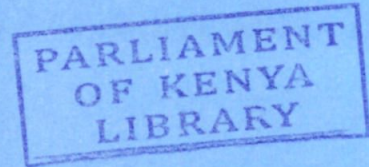


REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

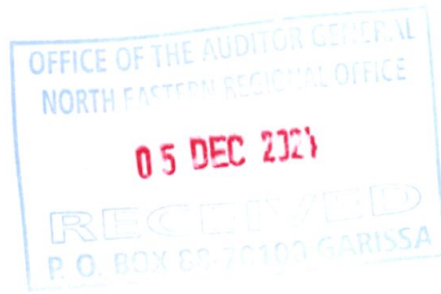
ON

MANDERA MUNICIPALITY

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

COUNTY GOVERNMENT OF MANDERA

PAPERS LAID	
DATE	6/13/2025
TABLED BY	Dep May Whip
COMMITTEE	
CLERK AT THE TABLE	Maalim



MANDERA MUNICIPALITY
County Government of Mandera

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30th JUNE 2024**

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



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



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1. Acronyms and glossary of terms

PSASB	Public Sector Accounting Standards Board
FY	Financial Year
OSHA	Occupational Safety & Health Act
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
EMCA	Environment Management and Coordination Act
NEP	National Environment Policy
ESMMP	Environmental & Social Management and Monitoring Plan
CEAP	County Environment Action Plan
IPSAS	International Public Sector Accounting Standards
SNA	System of National Accounts



2. Key Entity Information and Management

a) Background information

Mandera Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011 and Cities and Municipal Charter on 27th August 2018. The Municipality is under the County Government of Mandera and is domiciled in Kenya.

b) Principal Activities

OUR VISION

A Prosperous and people-centred Municipality in Kenya.

OUR MISSION

To deliver exceptional services and promote a high quality of life for residents, visitors and businesses. The Municipality of Mandera principal activities are to;

- (i) Provide for efficient and accountable management of the affairs of the Municipality.
- (ii) Provide for a governance mechanism that will enable the inhabitants of the Municipality to;
 - a. Participate in determining the social services and regulatory framework which will best satisfy their needs and expectations.
 - b. Verify whether public resources and authority are utilized or exercised, as the case may be, to their satisfaction.
 - c. Enjoy efficiency in service delivery.
- iii) 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.
- (iv) Provide a high standard of social services in a cost-effective manner to the inhabitants of the Municipality.
- (v) 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.
- (vi) Providing for services and other matters for Municipality's benefit.
- (vii) Fostering the economic, social and environmental well-being of its community.

c) Mandera Municipality Board

Ref	Position	Name
1	Secretary	Matker M Noor
2	Chairman - Board	Kulow Mohamed Sheikh
3	Vice-Chair	Abdia Hussein Abdi
4	Board Members	Ahmed Mohamed Abdile
5	Board Members	Famsahara Adan Maalim
6	Board Members	Alinoor Ibrahim Alio
7	Board Members	Ibrahim Hassan Malow
8	Board Members	Salah Maalim Alio
9	Board Members	Zhulekha Osman
10	Board Members	Abdi A. Siyat

d) Key Management

Ref	Name	Position
1	Matker M Noor	Municipal Manager
2	Adan Abdi Baraka	HoD-Finance and Revenue Services
3	Amina Abdi Wahid	Deputy Manager



4	Feisal Ahmed Mohamed	HoD-Administrations Services
6	Mohamed Edin	HoD-Development Services.
7	Abdi Hussein Kahiye	HoD-Enforcement, Fire and Disaster Management.

e) **Fiduciary Oversight Arrangements**

- ✓ The Mandera Municipality Board
- ✓ The office of the Auditor General
- ✓ The office of the Controller of Budget
- ✓ Internal Auditors

f) **Registered Offices**

P.O. Box 13-70300
Roads and Public Works House
Jamia Mosque Road
Mandera, Kenya.

g) **Contacts**

Telephone: (+254) 723628228/0727965615
E-mail: info@mandera.go.ke
Website: www.mandera.go.ke

h) **Bankers**

Central Bank of Kenya

Haile Selassie Avenue
P.O. Box 60000 – 00200
Nairobi, Kenya

Equity Bank Ltd

Mandera branch
P.O. Box 123-70300
Mandera, Kenya

National Bank Kenya

Mandera Branch
P.O BOX 146 7000
Mandera, 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



3. Municipality Board

Name	Details of qualifications and experience
	<p>Kulow Mohamed Sheikh-Chairman He was born in 1967. He has an MA in International Relations and Diplomacy. Has over 25 years working experience in the governing sector. He is a Chair in Finance, Planning & Development Committee.</p>
	<p>Abdia Hussein Abdi-V/Chair She was born on 28-12-1989. She has a Diploma in Clinical and Community Health Nutrition and Has over 8 Years' Experience in that sector. She chairs the Enforcement, Fire and Disaster Management Committee.</p>
	<p>Salah Maalim Alio –Member- CECM He was born on 05-10.1969. He has an MSc. In Governance, Peace and Security. He has Over 15 Years' Experience in the Management Field. The Chair does not oversee any Committee in the Board.</p>
	<p>Zhuleikha Maalim Osman-CCO She born in 1989. She has a Bachelor's Degree in Business Administration and has worked as procurement officer at the county treasury and 8 Years working experience in a management level. She is also a Member of Audit, Risk, Governance & Compliance and also Energy and Environment Committee.</p>
	<p>Matker M Noor – Municipal Manager He was born in 1971. He has a Bachelor's Degree in Education and has worked as a teacher and had 28 Years working experience at a management level. He is Secretary to all Committees of the board except Audit, Risk, and Governance & Compliance.</p>
	<p>ALINOOR IBRAHIM ALIO- member With experience in cooperate world. He brings to the board the experience of how best Mandera Municipality work with Business sector and its stakeholders. He is aa member of Urban Development Committee, member of Enforcement, Fire and Disaster Management Committee and Finance, Audit, Risk, and Governance</p>

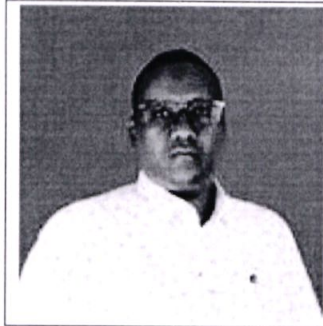


	<p>Famsahara Adan Maalim</p> <p>She was born in 1993. She has a Diploma in Business Management and has had 5 years of working experience. She chairs the Urban Development Committee. Member of Enforcement, Fire and Disaster Management Committee and Finance, Audit, Risk, and Governance</p>
	<p>Ibrahim Hassan Malow</p> <p>He was born in 03-02-1976. He has a Diploma in Adult Education and Community Development and has over 18 years working experience. He is Chairman of Finance, Audit, Risk, and Governance. Member of Compliance and Environment, Energy and Sanitation Committee.</p>
	<p>AHMED MOHAMED ABDILE</p> <p>Senior Educationist with vast experience in Education and Management. He is chairman of Environment, Energy and Sanitation Committee. Enforcement, Fire and Disaster Management Committee.</p>
	<p>ABDI A. SIYAT</p> <p>As principle of Neboi Secondary school. He has amassed wealth of knowledge insights and skill in management of board affairs. He is chairman of Enforcement, Fire and Disaster Management Committee. Member of Finance, Audit, Risk, and Governance and Environment, Energy and Sanitation Committee</p>



4. Management Team

Name	Details of qualifications and experience
	<p>Markar M Noor – Municipal Manager He was born in 1971. He is responsible for the overview of the municipality and its performance, the municipal board secretary and the head of the municipal staff. He has a Bachelor’s Degree in Education and has worked as a teacher and had 28 Years working experience at a management level.</p>
	<p>Amina Abdiwahid – Deputy Manager She was born in 1988. She has bachelor’s degree in Business Administration and a diploma in Business Management. She has worked as a teller at KCB Bank Eastleigh Branch. She is responsible in implementing the decisions and functions of the board of the municipality and assist in enforcement of the provisions of municipal charter and by-laws.</p>
	<p>Adan Abdi Baraka – H.O.D Finance and Revenue Services He was born in 1991 and has a Bachelor’s degree in Commerce and Another Bachelors of Arts in International Relations and Diplomacy. He is the HoD Finance and Revenue Services responsible for Finance, Strategy, Corporate services and Revenue Administration. Also developing summary feedback of financial statements and budget variances.</p>
	<p>Feisal Mohamed- H.O.D Administration He was born in 1989 and holds MBA Business Administration and has a Bachelor’s degree in Commerce (Supply Chain). He is responsible preparing training projections and preparing agenda and minutes for human resource advisory committee and ensure proper movement of files, documents and records in accordance with government regulations.</p>
	<p>Mohamed Edin – H.O.D Urban Development He was born in 1993. He has a bachelor in Geospatial and Space Technology Engineering. He worked at Spatial Research and Recourse Survey Limited. HoD-Development Services who is responsible for Lands & Planning; Infrastructure Development (public works including Roads, markets, bus parks, water, Drainage system, schools, health facilities etc.) and Business Development Departments</p>



Abdi Hussein
HoD-Community Services.

He was born in 1968. He is currently pursuing a Bachelor of Business Administration from the East African University and has a Diploma in Business Management from the Kenya Institute of Management. He has had an array of experience through his career life which includes the following: Project Manager of the Arid Lands; Project Coordinator of the Nomadic Agenda and Delivery and Monitoring Unit. He is responsible for Developing disaster management policy and strategies and various Mitigation factors in Fire and Disaster Management Department.



5. Municipality Board Chairperson's Report



Introduction

I am happy to present to you Mandera Municipality's financial statement for FY 2023–2024. It outlines the vision, objectives, and strategies of the Municipal Board. It spells out how we will fulfil our obligations to the people of Mandera Municipality and those of Mandera County. It is the result of extensive engagements with the people of Mandera and the county government of Mandera. It's anchored on the pillars we consider important for effective management of the municipality; and it's in line with our strategic priorities.

We thank all the people involved in the preparation of this document for their dedication, suggestions and advice. In particular, we thank Governor and the County Government of Mandera for their unwavering support. We also appreciate contributions from organized groups and individual residents of Mandera; and we promise to continue this engagement during our yearly fulfilment of municipality mandate.

Success of the Year

The board chair like to acknowledge strides and success of Mandera Municipality during the financial year under review. Our major success includes but no limited to, improved of drainage systems in Mandera town, Maintenance of Solar Streetlights. Starting Phase 3 of afforestation programmes, successful management of solid waste in Mandera town and Responding to fire and emergency issues on timely and effective manners We will work with county departments to deliver quality services to the people of Mandera. Since Mandera is the county headquarters, we understand that our performance will impact the whole county. For this, our promise to the people of Mandera is that we will strive to succeed.

Review of Municipal Board Performance

The current Mandera municipal Board is the 2nd board of the Municipality. It's composed of 9 members. The board were able to lobby and advocate for transfer of functions to Mandera municipality. the board during the year were able to pass several resolutions and adopted policies and plans for the smooth operations. It is during this year Mandera municipality qualified for KUSP 2 and also Nominated for AIPH World Green City Awards to be held at 25th September, 2024 at Utrecht Netherlands.

Challenges

With many successful stories Mandera Municipality has experienced its fair share of challenges. These includes limited resource allocations, pending bills, transferred functions without resources, logistics and poor infrastructure

Future outlook

We will work closely with stakeholders and partners to fill the resource gaps and, we hope our efforts will make Mandera indeed the most desirable place to live, work, and invest.


Kullow Mohamed Sheikh
Board Chairman



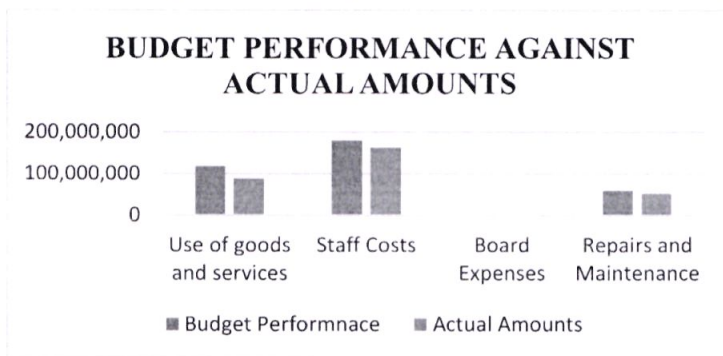
6. Report of the Municipality Manager

Introductions

It is a great pleasure to present the Mandera Municipality’s Annual report for the Financial Year 2023/2024. It is a quite a successful year with us recording number of success at both national and international arena. This year we are proud to announce that we have been nominated as finalist in upcoming AIPH World Green City Awards 2024 to be held at Utrecht, Netherlands this September 25th September 2024. This year we have also qualified for KUSP 2 programme and we stand to benefit from the programme for the next 5 years. This year we have experience quite number of challenges that includes heavy flooding resulting from Elnino and cholera outbreak. The current economic situation in the current coupled with other emerging issues. Mandera Municipality is the formal headquarters of Mandera County. The municipality is centrally located and thus easily accessible from all parts of Mandera County. Mandera’s population has grown and most of the population is below the age of 35. The rate of population growth is expected to rise owing to the status as county headquarters and the growing integration of northern Kenya to the rest of the country, in which Mandera acts as gateway.

Budget Performance

Mandera Municipality during the year under review has experienced a lot of difficulties in getting adequate funding which has hampered with its service. The entity is underfunded.



Physical Progress

Despite the challenges, we managed to deliver our mandates as enshrined in the Charter and the Urban Areas and Cities Act, 2011. We were able to implement all the planned projects and Programmes were executed without much disruptions although there were times we were functioning on a skeleton staff. Some of the projects which were planned and executed include:

- a) Constructions of storm water infrastructure which includes
 - I. Construction of Trapezoidal Open Drainage Channels at Bulla Barwaqo
 - II. Road Cutting and Installation of twin Lines
 - III. Unclogging and cleaning of \culverts and Drainage systems
 - IV. Bush clearing along Major Roads and Storm water protections Works
 - V. Construction of Shallow Earth Drains at Bulla Arabia



VI. Rehabilitation works at Bus Parks

- b) Repair and Maintenance of Solar Street Lights in Mandera Town targeted 414 solar poles and 6 Floodlights

Comment on each programmes

Mandera Municipality during the year under review has managed to achieve tremendous success despite our limited resource and delay in disbursements from national and county treasury. these achievements include but not limited to. All development projects were successfully carried out to our satisfactions. Also Mandera municipality did managed to the carry out the following just to mention a few. Establishment of Tree Nursery with Capacity of 30,000 seedlings, Started Phase 3 of Mandera Greening Programme with Targets of 25,000 trees to be planted, nominated as Finalist in World Green City Awards 2024, Managed to collect 63,000 tones solid waste management in Mandera Town, opening up of CBD and Other access roads by demolition illegal encroachments, Development of 5 year Strategic Plans and 102 fire incident responses and rescue was done successfully.

Challenges

The following are the challenges experienced during the year, these includes, infestation of Mathenges trees in town, high cost of hiring services and procuring of goods, delayed funds disbursements, high costs of maintenance, lack of specialized collection vehicle for medical waste, logistics issues and vandalisation and theft of solar panels. High costs of electricity bills. Lack of machinery, tools and equipment's for repair and maintenance of roads.

Value for Money

Mandera municipality as an entity is dedicated to ensure service is delivered in accordance with rules and regulations and value for money is achieved for all services offered or rendered.

We continue to provide core services that we are mandated to perform under the Charter and the UACA, 2011. Some of the services we undertake as an entity on daily basis includes: Municipal Administrative services, Solid waste management and street cleaning, Greening programme, Firefighting and disaster management, Animal welfare and control, Enforcement services, Development control, Parking and traffic control ,Revenue enhancement ,Public Health promotions and inspections, Maintenance of street lights ,Regulation of Outdoor advertisement, Storm water management and flood controls ,Stakeholder engagement and sensitizations.

Conclusions

Through the Strategic Plan which is important tool for the municipality staff. It clarifies our board's strategic intentions; defines the principles that guide our operations; and specifies our priorities. It also reminds us of our primary objective - to serve the residents of Mandera. The strategic plan helps



our staff to engage colleagues, partners and other stakeholders on the kind of community and municipality we want, how we can work better, together; and what we need to improve. It outlines expected outcomes; lists our strategies; states our commitment to stakeholders; and clarifies our priorities. The residents of Mandera have expressed very high expectations; and it is against these expectations that our performance will be measured. We thank the board and the county government for the guidance that this plan provides. We have work closely with the county government to develop budget alignment strategies and accountability mechanisms that ensure adequate resourcing and follow through with this Plan. We will endeavour to continuously report on progress to our stakeholders as provided in law and through a vigorous and transparent process of engagement. Every year, we will review and update the strategies and initiatives identified in the plan.

I wish to thank the Board and staff for the provision of unparalleled services to the residents of the Municipality and urge all of us to continue putting our best foot forward to enhance service delivery and continuously surpass our set targets

MATKER MOHAMED NOOR
Municipality Manager



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

Guidance

Introduction

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

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

Program	Objective	Outcome	Indicator	Performance
Urban planning	To control urban development	To create orderly development in urban areas	Number of developments conforming with rules and regulations governing urban development	In the FY 2023-2024, we increased the roads network and parking facilities within the town
Urban governance and administration	Managing urban growth	Provide inhabitants with better job opportunities and improved healthcare, housing, safety and social development.	Jobs created and improvement on healthcare facilities	In the FY 2023-2024, we managed to provide temporary jobs for youths through Afforestation and Sanitation programs intensive project, parking facilities and road networks
Provide quality physical infrastructure	Meeting economic development goals	increases the competitiveness of the Municipality economy	Number of physical infrastructure developments	In FY 2023-2024, we managed to begin the upgrading of Mandera municipality parking facilities



8. Corporate Governance Statement

In appointing members of the Board of the Municipality, the County Executive Committee shall ensure gender equity, representation of persons with disability, youth and marginalized groups. The term of the members of the Board of the Municipality shall be five (5) years on a part-time basis. Removal of members of the board of the municipality remains specified in Mandera municipality charter.

The roles and functions of Mandera Municipal board member will stand as specified by the charter.

The municipality will do induction and training for board member from time to time to enhance their performance.

The Board of the Municipality shall hold its sittings to transact the business of the Board once every three months Notwithstanding Article the Chairperson of the Board of the Municipality may, and upon request in writing by at least one-third of the members of the Board of the Municipality shall, convene a special meeting to transact any urgent business of the Board of the municipality. All regular meetings of the Board of the Municipality called for the purpose of transacting public business, where a majority of the members elected are present, shall be open to the public. The excluded, however, no by-laws, resolution, rule or regulation shall be finally adopted at such an executive session. A majority of the members of the Board of the Municipality is a quorum to conduct business, but a smaller number may meet and compel attendance of absent members as prescribed by Board of the Municipality Rules.

The Board of the Municipality shall be a corporate body with perpetual succession and a common seal and shall in its own corporate name, be capable of:

- (a) Suing and being sued;
- (b) Taking, purchasing or otherwise acquiring, holding, charging or disposing of movable and immovable property;
- (c) Borrowing money or making investments within the limits imposed by law;
- (d) Entering into contracts; and
- (e) Doing or performing all other act or things for the proper performance of its.

The municipality function in accordance with the Urban Areas and Cities Act or any other written law which may lawfully be done or performed by a body corporate. There shall be a principal and agency relationship between the Board of the Municipality and the County Government of Mandera.

Municipal Charter for Mandera Municipality under Section 9 of the Urban Areas and Cities Act empowers the County Governor, on the resolution of the County Assembly, to confer on a qualifying town, the status of a Municipality by grant of charter in the prescribed form.

WHEREAS;

The Urban Areas and Cities Act does not have the prescribed form of a Municipal Charter IN EXERCISE of The Powers Conferred By Section 9 Of The Urban Areas & Cities Act (No. 13 Of 2011), I HIS EXCELLENCY, HONORABLE ALI IBRAHIM ROBA the Governor of Mandera County certifies that this Charter set out in the Schedule hereto has been granted to the Municipality of in accordance with the provisions of the Act.

The Municipality board members or staff will not at one time be involved in conflict of interest. The Act defines situations when an individual board member's personal interest or the interest of their immediate family (spouse or dependent child) conflict with the broader municipality interest. It also imposes consequences on board members when they put their personal interests first. A member of the Board of the Municipality shall cease to hold office if the member: fails to declare his or her interest in any matter being considered or to be considered by the Board or Board Committee.

The Board of the Municipality shall not be entitled to a salary. However, members of the Board of the Municipality shall be paid such allowances as the County Executive Committee shall, with the approval of the County Assembly, and on the advice of the Salaries and Remuneration Commission determine.

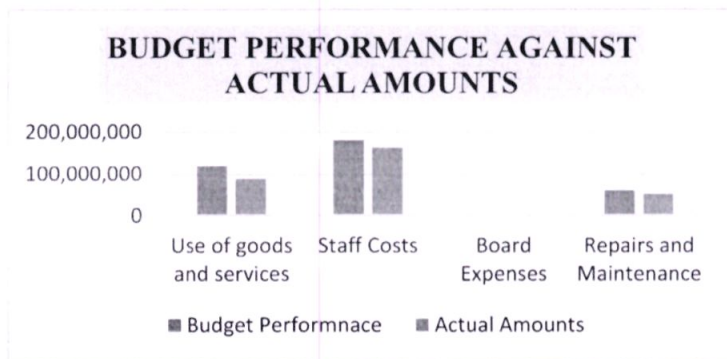


9. Management Discussion and Analysis

The Municipality of Mandera has continued to grow over the years and the management has put measures in place to safeguard risks. The management has ensured that we comply with statutory requirements relating to the functions of the Municipality.

By the end of this financial year, Mandera municipality had received Kshs. **291,000,000** million as grant and transfer from Mandera County treasury.

In order to ensure improved transparency, accountability and fiscal responsibility in the public sector, the Mandera Municipality is committed to prudent management of finances guided by sound financial policies and guidelines that ensure efficient utilization of resources. The Mandera Municipality is also dedicated to deliver on the promises made in her budget. This will help bolster the key objective of devolution which is to promote sustainable and equitable social, political and economic development in the Mandera Municipality.



Success

Mandera Municipality during the year under review has managed to achieve quite number of success despite our limited resource and delay in disbursements from national and county treasury. These achievements include but not limited to. All development projects were

successfully carried out to our satisfactions. Also Mandera municipality did managed to the carry out the following just to mention a few. Establishment of Tree Nursery with Capacity of 30,000 seedlings, Started Phase 3 of Mandera Greening Programme with Targets of 25,000 trees to be planted, nominated as Finalist in World Green City Awards 2024, Managed to collect 63,000 tones solid waste management in Mandera Town, opening up of CBD and Other access roads by demolition illegal encroachments, Development of 5 year Strategic Plans and 102 fire incident responses and rescue was done successfully.

Compliance with statutory requirements

The Municipality had a challenge in paying all its statutory deduction since we had resource deficits. However, we still have some pending bills to clear.

We are committed complied with the following listed requirements but not limited to:

- Public Finance Management Act 2012
- Public procurement disposal Act 2015.

Conclusion

We appreciate the unrelenting support from the board of trustees, management, staff, the county government, development partners and all the key stakeholders. We look forward to continuing partnership and cooperation in areas of mutual interest in the FY 2023/2024.



10. Environmental and Sustainability Reporting

Mandera Municipality exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on Environmental policy and environmental performance: putting the residents/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar.

Environmental policy guiding Mandera municipality

The municipality depends on the national and county environmental laws and policies in day-to-day environmental management

1. Environment Management and Coordination Act (EMCA 1999) Amended 2015.
 - The Environmental (Impact Assessment and Audit) Regulations, 2009 Legal Notice No. 101;
 - The Environmental Management and Coordination (Waste Management) Regulations, 2006 Legal Notice No. 121
 - The Environmental Management and Coordination (Water Quality) Regulations, 2006 Legal Notice No. 120;
 - The Environmental Management and Coordination (Noise and Excessive Vibration Pollution Control) Regulations, 2009 Legal Notice No. 61;
 - The Environmental Management and Coordination (Air Quality Regulations 2014)
2. National Environment Policy (NEP 2012)
 - The policy sets out important provisions relating to the management of ecosystems and the sustainable use of natural resources, and recognizes that natural systems are under intense pressure from human activities particularly for critical ecosystems including forests, grasslands and arid and semi-arid lands. The objectives of the Policy include developing an integrated approach to Environmental management, strengthening the legal and institutional framework for effective coordination, promoting environmental management tools
 - The NEP applies during construction of infrastructure project i.e. on Environmental & Social Management and Monitoring Plan (ESMMP)
3. County Environment Action Plan (CEAP 2020-2024)- Intended to provide guidelines on solutions to some environmental impacts in the county.
4. The Mandera County Climate Change bill 2021

Biodiversity Management

1. **Success;**
 - Increased tree cover in the Municipality
 - Sustainable management of solid waste
2. **Shortcomings**
 - General reduction of natural resources ability to sustain population growth
 - Scarcity of resources i.e., water and pasture for livestock
 - Increased poor land use system diminishing the viability of soils hence reducing farm productivity
3. **Efforts towards biodiversity management**
 - Strict laws preventing cutting down of trees
 - Incentives for reforestation and afforestation
 - Concerted efforts by government, private institutions and civil society organizations and measures that enhance nature's ability to provide critical ecosystem services.

Policies on waste management;

- National Solid Waste Management strategy (2015)
- Environmental Management and Coordination (Waste Management) Regulations of 2006
- Mandera Municipality Solid Waste Management Policy (Ongoing)

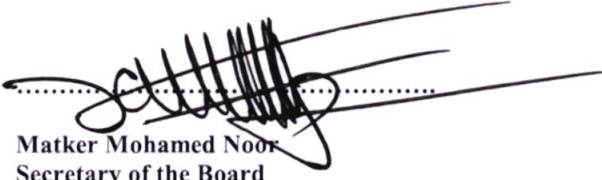


11. Report of the Municipality Board Members

The Municipal Vision captures the desires of the residents of the Mandera, expectations of the county government of Mandera, and the hopes of various other municipal stakeholders as observed during the consultations and in the review of various national and county development strategy documents.

END OF YEAR FINANCIAL REPORT

The accountant took Members through the entire financial report of (FY 2023-2024)
The report was shared on agreement that accounts to avail supporting documents and relevant schedule to the external auditors for review.


Matker Mohamed Noor
Secretary of the Board



12. Statement of Management's Responsibilities

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

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

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

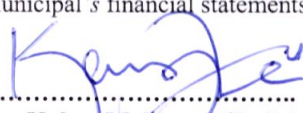
The Municipality Manager accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *Urban Areas and Cities Act No. 13 of 2011*. The Municipality Manager is of the opinion that the financial statements give a true and fair view of the state of Municipality's transactions during the financial year ended June 30, 2022, and the financial position as at that date.

The Municipality Manager further confirms the completeness of the accounting records which have been relied upon in the preparation of financial statements as well as the adequacy of the systems of internal financial control. In preparing the financial statements, the Municipality Manager has assessed the Municipality's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

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

Approval of the financial statements

The Municipal's financial statements were approved by the Board on 30th July 2024 and signed on its behalf by:


.....
Name: **Kulow Mohamed Sheikh**
Chairperson of the Board

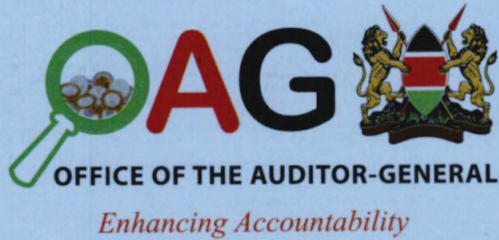
Date: 30th June 2024


.....
Name: **Matker Mohamed Noor**
Municipality Manager

Date: 30th June 2024

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MANDERA MUNICIPALITY FOR THE YEAR ENDED 30 JUNE, 2024 – COUNTY GOVERNMENT OF MANDERA

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Mandera Municipality set out on pages 1 to 19 which comprise of the statement of financial position as at 30 June, 2024

and the statement of financial performance, statement of changes 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 Mandera Municipality as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Urban Areas and Cities Act 2011, the County Government Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Property, Plant and Equipment Balance

The statement of financial position reflects a balance of Kshs.87,321,681 in respect of property, plant and equipment as disclosed in Note 13 to the financial statements. Included in the balance is Kshs.10,042,313 in respect of biological assets with an accumulated depreciation of Kshs.1,434,617. However, the breakdown of the biological assets balance and basis of computations for accumulated depreciation was not provided for audit review.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.87,321,681 could not be confirmed.

2. Failure to Maintain Account Payables Register

The statement of financial position reflects trade and other payables balance of Kshs.2,275,251 and as disclosed in Note 14 to the financial statement. However, Management did not maintain payables ledger in the format prescribed by the National Treasury Circular No.5/2020 to support the movement of accounts payables from Kshs.16,387,243 as at 30 June, 2023 to Kshs.2,275,251 balance as at 30 June, 2024.

In the circumstances, the accuracy and completeness of the account payable balance of Kshs.2,275,251 as at 30 June, 2024 could not be confirmed.

3. Lack of Ownership Documents for Land and Motor Vehicles

The statement of financial position reflects a balance of Kshs.87,321,681 in respect of property, plant and equipment as disclosed in Note 13 of the financial statements. However, review of the assets register provided revealed that value and ownership documents for ten (10) motor vehicles and eleven (11) motorcycles donated by the

County Government of Mandera were not provided for audit review. Further, the land on which the Municipality sits was not registered in the name of the Municipality.

In the circumstances, the completeness and ownership of property, plant and equipment balance of Kshs.87,321,681 as at 30 June, 2024 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects approved revenue budget of Kshs.360,000,000 against actual receipts of Kshs.305,172,312, resulting in an under-funding of Kshs.54,827,688 or 15.8% of the budget.

In the circumstances, the Municipality was underfunded by Kshs.54,888,007 which may have negatively impacted on implementation of planned programmes.

My report is not modified in respect of this matter.

Other Matter

Delayed Transfer of Functions to the Municipality

Review of the operations of the Municipality revealed that many of the functions stipulated under Sections 3 and 5 of the Municipality Charter, were carried out by the County Executive of Mandera. These include:

- i. Construction and maintenance of urban roads and associated infrastructure, maintenance, and regulation of Municipality markets and abattoirs,
- ii. Promotion, regulation and provision of Municipality sports and cultural activities development,
- iii. Enforcement of Municipality plans and development control,
- iv. Maintenance of rehabilitation centers and control of drugs and substance abuse,
- v. Management of public transport, promoting and undertaking infrastructural development and services within the Municipality,
- vi. Developing a framework for spatial and master plans for the Municipality,
- vii. Construction and management of community centers, funeral parlors, cemeteries, libraries, and religious institutions and
- viii. Revenue collection.

In the circumstances, the mandate, the basis of development of strategic plans and budgeting by Mandera Municipality could not be confirmed.

Other Information

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

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.

In connection with my audit on the Mandera Municipality 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 and I am required to report that fact. I have nothing to report in this regard

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. Except for the matters described in the Basis for Qualified Opinion, I have determined that there are no other key audit matters to communicate in my report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES.

Conclusion

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

Basis for Conclusion

1. Failure to Implement E-Procurement

During the year under review, the Municipality acquired goods, works and services. It was however noted that the Municipality did not implement e-Procurement system, hence goods, works and services were procured through manual system. This was contrary to

Executive Order No.2 of 2018 which directed all public procuring entities to conduct all procurement processes through the e-Procurement Module on the IFMIS system, starting from 1 January, 2019 and Regulation 49(2) of the Public Procurement and Asset Disposal Regulations, 2020, which provides that the conduct of e-procurement procedures for the supply of goods, works and services shall be carried out by a procuring entity using an e-procurement system which is integrated to the State Portal.

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

2. Failure to Publish and Publicize Municipality Budget Estimates

Review of the budgetary process, control and performance revealed that the Municipality approved and implemented its budgets without budget instruction from the County Treasury for the financial year 2023/2024 detailing the manner, form and timing in which the budget requests shall be submitted. In addition, the Municipality did not publicize its approved budget for the year under review as required by Section 175(10)(b) of Public Finance Managements Act, 2012, which stipulates that the accounting officer of each urban area or city shall publish and publicize the annual budget estimates within twenty-one (21) days after the County Assembly has approved the budget estimates.

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

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on the 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

Failure to Establish Audit Committee

During the year under review, the Municipality did not have an audit committee. This was contrary to Regulation 167 of the Public Finance Management (County Governments)

Regulations, 2015 which provides that each County Government entity shall establish an audit committee.

Lack of audit committee may lead to reduced oversight of financial reporting which may increase risk of errors, misstatements or even fraud in financial reports.

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

Responsibilities of the Management and Board of Management

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

In preparing the financial statements, Management is responsible for assessing the Municipality's ability to continue 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 cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the

INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error

and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

09 December, 2024

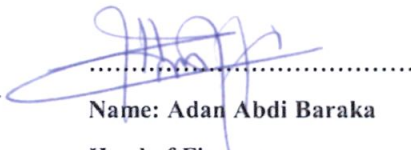


14. Statement of Financial Performance for The Year Ended 30 June 2024.

	Notes	2023/24	2022/23
			Kshs.
Revenue from non-exchange transactions			
Transfers from the County Government	6	291,000,000	397,879,787
Other revenues			-
Total revenue from exchange transactions		291,000,000	397,879,787
Expenditure			
Use of goods and services	7	88,430,885	126,278,999
Staff costs	8	162,864,136	173,921,354
Board expenses	9	1,434,000	857,300
Depreciation	10	10,688,179	12,127,720
Repairs and maintenance	11	52,382,971	98,295,384
Total expenses		315,800,171	(411,480,757)
Other gains/losses:			
Surplus/(deficit) for the period		(10,688,179)	(13,600,970)

The notes set out on pages 6 to 17 form an integral part of these Financial Statements. The entity financial statements were approved on 15th July 2024 and signed by:


Name: Matker Mohamed Noor
Municipality Manager


Name: Adan Abdi Baraka
Head of Finance



15. Statement of Financial Position as at 30 June 2024

	Note	2023/24 Kshs.	2022/23 Kshs.
Assets			
Current Assets			
Cash and cash equivalents	12	60,320	14,172,312
Other current assets		-	
Total current assets		60,320	14,172,312
Non-Current Assets			
Property, plant, and equipment	13	87,321,681	98,009,860
Total Non-current Assets		87,321,681	98,009,860
Total assets		87,382,001	112,182,172
Liabilities			
Current liabilities			
Trade and other payables	14	(2,275,251)	(16,387,243)
Non-current liabilities		(0)	(16,387,243)
Total liabilities		(0)	(16,387,243)
Net assets		85,106,750	95,794,929
Capital Grant		115,065,449	115,065,449
Retained Earnings		(29,958,699)	(19,270,520)
Revaluation Reserve		-	-
Total net assets and liabilities		85,106,750	95,794,929

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 15th July 2024 and signed by:

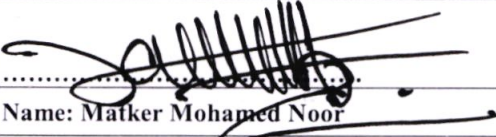
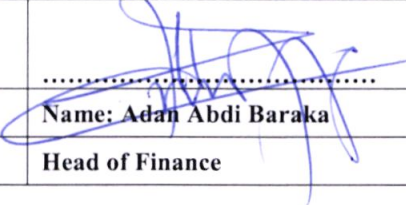
Name: Matker Mohamed Noor
Municipality Manager

Name: Adan Abdi Baraka
Head of Finance



16. Statement of Changes in Net Assets for the year ended 30 June 2024

	Capital/ Development Grants/Municipality	Revaluation Reserve	Retained Earnings	Total
		Kshs.	Kshs.	Kshs.
Balance as at 1 July 2022	63,945,236	-	(5,669,550)	58,275,686
Surplus/(deficit) for the period		-	(13,600,970)	(13,600,970)
Municipality's received during the year	51,120,213			51,120,213
Revaluation gain		-	-	
Balance as at 30 June 2023	115,065,449	-	(19,270,520)	95,794,929
Balance as at 1 July 2023	115,065,449	-	(19,270,520)	95,794,929
Surplus/(deficit) for the period			(10,688,179)	(10,688,179)
Municipality's received during the year	0			0
Revaluation gain		-		-
Balance as at 30 June 2024	115,065,449	-	(-29,958,699)	85,106,750

	
Name: Matker Mohamed Noor	Name: Adan Abdi Baraka
Municipality Manager	Head of Finance

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



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

	Note	2023/24	2022/23
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6	291,000,000	449,000,000
Total Receipts		291,000,000	449,000,000
Payments			
Use of goods and services	7	88,430,885	126,278,999
Staff costs	8	162,864,136	173,921,354
Board expenses	9	1,434,000	857,300
Repair and Maintenance	11	52,382,971	84,236,093
Total Payments		305,111,992	385,293,746
Net cash flows from operating activities		- 14,111,992	63,706,254
Cash flows from investing activities			
Purchase of PPE & intangible assets	13	0	(51,120,213)
Proceeds from sale of PPE		-	
Net cash flows used in investing activities		(0)	(51,120,213)
Cash flows from financing activities			
Receipts from Capital grants			
Net cash flows used in financing activities			
Net increase/(decrease) in cash & cash equivalents		- 14,111,992	12,586,041
Cash And Cash Equivalents At 1 July 2023	12	14,172,312	1,586,271
Cash And Cash Equivalents At 30 June 2024	12	60,320	14,172,312

Name: Matker Mohamed Noor
Municipality Manager

Name: Adan Abdi Baraka
Head of Finance



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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	c=(a+b)	d	e=(c-d)	f=d/c
		Kshs.	Kshs.	Kshs.	Kshs.	
Revenue						
Transfers from the County Government	345,827,688	0	345,827,688	291,000,000	54,827,688	84.1
Adjustment(Fund balance `b/f)	14,172,312	0	14,172,312	14,172,312	0	100.0
Total Revenue	360,000,000	0	360,000,000	305,172,312	54,827,688	84.8
Expenses						
Use of goods and services	(118,500,000)	0	(118,500,000)	(88,430,885)	-30,069,115	74.6
Staff Costs	(180,000,000)	0	(180,000,000)	(162,864,136)	-17,135,864	90.5
Board Expenses	(1,500,000)	0	(1,500,000)	(1,434,000)	-66,000	95.6
Repairs and Maintenance	(60,000,000)	0	(60,000,000)	(52,382,971)	-7,617,029	87.3
Total Expenditure	360,000,000	0	360,000,000	- 305,111,992	54,888,008	84.8
Surplus for the period	0	0	0	60,320	-60,320	84.1
Capital Expenditure	0	0	0	0	0	100.0

Name: Matker Mohamed Noor

Municipality Manager

Name: Adan Abdi Baraka

Head of Finance



19. Notes to the Financial Statements

1. General Information

Mandera Municipality is established by and derives its authority and accountability from UACA Act. The Municipality is under the Mandera County Government and is domiciled in Kenya. The entity's principal activity is to provide for efficient and accountable management of the affairs 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 *Mandera Municipality*.

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



(Notes to financial statements continued)

3. Application of New and revised standards (IPSAS)

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2023.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <ol style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.



	<ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.
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ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees 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.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2022/2023

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.

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 2022/2024 was approved by the County Assembly on September 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Municipality upon receiving the respective approvals in order to conclude the final budget.



(Significant accounting policies continued)

The Municipality's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 17 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. Assets are depreciated as follows:

- Motor Vehicle....12.5%
- Computers.....30%
- Office Furniture...12.5%
- Other Assets.....12.5%
- Plant and Property.....10%

d) Intangible assets

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

e) Financial instruments

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

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

Financial assets

Classification of financial assets

The Municipality classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose



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

(Significant accounting policies continued)

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

f) Inventories

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

Raw materials: purchase cost using the weighted average cost method

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make



the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Municipality.

g) Provisions

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

h) Social Benefits

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

i) Contingent liabilities

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

j) Contingent assets

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

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits – Retirement benefit plans

The Municipality 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 Municipality 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 employees. The contributions and lump sum payments reduce the post-employment benefit obligation.

n) Foreign currency transactions

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



o) Borrowing costs

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

p) Related parties

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

q) Cash and cash equivalents

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

r) Comparative figures

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

s) Events after the reporting period

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

- (a) Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) Those that are indicative of conditions that arose after the reporting date (*non-adjusting events after the reporting date*).

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

t) Currency

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

5. Significant judgments and sources of estimation uncertainty

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

Estimates and assumptions

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

Useful lives and residual values

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

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



(Notes to the Financial Statements)

6. Transfers from the County Government

Description	2023/24	2022/23
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	291,000,000	397,879,787
Unconditional Development grants	0	51,120,213
Total	291,000,000	449,000,000

7. Use of Goods and Services

Description	2023/24	2022/23
	Kshs.	Kshs.
Utilities, supplies and services	1,455,546	1,100,000.00
Communication, supplies and services	2,431,000	6,452,186.00
Domestic travel and subsistence	8,141,050	2,528,400.00
Printing, advertising, supplies & services	3,246,789	6,993,540.00
Hospitality supplies and services	2,465,706	2,131,793.00
Specialized materials and services	4,792,829	2,026,863.00
Office and general supplies and services	11,270,769	14,869,819.00
Fuel, oil and lubricants	5,901,000	3,448,277.00
Other operating expenses	657,496	4,520,951.00
Routine maintenance – vehicles and other equipment	2,410,000	3,188,647.00
Routine maintenance – other assets	2,049,000	8,324,912.00
Hire of Transport, equipment etc.	43,609,700	70,693,611.00
Total	88,430,885	126,278,999.00

8. Staff costs

Description	2023/24	2022/23
	Kshs.	Kshs.
Salaries and wages	157,874,300	165,010,234
Social security contribution	4,989,836	8,911,120
Total	162,864,136	173,921,354

9. Board expenses

Description	2023/24	2022/23
	Kshs.	Kshs.
Sitting allowances	1,134,000	857,000
Travel and accommodation	300,000	00
Total	1,434,000	857,000

10. Depreciation

Description	2023/24	2022/23
	Kshs.	Kshs.
Furniture and fittings	1,250,863	1,429,558
Computers	525,145	750,207

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Biological Assets	1,434,617	1,639,562
Plant and Equipment	7,477,554	8,308,393
Total depreciation and amortization	10,688,179	12,127,720

11. Repair and Maintenance

Description	2023/24	2022/23
	Kshs.	Kshs.
Property- Buildings	396,000	30,716,730
Maintenance of civil works	40,127,322	67,578,654
Construction of Civil Works	8,911,374	-
Plant, equipment and machinery	0	0
Purchase of office furniture	0	0
Rehabilitation of Plant, equipment and machinery	2,948,275	0
Certified seeds	0	0
Total	52,382,971	98,295,384

12. Cash and cash equivalents

Description	2023/24	2022/23
	Kshs.	Kshs.
Current account	60,320	14,172,312
Total cash and cash equivalents	60,320	14,172,312

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

Financial institution	Account number	2023/24	2022/23
		Kshs.	Kshs.
a) Current account			
1. Mandera Municipality Operation Account	1000279767361	7,936	14,148,239
2. Mandera Municipality Operation Account	01050211663600	52,384	24,073
Sub- total		60,320	14,172,312
b) Others(specify)			
Cash in transit			-
Cash in hand			-
Mobile Money			-
Sub- total			-
Grand total		60,320	14,172,312

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(Notes to the Financial Statements Continued)

13. Property, Plant and Equipment

	Furniture and fittings	Computers	Biological Assets	Plant and equipment	Total
Description	Shs	Shs	Shs	Shs	Shs
As at 1 July 2022	9,770,881	2,500,690	707,124	46,038,672	59,017,367
Additions	1,665,584	0	12,409,368	37,045,261	51,120,213
(less) Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
totals of additions , disposals & transfers	11,436,465	2,500,690	13,116,492	83,083,933	110,137,580
Depreciation and impairment					
Depreciation	1,429,558	750,207	1,639,562	8,308,393	12,127,720
Impairment	-	-	-	-	-
total depreciation and impairment	1,429,558	750,207	1,639,562	8,308,393	12,127,720
NBV as at 30th June 2023	10,006,907	1,750,483	11,476,930	74,775,540	98,009,860
As at 1 July 2023	10,006,907	1,750,483	11,476,930	74,775,540	98,009,860
Additions	0	0	0	0	0
(less) Disposals	0	0	0	0	0
Transfers/adjustments	0	0	0	0	0
As at 30th June 2024	10,006,907	1,750,483	11,476,930	74,775,540	98,009,860
Depreciation and impairment					
Depreciation	1,250,863	525,145	1,434,617	7,477,554	10,688,179
Impairment	-	-	-	-	-
Total depreciation and impairment	1,250,863	525,145	1,434,617	7,477,554	10,688,179
NBV as at 30th June 2024	8,756,044	1,225,338	10,042,313	67,297,986	87,321,681

Biological assets are living plants or animals owned by a business .They are typically measured at fair value minus selling costs. Examples include livestock (goats, cows, sheep, pigs, and fish) and plants (vegetables, crops, trees and fruit).



14. Trade and other payables from exchange transactions

Description	2023/24	2022/23
	Kshs.	Kshs.
Trade Payables	2,275,251	16,387,243
Total	2,275,251	16,387,243

15. Retained Earnings

Description	2023/24	2022/23
	Kshs.	Kshs.
Balance from previous years	19,270,520	5,084,108
Surplus /Deficit for the current year	10,688,179	14,186,412
Total	29,958,699	19,270,520

Other Disclosures

16. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

	2023/24	2022/23
	Kshs.	Kshs.
Transfers from County Government	291,000,000	449,000,000
Total	291,000,000	449,000,000

17. Financial risk management

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

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

(Other Disclosures Continued)

I. Credit risk

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



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

(Other Disclosures Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Municipality has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Municipality Board sets policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

II. Liquidity risk management

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

III. Market risk

The Board has put in place an internal audit function to assist it in assessing the risk faced by the Municipality on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Municipality's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

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

IV. Foreign currency risk

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

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Municipality'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.

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 Municipality to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Municipality'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.



20. Annexes

Annex 1. Progress on Follow up of Auditors Recommendations.

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
			(Resolved / Not Resolved)	(Put a date when you expect the issue to be resolved)
1.	Delay in remittance of statutory Deductions	The issue was discussed by the Board and is awaiting further deliberation by the County Assembly or Senate	Under considerations	During awaited senate or county Assembly hearing
2	Lack of risk management policy and strategy	The issue was discussed by the Board and is awaiting further deliberation by the County Assembly or Senate	Under considerations	During awaited senate or county Assembly hearing
3	Over reliance on transfers from the County Government	The issue was discussed by the Board and is awaiting further deliberation by the County Assembly or Senate	Under considerations	During awaited senate or county Assembly hearing
4	Unsupported payments on hire of Motor vehicles	The issue was discussed by the Board and is awaiting further deliberation by the County Assembly or Senate	Under considerations	During awaited senate or county Assembly hearing
5	Unsupported Routine Maintenance	The issue was discussed by the Board and is awaiting further deliberation by the County Assembly or Senate	Under considerations	During awaited senate or county Assembly hearing
6	Property plant and Equipment additions for the previous year	The issue was discussed by the Board and is awaiting further deliberation by the County Assembly or Senate	Under considerations	During awaited senate or county Assembly hearing
7	Unsupported accounts payable.	The issue was discussed by the Board and is awaiting further deliberation by the	Under considerations	During awaited senate or county Assembly hearing

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		County Assembly or Senate		
8	Under absorption of budget	The issue was discussed by the Board and is awaiting further deliberation by the County Assembly or Senate	Under considerations	During awaited senate or county Assembly hearing

Name: Matker Mohamed Noor

Municipality Manager

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Annex 2: Inter Entity Transfers

MUNICIPALITY NAME: MANDERA MUNICIPALITY			
Breakdown of Transfers from the County Executive of Mandera County			
FY 2023/2024			
Recurrent Grants	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate
	03.07.2023	17,000,000	2023-2024
	13.09.2023	67,000,000	2023-2024
	02.10.2023	20,000,000	2023-2024
	1.11.2023	15,000,000	2023-2024
	21.12.2023	60,000,000	2023-2024
	06.02.2024	5,000,000	2023-2024
	15.02.2024	42,000,000	2023-2024
	13.05.2024	45,000,000	2023-2024
	02.06.2024	20,000,000	2023-2024
	Total	291,000,000	

Name: Matker Mohamed Noor
Municipality Manager

Name: Adan Abdi Baraka
Head of Finance

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