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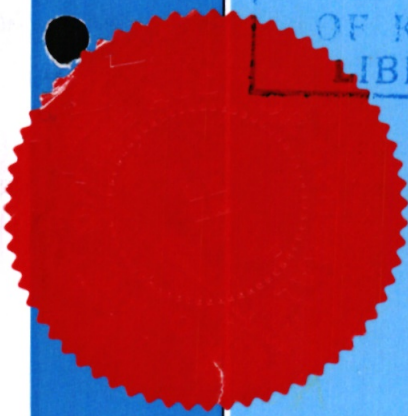
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REPORT

OF

PAPERS LAID	
DATE	15/11/2022
TABLED BY	Senate Majority klhip
COMMITTEE	-
CLERK AT THE TABLE	I. Mbaya

THE AUDITOR-GENERAL

ON

MUNICIPALITY OF KITALE

**FOR THE YEAR ENDED
30 JUNE, 2021**



**TRANS NZOIA COUNTY
MUNICIPALITY OF KITALE**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2021**

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

MUNICIPALITY OF KITALE
Reports and Financial Statements
For the year ended June 30, 2021

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1. KITALE MUNICIPALITY KEY INFORMATION AND MANAGEMENT

a) Background information

Kitale Municipality is established by and derives its authority and accountability from Section 9 of the Urban Areas and Cities Act 2011 (amendment 2019) as well as section 1 of the Municipality Charter - Subsidiary Legislation, 2019. The Municipality is wholly owned by the County Government of Trans Nzoia and is domiciled in Kenya.

The municipality's objective is to provide quality physical infrastructure for efficient and accountable management of the affairs, provide for governance mechanism that will enable the inhabitants of the Municipality to: -

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

b) Principal Activities

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The principal activity/mission/ mandate of the Municipality is to provide infrastructure and services to the residents in an effective and efficient manner.

c) Members - Municipality of Kitale Board

Ref	Name	Position
1	Mr. Werunga Shaban	Chairman
2	Mr. Patrick Nyongesa	Manager Municipality/Secretary (ex officio)
3	Mrs. Alice Waruguru	Vice Chair
4	Mr. Festus M Litiku	Member
5	Mr. Peter Chemengich	Member
6	Mr. Martin Waliaula	Member
7	Mrs. Ann Tulienge	Member
8	Mr. David Kimeli	Member
9	Hon. Christine Tanguli	Member (CECM Urban)
10	Mrs Susan Ngera	Member (CO Urban)

Key Management of Municipality of Kitale

Ref	Name	Position
1	Hon. Christine Tanguli	Member (CECM Urban)
2	Mr Shabaan Werunga	Chairman
3	Emmanuel Wanjala	CO Finance
4	Mrs Susan Ngera	Member (Chief Officer Urban)
5	Mr. Patrick Nyongesa	Manager Municipality/Secretary

d) Fiduciary Oversight Arrangements

- *Internal Audit*
- *Finance committee*
- *Parliamentary Oversight Committees*
- *Development partner*

e) Registered Offices

Former MMEA Building
P.O. Box 4211, 30200
Kitale,

MUNICIPALITY OF KITALE
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f) Entity Contacts

Telephone: (254) 0724400563

Website: www.kitalemunicipality@transnzoiacounty.go.ke

g) Entity Bankers

1. CENTRAL BANK OF KENYA Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

NAIROBI, KENYA

2. EQUITY BANK

KITALE BRANCH

P.O. Box 801- **30200**

KITALE

3. SBM BANK

KITALE BRANCH

P.O. Box 2060 – 30200

KITALE

h) Independent Auditors of the Entity

Auditor General

Kenya National Audit Office

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

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i) a. Principal Legal Adviser of the entity

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200




Nairobi, Kenya

b) County Attorney



P.O. Box 4211 - 30200

KITALE



2. THE MUNICIPALITY OF KITALE BOARD MEMBERS

Name	Details of qualifications and experience
 <p>1. Mr. Erry Shaban Werunga</p>	<p>Date of birth: 06/02/58</p> <p>Key academic: PHD ongoing</p> <p>Bachelor of Arts- Agra University, 1988</p> <p>Post Graduate Diploma in Business Administration- Asian Institute of advance studies</p> <p>Diploma in Education Training Humanities at Kagumo TTC</p> <p>Certificate in Computer Application</p> <p>Work experience: Professional qualifications :2016 – to date consultant National Crime Research Centre</p> <p>20 years in Government Working.</p> <p>Kitale Municipality Board Chairman</p>
 <p>2. Hon. Christine Tanguli. CECM Land, Housing Physical planning and Urban Dev.</p>	<p>Date of birth: 19/05/1972</p> <p>Key academic: BSc (Mathematics/Physic)</p> <p>Professional qualifications: 7 years with World Lutheran Federation</p> <p>13 years as Director for Shekinah Glory Community Project</p> <p>4 Years as CECM for County Government of Trans Nzoia</p> <p>Work experience: 24 years</p> <p>Position :Ex-Officio Member of the Board</p>
 <p>3. Susan Ngera CO Land, Housing Physical planning and Urban Dev</p>	<p>Date of birth: 08/10/1970</p> <p>Key academic: MSc Entrepreneurship, BSc. Agriculture and Home Economics</p> <p>Professional qualifications:</p> <p>Work experience: 22 years' work experience in Civil Service</p> <p>Position: Ex- Officio member of the board</p>



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<p>4.  CS Patrick Nyongesa Mukamo. Municipality Manager</p>	<p>Date of birth :06/06/1972</p> <p>Key academic: MBA Finance on going at Kenyatta University. BED Arts Kenyatta University Diploma in Supply and Procurement- Chartered institute of purchasing and supply- UK CPAK - KASNEB CPSK – KASNEB 2003 KCSE B- 1990</p> <p>Member of Certified Public Secretary.</p> <p>Professional qualifications: Certified Public Accountant, Certified Public Secretary and a Member of ICPAK</p> <p>Work experience: 2018 to date: Municipal Manager, Kitale Municipality, Trans Nzoia County 2013 to 2018, Principal Administrative Officer- West Pokot County. 1 Year County Clerk- Pokot County Council. 2 Year Town Clerk Kimilili Municipal Council. 1 Year Senior Administrative Officer – Kitale Municipal Council. 6 Year Graduate Teacher TSC.</p> <p>Position: secretary to Board/ ex officio</p>
<p>5.  Mrs Alice Waruguru. Kitale Municipality vice Chair</p>	<p>Date of birth: 19/05/1968</p> <p>Key academic: Ongoing Masters in entrepreneurship JKUAT KACE 3 principles,1 Subsidiaries 1989 KCE DIV 111</p> <p>Professional qualifications: Director Eden Rock hardware, Director Wali consultants and innovators Chairlady for Youth and Women Municipality Board Member Kitale Club</p>


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	<p>Work experience: 2 years with ACDI/VOCA in partnership skills training farmers.</p> <p>1 month in the Panellist in the recruitment of the Trans Nzoia County Public Service Board and the County Secretary.</p>
<p>6.  Mrs Anne Tulienge- Member</p>	<p>Date of birth: 02/09/1974</p> <p>Key academic: MBA Finance ongoing at Moi University Bachelor of Business Management (Finance & Banking) Moi University. Diploma in Business management Moi University. CPA Finalist, KASNEB KCSE C Computer Application Certificate.</p> <p>Professional qualifications: Certified Public Accountant, and a Member of ICPAK</p> <p>Work experience: Aug 2018 to date – Part time lecturer JKUAT May 2016-date Part Time Lecturer Moi University. Work Experience :13-years Sr. Freda’s Medical Centre Chairperson finance, trade, Markets and Industrialization.</p>
<p>7.  Mr. Peter Chemengich- Member</p>	<p>Date of birth: 20/06/1963</p> <p>Key academic: Bachelor of Science Agriculture UON 1989 KACE 1984</p> <p>Professional qualifications: 2014 constituency member</p> <p>Work experience:4 years Civic Educator / T.O.T, IEBC 3 years’ Voluntary service overseer Nigeria. 1-year cooperative officer Ministry of cooperative and Development Trans Nzoia. 3 years District Committee Member Constitutional Review</p>



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	<p>Commission of Kenya. 3 years Sales Person Bayer East Africa Ltd. 6 years Farm Manager ADC Chairperson: environment, sanitation and Water Kitale Municipality</p>
<p>8.  Mr David Lagat - Member</p>	<p>Date of birth: Aug 1984 Key academic: diploma in Pharmaceutical Technology Professional qualifications: Pharmacist Work experience: 12 years in pharmaceuticals Chairperson Education Social services, sports and Housing</p>
<p>9.  Mr. Festus Litiku – Board Member</p>	<p>Date of birth:16/09/1946 Key academic: B.A. Hons (Building Economics University of Nairobi 1973 Professional qualifications: to date is the Director and proprietor of Litiku Consultancy- QTY surveyors. 1980 – 1981 : Senior Quantity Surveyor, Indus Construction Company Ltd. 1976 – 1980 : Senior Quantity Surveyor, Armstrong & Duncan (K), Consulting Quantity Surveyors. 1973 – 1976 : Graduate Quantity Surveyor with Armstrong & Duncan (K), Consulting Quantity Surveyors. Work experience: 1980 – 1981: Project Quantity Surveyor and Site Manager for Indus Construction Company Ltd. Executed and supervised many projects all over Kenya, supervising workers, organising sites and representing company in project meetings. 1973 – 1980 : Worked in a professional quantity surveying firm of Armstrong & Duncan (K), carrying out all aspects of quantity surveying, from inception to completion, preparing and agreeing of final accounts.</p>



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	Chairperson Infrastructure, Public Works, Transport and Urban Development.
 10. Mr.Martin Waliaula	<p>Date of birth:28/01/1970</p> <p>Key academic: Bachelor Business Admin (Marketing) kisii university</p> <p>Professional qualifications: Marketer.</p> <p>Work experience: 15 Years</p>

3. MANAGEMENT TEAM

Name	Details of qualifications and experience
<p>1.  Hon Christine N. Tanguli CECM urban</p>	<p>Date of birth: 19/05/1972 Key academic: BSc (Mathematics/Physic) Professional qualifications: 7 years with World Lutheran Federation 13 years with Shekinah Glory Community Project 4 Years County Government of Trans Nzoia Work experience: 24 years Position :Ex-Officio Member of the Board</p>
<p>2. Emmanuel Wanjalla</p>	<p>Chief Officer Finance</p>
<p>3.  Mr. Shaban Werunga.</p>	<p>Date of birth: 06/02/58 Key academic: PHD ongoing Bachelor of Arts- Agra University, 1988 Post Graduate Diploma in Business Administration- Asian Institute of advance studies Diploma in Education Training Humanities at Kagumo TTC Certificate in Computer Application Work experience: Professional qualifications :2016 – to date consultant National Crime Research Centre 20 years in Government Working. Kitale Municipality Board Chairman</p>

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<p>1.</p>  <p>Mrs Susan Ngera CO Land, Housing Physical planning and Urban Dev</p>	<p>Date of birth: 08/10/1970</p> <p>Key academic: MSc Entrepreneurship, BSc. Agriculture and Home Economics</p> <p>Professional qualifications:</p> <p>Work experience: 22 years' work experience in Civil Service</p> <p>Position: Ex – Officio Member of the Board</p>
<p>2.</p>  <p>CS. Patrick Mukamo Nyongesa</p>	<p>Date of birth : 06/06/1972</p> <p>Key academic: MBA Finance on going at Kenyatta University. BED Arts Kenyatta University Diploma in Supply and Procurement- Chartered Institute of purchasing and supply- UK CPAK - KASNEB CPSK – KASNEB 2003 KCSE B- 1990 Member of Certified Public Secretary.</p> <p>Professional qualifications:</p> <p>Work experience: 2013 to date, Principal Administrative Officer- West Pokot County. 1 Year County Clerk- Pokot County Council. 2 Year Town Clerk Kimilili Municipal Council. 1 Year Senior Administrative Officer – Kitale Municipal Council. 6 Year Graduate Teacher TSC.</p> <p>Position: Secretary to Board/ ex officio</p>

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For the year ended June 30, 2021

5. MUNICIPALITY OF KITALE BOARD CHAIRPERSON'S REPORT

Changes in the Municipality during the year (the board or key management team)

The board members were appointed and gazetted on 28th March, 2019.

Review of the Municipality's performance

The Municipality received grants of Ksh 299,106,900 under Urban Development Grant for development activities and Ksh 8,800,000 under Urban Institutional Grant for Recurrent during the financial year 2020/2021. The Municipality incurred total expenses of Kshs. 24,578,028 comprising of Finance Cost Kshs.10940/=, use of Goods Kshs. 18,739,688 Board Members Remuneration Kshs. 2,191,100/= and Employee Costs Kshs. 3,636,300/= during the period under review.

During the year under review, the Municipality of Kitale undertook two projects (i) to construct a Multi storey business complex. The progress is at 43% (it is a two-year rolling project). This was identified as a flagship project to provide decent market stalls to small scale traders and hence improve their economic livelihoods and minimize street hawking. (ii) Upgrading of Bara Bara Mpya from gravel to Bitumen standards which at the end of the financial year was at 60%. This will ease move around the areas along the road.

Future outlook of the Municipality

The Municipality Board shall endeavour to initiate key infrastructural projects in furtherance of its mandate to provide infrastructure and services to the residents in an effective and efficient manner.

Signed: Shabaan Werunga

Date: 14/07/22

FRY Shabaan Werunga

MUNICIPALITY OF KITALE
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6. REPORT OF THE MUNICIPAL MANAGER/ AIE HOLDER

The Municipality received grants of Ksh 299,106,900 under Urban Development Grant for development activities and Ksh 8,800,000 under Urban Institutional Grant for Recurrent. The Municipality incurred total expenses of Kshs. 19,246,599 comprising of Finance Cost Kshs.10940/=, use of Goods Kshs. 13,408,259, Board Members Remuneration Kshs.2, 191100/= and Employee Costs Kshs. 3,636,300/= during the period under review.

During the year under review, the Municipality of Kitale undertook two projects (i) to construct a Multi storey business complex. The progress is at 43% (it is a two-year rolling project). This was identified as a flagship project to provide decent market stalls to small scale traders and hence improve their economic livelihoods and minimize street hawking. (ii) Upgrading of Bara Bara Mpya from gravel to Bitumen standards which at the end of the financial year was at 60%. This will ease movement around the areas along the road.

The Municipality of Kitale shall endeavour to initiate key infrastructural projects in furtherance of its mandate to provide infrastructure and services to the residents in an effective and efficient manner.

Signed:  _____

CS. PATRICK M. NYONGESA

7. STATEMENT OF PERFORMANCE AGAINST MUNICIPALITY KITALE'S PREDETERMINED OBJECTIVES

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of Kitale Municipality does in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board which includes a statement of the Municipality of Kitale's performance against predetermined objectives.

The key development objectives of the Municipality of Kitale 2018-2022 plans are to:

a) Provide quality physical infrastructure in the Municipality.

During the year under review, the Municipality of Kitale undertook to construct a Multi storey business complex. The progress is at 43% (it is a two-year rolling project).

This was identified as a flagship project to provide decent market stalls to small scale traders and hence improve their economic livelihoods and minimize street hawking.

Progress on attainment of Strategic development objectives adopted from Municipality of Kitale.

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Construction of a business centre	Provide decent market stalls to small scale traders in the Municipality.	We expect to reduce hawking and therefore decongest the town when the building is complete. ii) Improve livelihoods of traders. iii) Organised town.	On-going pilling works on the Multi storey business complex.	In FY 20/21 we were at 43% complete

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Upgrading of Barabara Mpya from Gravel to Bitumen and walk ways	To improve urban road connectivity	Reduce time taken to access regions. Decongest roads Enhance developments/investments	1.75 km of upgraded roads. 1.75km of foot paths and walkways upgraded. 1.75 Km of drainage upgraded	60% complete

8. CORPORATE GOVERNANCE STATEMENT

The Municipality was awarded a charter through Trans Nzoia County Subsidiary Legislation, 2019. The board comprises of nine (9) members who were appointed and gazetted on 28th March, 2019 after a successful vetting by the County Assembly.

Induction for the board members were conducted on 4th August to 9th August, 2019

The board members remuneration is guided by the provisions of Salaries and Remuneration Commission (SRC) circular on remuneration of members of the City/Municipality Boards and Town Committees referenced SRC/TS/CG/3/61/19(38) dated 27th February, 2019.

The board has constituted five sub-committees to facilitate effective discharge of its oversight roles, namely,

s/no.	COMMITTEE NAME	COMMITTEE CHAIR
1	Infrastructure Public Works, Transport and Urban Development	Mr. Festus Litiku
2	Finance, Trade, Markets & Industrialization	MS Ann Tulienge
3	Audit Committee	Mr. Werunga Shabaan
4	Environment Sanitation Water	Mr. Peter Chemengich
5	Education, Social Services, Sports & Housing	Mr. David Langat

During the period under review, the year 2020/2021 the Board held 4 Full Board Meetings, 3 special Board Meetings and Committee meetings.

9. MANAGEMENT DISCUSSION AND ANALYSIS

The Municipality received grants of Ksh 299,106,900 under Urban Development Grant for development activities and Ksh 8,800,000 under Urban Institutional Grant for Recurrent. The Municipality incurred total expenses of Kshs. 24,578,028/= comprising of Finance Cost Kshs.10940/=, use of Goods Kshs. 18,739,688/=, Board Members Remuneration Kshs. 2,191,100/= and Employee Costs Kshs. 3,636,300/= during the period under review.

During the year under review, the Municipality of Kitale undertook two projects (i) to construct a Multi storey business complex. The progress is at 43% (it is a two-year rolling project). This was identified as a flagship project to provide decent market stalls to small scale traders and hence improve their economic livelihoods and minimize street hawking. (ii) Upgrading of Bara Bara Mpya from gravel to Bitumen standards which at the end of the financial year was at 60%. This will ease move around the areas along the road.

During the period under review the Municipality did not remit tax deductions totalling to Kshs. 1,973,044 as a result of interpretations of changes in VAT i.e. 6% to 2%.

10. ENVIROMENTAL AND SUSTAINABILITY REPORTING

No CSR activities are undertaken during the year.

MUNICIPALITY OF KITALE
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12. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, The Manager, Municipality of Kitale shall prepare financial statements for the Municipality in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Manager Municipality of Kitale 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, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that they 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 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 Manager Municipality of Kitale accepts responsibility for the Municipality's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and derive its authority and accountability from Kenya Urban Areas and Cities Act 2011 (amendment 2019). The Manager Municipality of Kitale is of the opinion that the Municipality's financial statements give a true and fair view of the state of Municipality's transactions during the financial year ended June 30, 2021, and of the Municipality's financial position as at that date. The Manager Municipality of Kitale further confirm the completeness of the accounting records maintained for the Municipality, which have been relied upon in the preparation of the Municipality's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Manager Municipality of Kitale has assessed the Municipality's ability to continue as a going concern and disclosed, as applicable, matters relating

11. REPORT OF THE KITALE MUNICIPALITY BOARD.

The Board Members submit their report together with the audited financial statements for the year ended June 30, 2021 which shows the state of the Municipality affairs.

Principal activities

The principal activities of the Municipality are to provide quality physical infrastructure, governance mechanism for efficient and accountable management of the affairs by the inhabitants of the Municipality.

Results

The results of the Municipality for the year ended June 30, 2021 are set out on page 1 to 5

Board Members

The members of the Board who served during the year are shown on page vi-x. There were no changes in the Board during the financial year ended 30 June, 2021.

Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (County Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The entity did not remit any surplus since it is a non-profit making entity

Auditors

The Auditor General is responsible for the statutory audit of the Municipality in accordance with Article 229 of the Constitution of Kenya and in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor. The statutory Audit is for the year ended June 30, 2021.

By Order of the Board.

Name **PATRICK MUKANO NYONJESO**
Corporate Secretary/Secretary to the Board

Signature



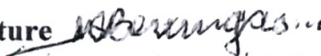
Date


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attention of the Manager Municipality of Kitale 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

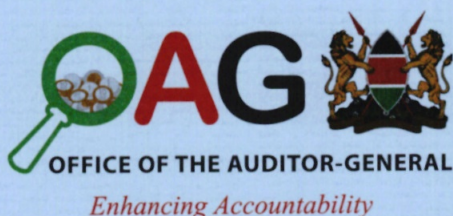
The Kitale Municipality's financial statements were approved by the Board on _____ 2021 and signed on its behalf by:

Signature 
Name **WERUNGA M.S. EARY**
Chairperson of the Board

Signature 
Name **PATRICK MUKANO NYONIHEZA**
Accounting Officer **UL 2021**

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR GENERAL ON MUNICIPALITY OF KITALE FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Municipality of Kitale set out on pages 1 to 16, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Municipality of Kitale as at 30 June, 2021, and 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 and Urban Areas and Cities Act, 2011.

Basis for Qualified Opinion

1. Property, Plant and Equipment

1.1 Unsupported Work-In-Progress

The statement of financial position and as disclosed in Note 8 to the financial statements reflects a balance of Kshs.392,376,681 in respect of property, plant and equipment which includes a balance of Kshs.390,958,729 relating to work-in-progress, for the construction of a multi storey business complex. However, the construction was undertaken on a parcel of land whose ownership documents were not in the name of the Municipality.

The contract for the works was awarded to a local construction company at a contract sum of Kshs.874,280,383. The contract period was seven hundred twenty-eight (728) days commencing 10 June, 2019, and expected completion date was 10 June, 2021. As at 30 June, 2021, the contractor had been fully paid the contract amount of Kshs.390,958,729.

Review of records revealed that the works were sub-contracted to various sub-contractors. However, contract agreements between the main contractor and sub-contractors were not provided for audit review.

Further, bills of quantity and engineers' estimates were not provided for audit review while site meeting minutes provided were not signed. It was, therefore, not possible to confirm the scope of works and the contract sums for each sub-contractor.

In the circumstances, the accuracy, ownership and valuation of the property, plant and equipment balance of Kshs.392,376,681 could not be confirmed.

1.2 Inaccuracies in the Property, Plant and Equipment Schedule

The statement of financial position and as disclosed in Note 8 to the financial statements reflects a balance of Kshs.392,376,681 in respect of property, plant and equipment which includes a balance of Kshs.299,950 and Kshs.1,118,000 relating to furniture and fittings and computers respectively. However, depreciation charges for the year and the net book values were not indicated.

In the circumstances, the accuracy, completeness and fair value of the property, plant and equipment balance of Kshs.392,376,681 could not be confirmed.

2. Undisclosed Bank Accounts

The statement of financial position reflects cash and cash equivalents balance of Kshs.274,110,366 which as disclosed in Note 6 to the financial statements comprises of Kshs.459,060 and Kshs.273,651,306 relating to recurrent and development accounts respectively maintained at Equity Bank.

However, review of records revealed that the Municipality maintains two (2) other bank accounts, KUSP (Kenya Urban Support Program) special account and its corresponding GOK counterpart account with unknown balances, which have not been disclosed in the financial statements. Further, bank reconciliation statements for the two accounts were not provided for audit.

In addition, cash books for the four (4) bank accounts maintained by the Municipality Board were not signed monthly by the officer maintaining them and checked by an officer senior to the person maintaining them.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.274,110,366, could not be confirmed.

3. Incorrect Recognition of Development Grants

The statement of financial performance reflects, revenue from non-exchange transactions amount of Kshs.299,106,900 which as disclosed in Note 1 to the financial statement relates to urban development grants received from the World Bank. However, according to International Public Sector Accounting Standards (IPSAS) 1, this item is supposed to be reported in the statement of financial position under net assets.

Consequently, the presentation of the financial statements was not in conformity with the requirements of the Accounting Standards.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects actual receipts of Kshs.307,917,900 against the actual expenditure of Kshs.24,578,028 resulting to under-expenditure of Kshs.283,339,872 or 92% of the actual receipts.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with the Public Sector Board in the Presentation of the Financial Statements

The financial statements presented for audit for the financial had the following anomalies;

- i. The financial statements were not signed by the Chairman and Secretary to the Board.
- ii. The statement of changes in net assets is not prepared in the format prescribed in the financial reporting template. Further, an additional column has not been included on capital development grants while the rows do not reflect movement of balances from one year to another, showing opening balances, additions during the year and closing balances.
- iii. The statement of comparison of budget and actual amounts submitted for review did not reflect the figures under performance differences and percentage.

In the circumstances, presentation of the financial statement do not conform to the requirements of the Public Sector Accounting Standards Board.

2. Late Submission of Financial Statements

The financial statements of the Municipality of Kitale for the year ended 30 June, 2021, were submitted for audit on 25 October, 2021, contrary to Section 47(1) of the Public Audit Act, 2015, which states that financial statements should be submitted to the Auditor-General for audit within three months after the end of the fiscal year to which the accounts relate.

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

3. Long Outstanding Sundry Debtors

The statement of financial position reflects a balance of Kshs.700,000 which as disclosed in Note 7 to the financial statements relates to imprest balance brought forward from 2019/2020 financial year. However, no explanation was provided for the failure to recover the long outstanding imprest, contrary to Regulation 93(5) of the Public Finance Management (County Governments) Regulations, 2015, which states that a holder of a temporary imprest shall account for or surrender the imprest within seven (7) working days after returning to duty station.

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

4. Non-Compliance with the Law on Staff Ethnic Diversity

Review of records revealed that during the year under review, the Board was made up of nine (9) members out of which, seven (7) members or 78% were from the dominant community. This is contrary to Section 65(1)(e) of the County Governments Act, 2012, which provides that at least 30% of the staff establishment in a County Government entity be filled by staff from communities other than the dominant local community.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether 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 Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015, and submit

the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipalities' ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Municipality to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Municipality to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

13 October, 2022

MUNICIPALITY OF KITALE
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For the year ended June 30, 2021

14. FINANCIAL STATEMENTS.

14.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED JUNE 2021

	Note	2020/2021	2019/2020
		Kshs	KShs
Revenue from non-exchange transactions			
Grants received – development (UDG)	1	299,106,900	340,306,900
- Recurrent (UIG)	1	8,800,000	
Other receipts - allowances re-banked	1	11,000	
Total revenue		307,917,900	340,306,900
Expenses			
Use of goods and Services	2	(18,739,688)	(27,012,000)
Employees Costs	3	(3,636,300)	(10,899,800)
Remuneration of Board	4	(2,191,100)	
Finance Costs	5	(10,940)	(8420)
Total expenses		(24,578,028)	(37,920,220)
Surplus for the period		283,339,872	302,386,680

The notes set out on pages 12 to 15 form an integral part of these Financial Statements

Accounting Officer

Name: PATRICK MUKAMO
 NYONGE SA

Date

Head of Finance

Name CAROLINE CHEBET

ICPAK Member Number: 26048

Date

Chairman of the Board

Name: WERUNGA M. SHABATI
 FARU

Date 14/07/22

MUNICIPALITY OF KITALE
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For the year ended June 30, 2021

14.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2020/2021	2019/2020
		Kshs	KShs
Assets			
Current Assets			
Cash and cash equivalents	6	274,110,365.9	71,358,441
Sundry Debtors	7	700,000	700,000
Non-current assets			
Property, Plant and Equipment (work in progress)	8	392,376,679	277,409,273
TOTAL ASSETS		667,187,045	349,467,714
Liabilities			
Current Liabilities	9	81,460,495	47,081,034
Total Liabilities		81,460,495	47,081,034
Accumulated Surplus		585,726,551	302,386,680
TOTAL NETASSETS & LIABILITIES		667,187,047	349,467,714

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Municipality of Kitale financial statements were approved on _____ 2021 and signed by:

Accounting Officer
 Name: PATRICK MUKAMO NYONGE SA
 Date

Head of Finance
 Name CAROLINE CHEBET
 ICPAK Member Number: 26048
 Date

Chairman of the Board
 Name: WERUNGA M. SHABAN JERRY
 Date 14/07/22

MUNICIPALITY OF KITALE
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14.3. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021

	Accumulated surplus	Total
	KShs	KShs
Balance as at 1 July 2019		-
Surplus for the period 2019-2020	302,386,680	302,386,680
Surplus for the period 2020-2021	283,339,872	288,671,301
Balance as at 30 June	585,726,552	591,057,981

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14.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020/2021	2019/2020
		Kshs	KShs
Cash flows from operating activities			
Receipts			
Grants received	1	307,906,900	340,306,900
Other receipts-allowance re banked	1	11,000	
Total Receipts	1	307,917,900	340,306,900
Payments			
Use of goods and services	2	(18,739,688)	(27,012,000)
Employees Costs	3	(3,636,300)	(10,899,800)
Remuneration of Board	4	(2,191,100)	
Finance Costs	5	(10,940)	(8420)
TOTAL PAYMENTS		(24,578,028)	(37,920,220)
Cash flows from operating activities		283,339,872	302,386,680
Adjusted for:			
(Increase) in Sundry Debtors	7	(0)	(700,000)
Increase in Accounts Payables	9	(34,379,460)	(47,081,035)
Net cash flows from operating activities		317,719,332	348,767,715
Cash flows from investing activities			
Additions to Property, Plant and Equipment	8	(114,967,406)	(277,409,273)
Net cash flows used in investing activities		202,751,926	(277,409,273)
Net increase/(decrease) in cash and cash equivalents		202,751,925	71,358,441
Cash and cash equivalents at 1 July 2020		71,358,441	0
Cash and cash equivalents at 30 June 2021	6	274,110,365.9	71,358,441

Accounting Officer

Name: PATRICK MUKAMO
 NYONUNGA
 14 JUL 2022

Date

Head of Finance

Name CAROLINE CHEBET
 ICPAK Member Number: 26048

Date

Chairman of the Board

Name: WERUNGA M. SHABAN
 KERRY

Date 14/07/22

14.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilization
	2020/2021	2020/2021	2020/2021	2020/2021	2021	2020
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Grant received-development	299,106,900	-	299,106,900	299,106,900		-
Grant received- recurrent	18,800,000		18,800,000	18,800,000		
other-receipts allowance re-banked				11,000		
Total income	317,906,900	-	307,906,900	307,917,900		-
Expenses						
Use of goods and Services				18,739,688		-
Employees Costs				3,636,300		
Remuneration of Board				2,191,100		
Finance Costs				10,940		-
Total expenses	18,800,000		18,800,000	24,578,028		
Surplus for the Period				283,339,872		-

15. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

The Municipality's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Municipality. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

2. Adoption of new and revised standards

a) Early adoption of standards

Kitale Municipality adopt IPSAS Accrual Reporting Framework in in year 2020.

3. 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 Kitale Municipality and can be measured reliably.

4. Budget information

The original budget for FY 2020/2021 was approved by the County Assembly on 16th August 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities in the Supplementary budget passed by the County Assembly on 21st December 2020.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

The additional appropriations are added to the original budget by Kitale Municipality upon receiving the respective approvals in order to conclude the final budget. Kitale 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.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actual as per the statement of financial performance has been presented under section note 14 of these financial statements.

5. Property, plant and equipment

All property, plant and equipment are stated at cost. 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, Kitale 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Changes in accounting policies and estimates

Kitale 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.

7. Related parties

Kitale Municipality regards a related party as a person related to Kitale Municipality with the ability to exert control individually or jointly, or to exercise significant influence over the Kitale Municipality, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

8. 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 the Central Bank of Kenya and 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.

9. Comparative figures

Comparative figures for the Municipality are shown against notes to the financial statements.

10. Events after the reporting period

There were no material adjusting and non- adjusting events after the reporting period.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Ultimate and Holding Kitale Municipality

Kitale Municipality is a County Public Municipality established by Urban Areas and Cities Act 2011 (Amendment 2019) under the Ministry of Land, Housing, physical Planning and Urban Development Its ultimate parent is the County Government of Trans Nzoia.

12. Currency

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

13. Significant judgments and sources of estimation uncertainty

The preparation of Kitale 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.

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:

The condition of the asset based on the assessment of experts employed by Kitale Municipality

The nature of the asset, its susceptibility and adaptability to changes in technology and processes

The nature of the processes in which the asset is deployed

Availability of municipality to replace the asset

Changes in the market in relation to the asset

14. Financial Risk Management

	Less than 1 month	Between 1-3 months	Over 5 months	Total 2020/2021
	KShs	KShs	KShs	KShs
TRADE PAYABLES				
At 30 June 2021			81,480,495	81,480,495
Total				
At 30 June 2020			47,081,034	47,081,034
Total	-	-	128,541,529	128,541,529

a) Liquidity risk management

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

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

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b) 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. Kitale Municipality capital structure comprises of the following Municipality:

	2020/2021	2019/2020
	Kshs	KShs
Accumulated surplus b/f	302,386,680	
Accumulated surplus for the period	283,339,872	302,386,680
Totals	585,726,552	302,386,680
Less: cash and bank balances	274,110,365.9	71,358,441
Net excess cash and cash equivalentents	311,616,186.0	231,028,239

16. NOTES TO THE FINANCIAL STATEMENTS

1. Revenue from Non Exchange Transactions

Description	2020/2021	2019/2020
	Kshs	KShs
Grants received – Development (UDG)	299,106,900	299,106,900
Grants received – Recurrent (UIG)	8,800,000	41,200,000
Other receipts- unpaid allowance re-banked	11,000	
Total income	307,917,900	340,306,900

A board member did not attend a meeting and so his sitting allowance was re-banked.

2. Use of goods and Services

Description	2020/2021	2019/2020
	Kshs	KShs
Office utilities	350,000	
Staff and Board Members Training	12,740,000	2,806,500
Fuel, oil & lubricants	70,000	412,050
Printing and stationery	528,568	793,540
Event facilitation	466,000	
Administration cost		19,792,700
Operationalization of bus park	763,950	
Public for a	3,371,250	3,207,210
Advert on Bara bara Mpya Contract	216,920	
Evaluation cost on Barabara mpya contract	233,000	
Total	18,739,688	27,012,000

3. Employee costs

Description	2020/2021	2019/2020
	Kshs	KShs
Local Travel Accommodation and allowances	3,636,300	10,899,800

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Remuneration of the Board

Description	2020/2021	2019/2020
	kshs	KShs
Local Travel and Accommodation allowances	1,328,100	
Board Sitting allowances	863,000	
Total	2,191,100	

5. Finance costs

Description	2020/2021	2019/2020
	kshs	KShs
Bank charges- equity bank	10,940	8,420

6. Cash and cash equivalents

Description	2020/2021	2019/2020
		KShs
Equity Bank A/C No. 0330279238289- Recurrent:	459,059.5	11,762,990
Equity Bank A/C No. 0330278998033- Development	273,651,306.44	59,595,451
Total cash and cash equivalents	274,110,365.9	71,358,441

7. Current portion of Receivables/ sundry Debtors

Description	2020/2021	2019/2020
		KShs
Current Receivables		
Balance b/f	700,000	0
Imprest issued during the year	0	2,000,000
Less: portion of imprest surrendered	0	(1,300,000)
Total Current receivables	700,000	700,000

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8. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Plant and equipment	Capital Work in progress	TOTALS
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	
As at 1July 2019	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	277,409,273	277,409,273
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
As at 30th June 2020	-	-	-	-	-	-	277,409,273	277,409,273
Additions	-	-	299,950	1,118,000	-	-	113,549,456	113,549,456
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
As at 30th June 2021	-	-	299,950	1,118,000	-	-	390,958,729	392,376,679
Depreciation and impairment	-	-	-	-	-	-	-	-
At 1July 2019	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-	-
As at30 June 2020	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-

We have not provided for depreciation because we have not received a circular from the County Treasury. The building is still work in progress and the Land built on is a heritage which has not been valued. Furniture and fittings, computers were purchased 3 months to the close of the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Trade and other payables/ pending Bills

Description	2020/2021	2019/2020
	Kshs	KShs
Accrued taxes- Vat 6% and 2% Shiv co	1,973,044	19,134,717
GTON Co. Ltd 2% vat	31,631	
GTON Co. Ltd Vat difference	63,258	
10% retention money- Shiv co.	25,800,285.65	27,740,928
Excess refund from Multi Works	0	205,390
Eden Wilsons	5,331,428.57	
SHIV construction co ltd- Cert.5	48,260,848.00	
Total trade and other payables	81,460,495.00	47,081,034

MUNICIPALITY OF KITALE
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17. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR’S RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (<i>Name and designation</i>)	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>