal Charter of the Municipality of Ndhwa within Homa Bay County, Kenya, which states that the Board of the Municipality shall ensure the development of mechanisms for the participation of the residents of the Municipality of Ndhwa in the management and administration of the Municipality.

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

## **4. Lack of Monitoring and Evaluation Framework and Reports**

Management did not provide project status reports on non-financial performance for each individual programmes undertaken by the Municipality. Further there is no documentary evidence provided indicating development and approval of the Monitoring and Evaluation Policy. This was contrary to Regulation 129(1) of the Public Finance Management (County Governments) Regulations, 2015, which states that the County Executive Committee Member responsible for matters relating to planning shall prescribe a framework for monitoring and reporting on non-financial performance for use by accounting officers in evaluation of programmes and projects by measuring, responsibility for monitoring, evaluation and reporting, financial indicators which shall capture expenditures on the implementation of programmes and projects.

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

## **5. Failure to Adhere to Budget Timelines**

Review of budget documents revealed no evidence that the Fiscal Strategy Paper was submitted to the County Assembly on 24 May, 2023, contrary to Section 126(3) of the Public Finance Management Act, 2012, which states that County Executive Committee Member responsible for planning shall, not later than the 1 September in each year, submit the development plan to the County Assembly. Further, the signed Budget Circular, Budget Estimates, approved annual development plan were not provided for audit verification. Further, it was not possible to confirm if the budget was uploaded through the Hyperion module of Integrated Financial Management system.

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

## **6. Failure to Implement Any Development Project During the Year**

The statement of financial performance reflects total expenditure of Kshs.5,421,044 which does not include any expenditure on development projects, contrary to Regulation 25(1)(g) of the Public Finance Management (County Governments) Regulations, 2015, which states that pursuant to section 107(5) of the Act, the county government actual expenditure on development shall be at least thirty percent in conformity with the requirement under section 107(2)(a) of the Act.

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

## **7. Non-Collection of Own Generated Revenue**

The statement of financial performance indicates that the Municipality was financed solely through revenue allocated by the County Government, contrary to Section 172(a) of Public Finance Management Act, 2012, which states that an urban area or city may also be funded through revenue arising from rates, fees, levies, charges and other revenue raising measures which is retained by the urban area. Further, conferment of municipal status may have been made without satisfying the criterion of demonstrable revenue collection or revenue collection potential, contrary to Section 9 (3)(c) of the Urban Areas and Cities Act, 2011.

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

## **8. Functions not Transferred to the Municipality**

The statement of performance against predetermined objectives indicates that the Municipality's objectives include provision of quality physical infrastructure, promotion of environmental management and construction services, urban planning, and provision of governance and administration services. However, there was no evidence that the functions have been transferred from the County Government of Homa Bay to Ndhwa Municipality, contrary to paragraph 7(1) of the Municipal Charter of the Municipality of Ndhwa within Homa Bay County, Kenya, which states that the Board of the Municipality shall have all the powers and perform all functions vested in boards of municipalities under the Urban Areas and Cities Act, 2011, the County Government Act and the Municipality By-laws as approved by the County Assembly.

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

## **9. Lack of Independence of Ndhwa Municipality**

The Municipality of Ndhwa was granted Municipal Charter on 10 January, 2023 which was supposed to grant operational independence from the County Government of Homa Bay. However, review of the operations of the Municipality revealed lack of autonomy as the Municipality's budget was prepared and controlled by the County Executive and there was no budget approval by the Municipality Board. Further, the County Government has

continued to perform a number of functions which were transferred to the Municipality as provided for under Paragraph 5 of Ndhiwa Municipal Charter including promotion, regulation and provision of refuse collection, solid waste management services, construction and maintenance of urban roads and associated infrastructure and construction, maintenance and regulation of municipal markets and abattoirs.

This is in contravention of Section 12(1) of the Urban Areas and Cities Act, 2011, which states that the Management of a municipality shall be vested in the County Government and administered on its behalf by a Board, a Manager and staff constituted and appointed in accordance with the Act.

In the circumstances, the County Government of Homa Bay was in breach of the law.

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

## REPORT ON 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 effect of the matters 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**

#### **1. Non-alignment of Procurement Plan to the Core Functions and Mandate of the Municipality**

Review of the Municipality's procurement plan revealed that it was not aligned to the core functions and mandate of the municipality as provided in the Municipality charter. Further, there was no evidence that the procurement plan was linked to the Municipality's strategic goals, as the strategic plan was not provided for audit review.

In the circumstances, the effectiveness of the procurement plan in aiding the Municipality toward achieving its strategic goals could not be confirmed.

#### **2. Lack of Risk Management Strategies**

Review of documents revealed the Municipality did not have a risk management policy or strategy in place and therefore, had no approved processes and guidelines on how to

mitigate operational, legal and financial risks, contrary to section 158 (1) of the Public Finance Management (County Governments) Regulations, 2015 which states that, the Accounting Officer shall ensure that the county government entity develops risk management strategies, which include fraud prevention mechanism; and the county government entity develops a system of risk management and internal control that builds robust business operations.

Additionally, it was noted that the Management had not instituted its own policies and procedures to guide key financial processes and controls for the management of personnel and related expenditure. Further, the Management did have a risk register to mitigate against risks and no formal risk assessments was performed during the financial year under review. Lack of risk register, which is a central repository of identified risks and their associated management actions, implies that the Municipality might not be effectively tracking and addressing its risk profile.

In the circumstances, the effectiveness of risk management in the Municipality could not be confirmed.

### **3. Weak Internal Audit Function**

During the audit exercise, it was noted that the Internal Audit Function of the County Executive issued only two reports in the year under audit, covering the Municipality of Ndhiwa operations. This was contrary to Regulation 166 (1) and (2) of the Public Finance Management (County Governments) Regulations, 2015, which states that the head of internal audit unit shall prepare a quarterly internal audit reports which shall cover areas provided for in guidelines and shall be in a format issued by the Cabinet Secretary. Further, there was no evidence that the quarterly reports were submitted within 14 days of the end of the quarter to the Accounting Officer of the Municipality, the Audit Committee and the County Treasury.

In the circumstances, the effectiveness of internal controls and risk management in the Municipality 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 the Municipality Board**

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

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

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

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

The Municipality Board 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 of 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

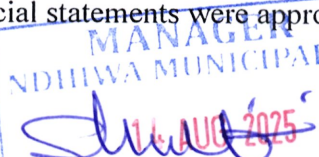
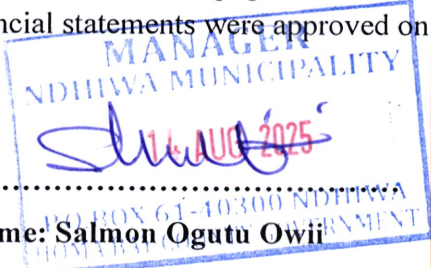
30 October, 2025

*Homa bay Municipality  
County Government of Homa Bay  
Annual Report and Financial Statements for the year ended June 30, 2025*

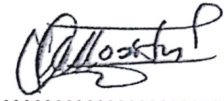
**14. Statement of Financial Performance for The Year Ended 30 June 2025.**

Description	Note	2024/2025
		Kshs.
<b>Revenue from non-exchange transactions</b>		
Transfers from the County Government	6	2,500,000
Other revenues (Salaries and wages)	7	3,182,230
<b>Total revenue</b>		<b>5,682,230</b>
<b>Expenditure</b>		
Use of goods and services	8	2,046,044
Staff costs	9	2,750,000
Board expenses	10	625,000
<b>Total expenses</b>		<b>5,421,044</b>
<b>Surplus/ (Deficit) for the period</b>		<b>261,186</b>

The notes set out on pages 7 to 28 form an integral part of these Financial Statements. The entity financial statements were approved on 25<sup>th</sup> July 2025 and signed by:

  
  
 Name: **Salmon Ogutu Owii**  
 Municipality Manager

Date: 14<sup>th</sup> August 2025


  
 Name: **CPA OKELLO SITA**  
 Head of Accounting Services  
 ICPAK M/No. 30278  
 Date: 14<sup>th</sup> August 2025

**Homa bay Municipality**  
**County Government of Homa Bay**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

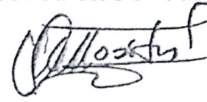
**15. Statement of Financial Position As At 30 June 2025**

Description	Note	2024/2025
		Kshs.
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	11	261,186
Receivables from exchequer/Homabay Treasury		-
<b>Total current assets</b>		<b>261,186</b>
<b>Non-current assets</b>		
Property, plant, and equipment	12	476,805
<b>Total Non-current Assets</b>		<b>476,805</b>
<b>Total assets (A)</b>		<b>737,991</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables /Creditors		-
<b>Total current liabilities</b>		<b>-</b>
<b>Non-current liabilities</b>		
Provisions		-
<b>Total liabilities (B)</b>		<b>-</b>
<b>Net Assets (A-B)</b>		<b>737,991</b>
<b>Represented by:</b>		
Capital/Development Grants/Fund		476,805
Reserves		
Accumulated surplus		261,186
<b>Net Assets/Equity</b>		<b>737,991</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 31<sup>st</sup> July 2025 and signed by:

  
**Name: Salmon Ogutu Owii**  
**Municipality Manager**

**Date: 14<sup>th</sup> August 2025**

  
**Name: CPA OKELLO SITA**  
**Head of Accounting Services**  
**ICPAK M/No. 30278**  
**Date: 14<sup>th</sup> August 2025**

*County Government of Homa Bay  
Ndiwa Municipality  
Annual Report and Financial Statements for the year ended June 30, 2025*

**16. Statement of Changes in Net Assets for the Year Ended 30 June 2025**

Description	Capital/ Development Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
<b>Bal as at 1 July 2023 (previous year)</b>	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Funds received during the year	-	-	-	-
Revaluation gain/loss	-	-	-	-
<b>Bal as at 30 Jun 2024</b>	-	-	-	-
<b>Bal as at 1 July 2024(current year)</b>	-	-	-	-
Surplus/(deficit) for the year	-	-	261,186	261,186
Capital contribution by County Executive	476,805	-	-	476,805
Revaluation gain/loss		-	-	-
<b>Balance as at 30 June 2025</b>	<b>476,805</b>	<b>-</b>	<b>261,186</b>	<b>737,991</b>

*Homa bay Municipality  
County Government of Homa Bay  
Annual Report and Financial Statements for the year ended June 30, 2025*

**17. Statement of Cash Flows for The Year Ended 30 June 2025**

Description	Note	2024/2025
		Kshs.
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Transfers from the County Government	1	2,500,000
Miscellaneous receipts ( <i>Salaries</i> )	2	3,182,230
<b>Total Receipts</b>		<b>5,682,230</b>
<b>Payments</b>		
Use of goods and services	3	2,046,044
Staff costs	4	2,750,000
Board expenses	5	625,000
Finance costs		
Repairs and Maintenance		
<b>Total Payments</b>		<b>5,421,044</b>
<b>Net cash flows from operating activities</b>		<b>261,186</b>
<b>Cash flows from investing activities</b>		
Purchase of PPE & intangible assets		-
Proceeds from sale of PPE		-
<b>Net cash flows used in investing activities</b>		<b>-</b>
<b>Cash flows from financing activities</b>		
Receipts from Capital grants (Increase/(Decrease)in Accounts Receivables)		0
Receipts from Capital grants (Increase/(Decrease)in Accounts Payables)		0
Proceeds from borrowings		-
Repayment of borrowings		-
<b>Net cash flows used in financing activities</b>		<b>-</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>261,186</b>
Cash And Cash Equivalents At 1 <sup>ST</sup> July,2024		-
<b>Cash And Cash Equivalents At 30 June,2025</b>	6	<b>261,186</b>

(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting).

*Homa bay Municipality  
County Government of Homa Bay  
Annual Report and Financial Statements for the year ended June 30, 2025*

**18. Statement of Comparison of Budget & Actual Amounts for the Year ended 30 June 2025**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
<b>Receipts</b>						
Transfers from the County Government	17,870,274	-	17,870,274	5,682,230	12,188,044	32%
Public contributions and donations	-	-	-	-	-	
Interest income	-	-	-	-	-	
Miscellaneous income ( <i>specify</i> )	-	-	-	-	-	
<b>Total Receipts</b>	<b>17,870,274</b>	<b>-</b>	<b>17,870,274</b>	<b>5,682,230</b>	<b>12,188,044</b>	<b>32%</b>
<b>Payments</b>						
Use of goods and services	5,133,834	(372,765)	4,761,069	2,046,044	2,715,025	43%
Board expenses	850,000	372,765	1,222,765	625,000	597,765	51%
Staff Costs	3,886,440	-	3,886,440	2,750,000	1,136,440	71%
Finance costs	-	-	-	-	-	-
<b>Sub Total expenditure Payments</b>	<b>9,870,274</b>	<b>-</b>	<b>9,870,274</b>	<b>5,421,044</b>	<b>4,449,230</b>	<b>55%</b>
<b>Capital Expenditure Payments</b>	<b>8,000,000</b>	<b>-</b>	<b>8,000,000</b>	<b>476,805</b>	<b>7,523,195</b>	<b>6%</b>
<b>Grand total</b>	<b>17,870,274</b>	<b>-</b>	<b>17,870,274</b>	<b>5,897,849</b>	<b>11,972,425</b>	<b>33%</b>
Surplus for the period	-	-	-	261,186	(261,186)	

**Budget Notes**

- 1 The low budget utilization percentages, below 90%, in respect of use of goods and services, Board expenses and staff costs were due to insufficient funds the Municipal Board received.
- 2 The changes between original budgets and final budget in respect of use of goods and services and Board expenses was due to reallocation.

*County Government of Homa Bay*  
*Ndhiwa Municipality*  
*Annual Report and Financial Statements for the year ended June 30, 2025*

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	A
1	Reason for differences-untimely disbursement of funds	<b>261,186</b>
2	Reason for differences-untimely disbursement of funds	
3	Reason for differences	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	<b>261,186</b>

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

### **1. General Information**

Ndhiwa Municipality is established by and derives its authority, accountability from Urban Areas and Cities Act No. 13 of 2011 (amended 2019), Cities, and Municipal Charter on 9<sup>th</sup> January 2023. The Municipality is under the County Government of Homa Bay and is domiciled in Kenya.

**The entity's principal activity is as follows;**

- Build and maintain functional infrastructure for the residents of Ndhiwa Municipality
- Provide framework to facilitate security of land tenure within the Municipality
- Identify and analyse planning issues and challenges, harness existing opportunities and promote intervention measures for mitigating the issues and challenges identified.
- Promote appropriate land uses, locations and permissible densities in addition to putting measures in place to provide a policy framework for socio-economic investments, economic use of space, infrastructure services and public facilities within the Municipality.
- Enhanced service delivery to the residents of the Municipality.

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

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

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

*County Government of Homa Bay*  
*Ndhiwa Municipality*  
*Annual Report and Financial Statements for the year ended June 30, 2025*

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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 2025.**

There were no new and amended standards issued in the financial year.

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.**

Standard	Effective date and impact:
IPSAS 43: Leases	<b>Applicable 1<sup>st</sup> January 2025</b> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<b>Applicable 1<sup>st</sup> January 2025</b> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<b>Applicable 1<sup>st</sup> January 2025</b> 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.
IPSAS 46: Measurement	<b>Applicable 1<sup>st</sup> January 2025</b> The objective of this standard was to improve measurement guidance across IPSAS by:

*County Government of Homa Bay  
Ndhiwa Municipality  
Annual Report and Financial Statements for the year ended June 30, 2025*

	<ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48: Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49: Retirement Benefit Plans	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements</li> </ul>

*County Government of Homa Bay  
Ndhiwa Municipality  
Annual Report and Financial Statements for the year ended June 30, 2025*

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	understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.
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*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 2024/25 was approved by the County Assembly on 23<sup>rd</sup> July 2024. 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. However, the Municipality did not receive any additional appropriations

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 Cashflows has been presented under section 18 of these financial statements.

**c) Property, plant and equipment**

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

**d) Intangible assets**

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

**e) Biological Assets**

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

**f) Financial instruments**

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

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

**Financial assets**

**Classification of financial assets**

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual 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 entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

### **Financial liabilities**

#### **Classification**

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

#### **g) 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.

**h) Provisions**

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

**i) 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.

**j) 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.

**k) 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

**l) Nature and purpose of reserves**

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

**m) 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.

**n) 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.

**o) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-

monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

**p) 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.

**q) Related parties**

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

**r) Cash and cash equivalents**

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

**s) Comparative figures**

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

**t) Events after the reporting period**

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

Two types of events can be identified:

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

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

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

**u) Currency**

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

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

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

State all judgements, estimates and assumptions made.

#### **Estimates and assumptions.**

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

#### **Useful lives and residual values**

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

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

County Government of Homa Bay  
 Ndhiwa Municipality  
 Annual Report and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements

6. Transfers from the County Government

Description	2024/2025
	Kshs.
Transfers from County Govt. – Recurrent	2,500,000
<b>Total</b>	<b>2,500,000</b>

(Provide brief explanation for this revenue)

(a) Transfers from County Government entities (Categorized)

7. Other Revenues

Description	2024/2025
	Kshs.
Others ( <i>Salaries and wages</i> )	2,750,000
General Office Supplies	432,230
<b>Total</b>	<b>3,182,230</b>

(Provide a brief explanation for this revenue)

8. Use of Goods and Services

Description	2024/2025
	Kshs.
Domestic travel and subsistence	1,111,600
Printing, advertising, supplies & services	69,836
Office and general supplies and services	540,230
Other operating expenses ( <i>Specify</i> )	316,692
Bank Charges	7,686
<b>Total</b>	<b>2,046,044</b>

9. Staff costs

Description	2024/2025
	Kshs.
Salaries and wages	2,750,000
<b>Total</b>	<b>2,750,000</b>

*County Government of Homa Bay  
Ndhiwa Municipality  
Annual Report and Financial Statements for the year ended June 30, 2025*

**10. Board expenses**

Description	2024/2025
	Kshs.
Sitting allowances	625,000
<b>Total</b>	<b>625,000</b>

**11. Cash and cash equivalents**

Description	2024/2025
	Kshs.
Current account	261,186
<b>Total cash and cash equivalents</b>	<b>261,186</b>

*(The amount should agree with the closing and opening balances as included in the statement of cash flows)*

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

Financial institution	Account number	2024/2025
		Kshs.
<b>a) Current account</b>		
Kenya Commercial bank		261,186
<b>Grand total</b>		<b>261,186</b>



County Government of Homa Bay  
 Ndhiwa Municipality  
 Annual Report and Financial Statements for the year ended June 30, 2025

Description	Land	Building	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Depreciation Rate		X%	X%	X%	X%	X%		
Transfers/ Adjustments		-	-	-	-	-	-	-
As at 30 June 2024		-	-	-	-	-	-	-
Depreciation for the year		-	-	-	-	-	-	-
Disposals for the year		-	-	-	-	-	-	-
Impairment for the year		-	-	-	-	-	-	-
Transfer/adjustment		-	-	-	-	-	-	-
As at 30 <sup>th</sup> June 2025 (current year)		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
NBV as at 30 <sup>th</sup> Jun 2024	-	-	-	-	-	-	-	-
NBV as at 30 <sup>th</sup> Jun 2025	-	-	-	476,805	-	-	-	476,805

**13. Related party balances**

**a) Nature of related party relationships**

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

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

**b) Key management remuneration**

Description	Insert Current FY
	Kshs.
Board Members	625,000
<b>Total</b>	<b>625,000</b>

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

**I. Credit risk**

The Municipality has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience, and other factors. Individual risk limits are set based on internal or

external assessments in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Municipality's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the Municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained

## **II. Liquidity risk management**

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

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

## **III. Market risk**

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the City/Municipality's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The City/Municipality's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the City/Municipality's exposure to market risks or the manner in which it manages and measures the risk.

**IV. Foreign currency risk**

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

**Foreign currency sensitivity analysis**

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

**V. Interest rate risk**

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

**Management of interest rate risk**

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

**VI. Capital risk management.**

The objective of the Municipality's capital risk management is to safeguard the Municipality's ability to continue as a going concern.

*County Government of Homa Bay  
 Ndiwa Municipality  
 Annual Report and Financial Statements for the year ended June 30, 2025*

**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)
N/A	N/A	N/A	N/A	N/A

MANAGER  
 NDIIWA MUNICIPALITY  
  
 14 AUG 2025  
 SALMON OGUTU OWII  
 P.O. BOX 10300 NDIIWA  
 HOMA BAY COUNTY GOVERNMENT

County Government of Homa Bay  
 Ndhiwa Municipality  
 Annual Report and Financial Statements for the year ended June 30, 2025

Appendix 2: Inter-Entity Transfers

NDHIWA MUNICIPALITY				
Breakdown of Transfers from the County Executive of Homa Bay County				
FY 2024/2025				
a.	Recurrent Grants	Bank Statement Date	Amount (Kshs)	FY to which the amounts relate
	Homa Bay County Treasury transfer for operations	23/09/2024	250,000	2024/2025
	Homa Bay County Treasury transfer for operations	17/10/2024	250,000	2024/2025
	Homa Bay County Treasury transfer for operations	02/12/2024	250,000	2024/2025
	Homa Bay County Treasury transfer for operations	24/12/2024	250,000	2024/2025
	Homa Bay County Treasury transfer for operations	07/02/2024	250,000	2024/2025
	Homa Bay County Treasury transfer for operations	10/03/2025	250,000	2024/2025
	Homa Bay County Treasury transfer for operations	24/04/2025	250,000	2024/2025
	Homa Bay County Treasury transfer for operations	21/05/2025	250,000	2024/2025
	Homa Bay County Treasury transfer for operations	18/06/2025	250,000	2024/2025
	Homa Bay County Treasury transfer for operations	30/06/2025	250,000	2024/2025
			<b>2,500,000</b>	
b.	Development Grants	Bank Statement Date	Amount (Kshs.)	FY to which the amounts relate
c.	Direct Payments	Bank Statement Date	Amount (Kshs.)	FY to which the amounts relate
	Direct Payments by The County Government	30/06/2025	2,750,000	2024/2025
			<b>2,750,000</b>	

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

**MANAGER**  
 NDHIWA MUNICIPALITY  
*[Signature]*  
 11 AUG 2025  
 P.O. BOX 61-10300 NDHIWA  
 COUNTY GOVERNMENT

*[Signature]*

Signed by the Head of Accounts of the Entity and the transferring Entities