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ON

KABARNET MUNICIPALITY

**FOR THE YEAR ENDED
30 JUNE, 2023**

COUNTY GOVERNMENT OF BARINGO



KABARNET MUNICIPALITY

County Government of Baringo

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

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

County Government of Baringo
Kabarnet Municipality
Annual Report and Financial Statements for the year ended June 30, 2023

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Acronyms & Glossary of Terms

PSASB	Public Sector Accounting Standards Board
FY	Financial Year
OSHA	Occupational Safety & Heath Act
Fiduciary Management	Key management personnel who have financial responsibility in the Municipality.

1. Key Municipality Information and Management

a) Background information

Kabarnet 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 13th June 2019. The Municipality is under the County Government of Baringo and is domiciled in Kenya.

b) Principal Activities

The principal mandate of the Kabarnet Municipality to transform the livelihoods of Kabarnet residents by creating a conducive framework that offers quality services to all citizens in fair, equitable and transparent manner by embracing community managed development initiatives for environmental sustainability, adaptability of technology, innovation and entrepreneurship in all spheres of life

c) Key Management

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

- The department of Housing and urban development.
- The Municipal Board.
- Municipality Manager

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

Ref	Position	Name
1	Municipality Manager	Mr Julius Bolei
2	Accountant	George Kiprotich
3	Environment officer	Frida Kiptolong

e) Fiduciary Oversight Arrangements

- i. Baringo County Government,
Audit and Risk Management Committee,
P. O. Box 53-30400,
Kabarnet.
- ii. Baringo County Assembly lands committees,
P. O. Box 159-30400,
Kabarnet.
- iii. Committees of the Senate,
P.O Box 6100,
Nairobi.

f) Registered Offices

P.O. Box 53-30400,
Fire Station Building,
Opposite prison,
Kabarnet, KENYA

g) Contacts

Telephone:(+254) 0722783420
E-mail: kabarnetmunicipality.com
Website: www.baringo.go.ke

h) Bankers

Commercial Banks
Branch: Kabarnet Branch
Bank Name: Kabarnet Town admin a/c
Account Number: 1151177962
Kabarnet :Branch, 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

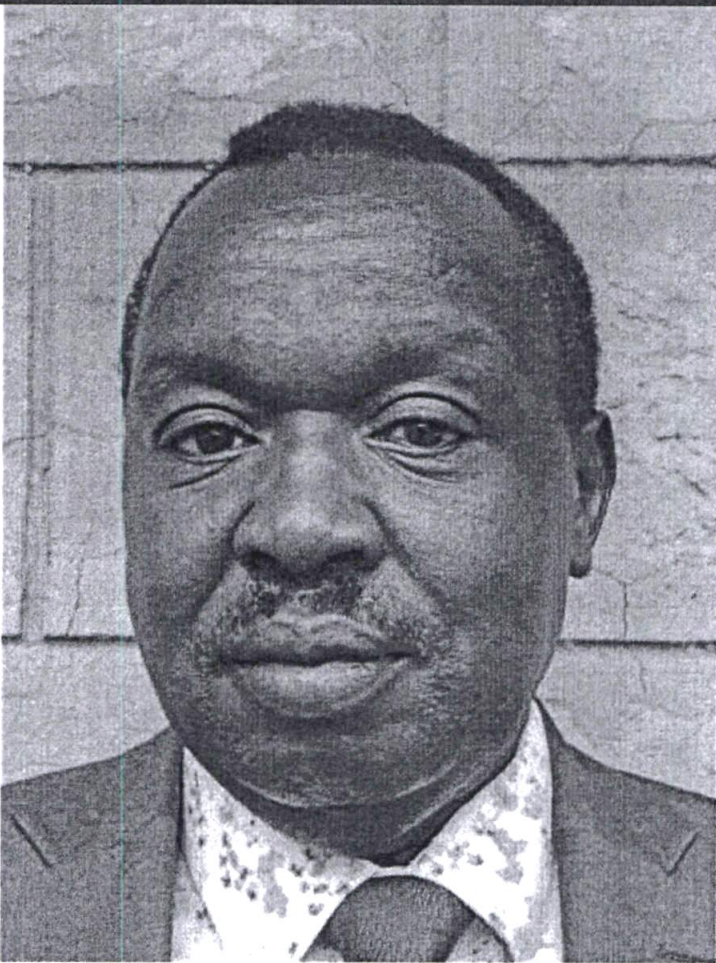
Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

2. Municipality Board

	<p>Date of birth: 29th Sept 1961</p> <p>Academic and professional qualifications: Bachelor of Arts-University of Nairobi.</p> <p>Work Experience: Business man Formerly Regional Manager Kenya National Assurance Company</p> <p>Chairman-Kabarnet Municipal Board</p> <p>Independent Board member</p>
<p>Mr. Kiprop Cheserem</p>	

2



Miss Zubeda Ali

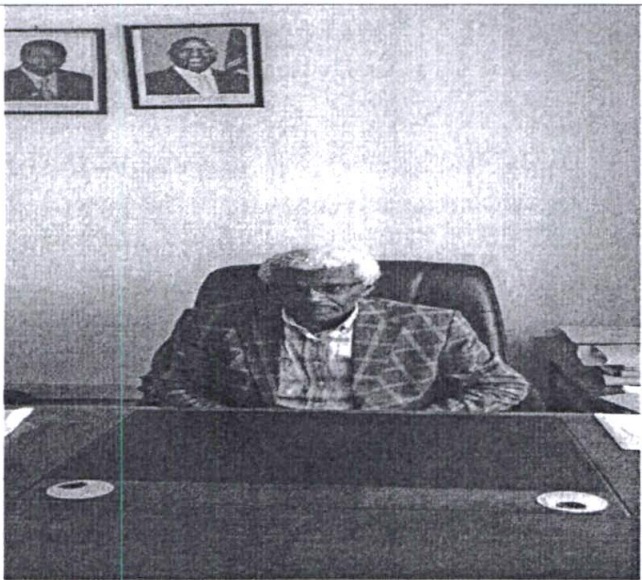

Date of birth:16th Aug
1985

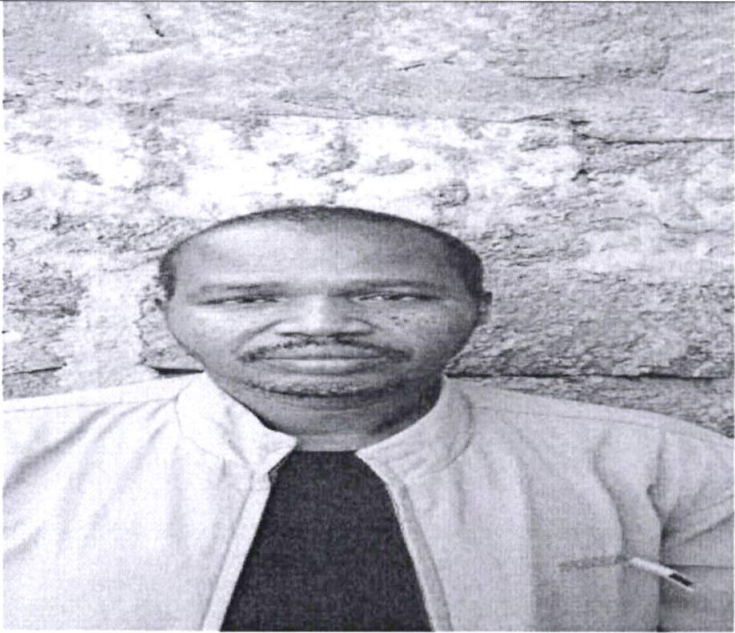
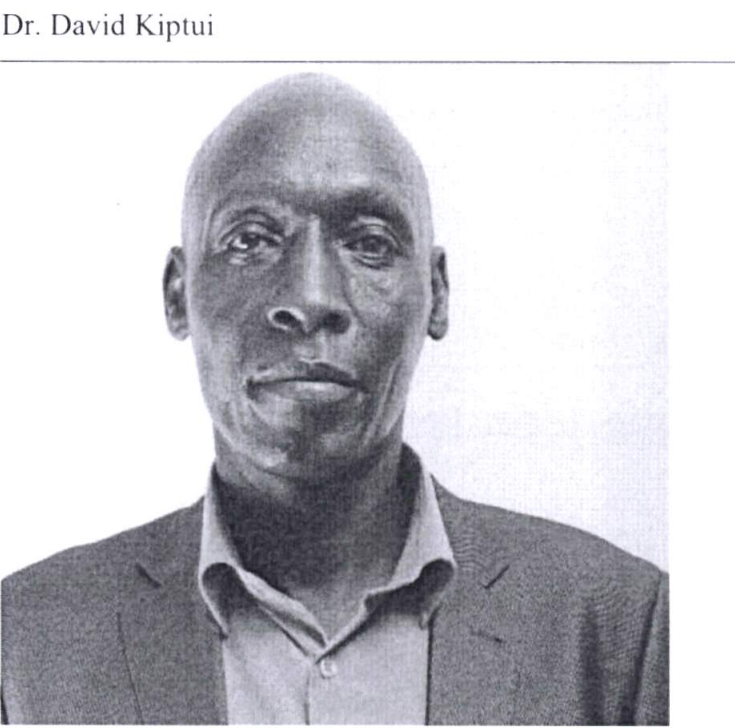
Academic and professional qualifications: Bachelor of Journalism and Mass Communication

Work Experience:

Freelance Journalist and Communication at NAWEZA Foundation



Currently: Vice chair-Kabarnet Municipality Board

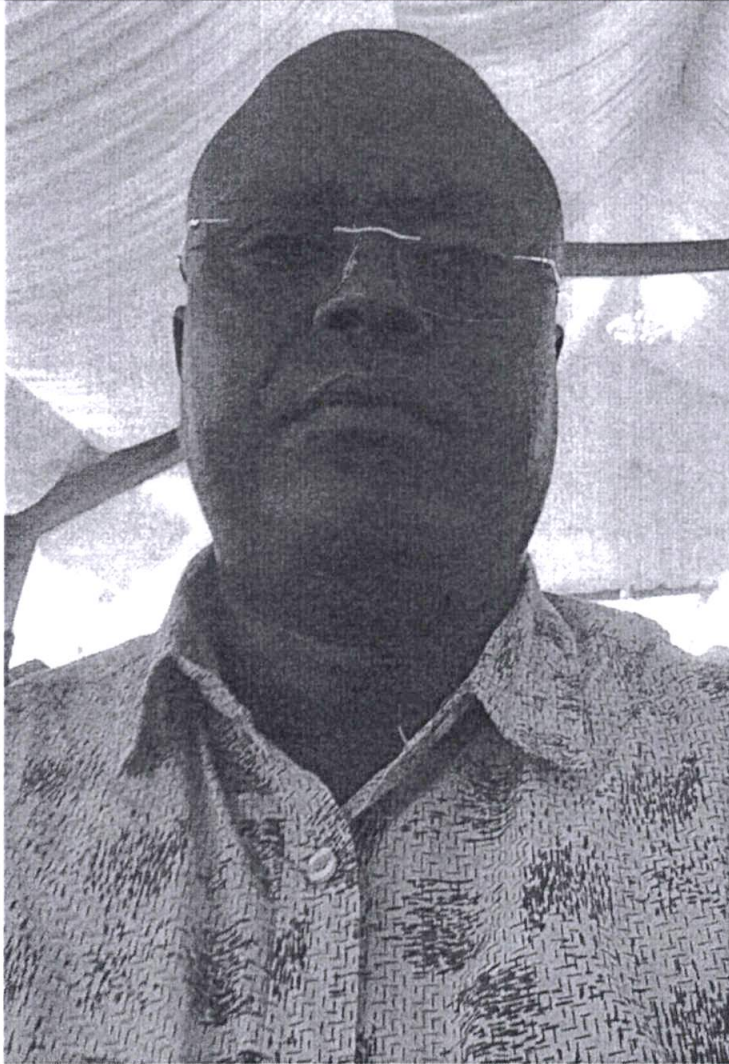
3	 <p>Mr. Julius Bolei, HSC</p>	<p>Date of birth: 12 /08/1965</p> <p>Academic and professional qualifications: MED, BA, Diploma in Education.</p> <p>Work experience: Currently Municipal Manager Formerly –Sub County Administrator, Principal, Deputy Principal</p> <p>Secretary to the Board</p>
4	 <p>Dr. Marycent Yator</p>	<p>Date of birth: 01 /01/1968</p> <p>Academic and professional qualifications: PHD, MSC Monitoring and Evaluation in Mt Kenya university</p> <p>Work experience: Currently Board Member Kabarnet Municipality</p>

	<p>Date of birth: 6th June 1975.</p> <p>Academic and professional qualifications: Doctor of philosophy in counselling psychology, Masters of Education in psychology, Bachelor of Education Arts.</p> <p>Work experience: Currently Lecturer in chuka University</p> <p>Board Member</p>
	<p>Date of birth: 21ST Dec, 1967.</p> <p>Academic and professional qualifications: Kenya Institute of Management</p> <p>Work experience: Currently Business man 2010-2011 in charge of Depot operation at Kenya National Corporation limited</p> <p>Board Member kabarnet Municipality</p>

Dr. David Kiptui

Mr isaiah Kiprop

	 <p>Ms Irene Chebon</p>	<p>Date of birth:21st sept 1978.</p> <p>Academic and professional qualifications: Bachelors of Environmental studies, Diploma in land Survey</p> <p>Work experience:</p> <p>Practicing land Surveyor.</p> <p>Board Member</p>
	 <p>Mr Solomon Cheboi</p>	<p>Date of birth:.1972</p> <p>Academic and professional Qualifications: Diploma in Food and Beverage Management and certificate in Computer systems</p> <p>Work experience:</p> <p>Formerly Director Diwani hotel</p> <p>Currently: Board Member</p>



Mr Henry Nalipan

Date of birth:16.2.1984

Academic and professional

qualifications: On going
PHD in planning(Urban and
Regional planning)

MSC GIS, Bsc (Surveying
and photogrammetry) **Work**

experience: Ag Chief
Officer Lands Housing and
Urban Development.

Ag. Director Roads and
Infrastructure - Turkana
County

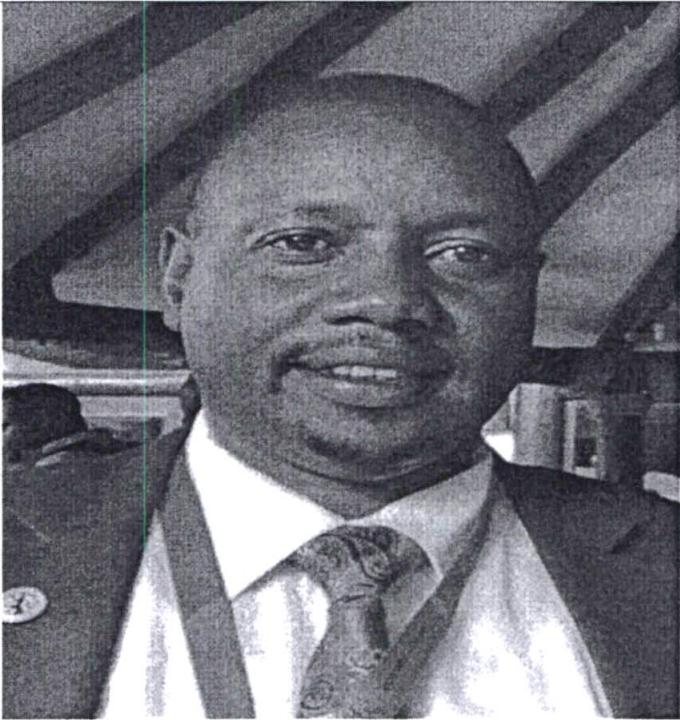
Deputy Director survey-
Baringo,

Land Surveyor- Ministry of
Lands



Works Officer(Survey and
Planning)

Deputy Director Survey
Turkana county


**Board Member Kabarnet
Municipality**

	<p>Date of birth:.25/4/1971</p> <p>Academic and professional qualifications: On going PHD in project planning and mgt. Masters of Urban management.</p> <p>Work experience: currently: CECM LHUD Formerly : managing partner-Arc-one consult ltd, Deputy director building service judiciary. Board Member Kabarnet Municipality</p>
<p>Hon. Arch. Reuben Ruto</p>	

3. Key Management Team

Serial No	Name	Details of qualifications and experience
1.	 <p data-bbox="284 1263 552 1294"><i>Mr Julius Bolei, HSC</i></p>	<p data-bbox="1086 472 1342 504"><i>Municipal manager</i></p>
2.	 <p data-bbox="284 1845 520 1877">Mr Henry Nalipan</p>	<p data-bbox="1086 1323 1382 1458">Ag Chief Officer lands Housing and Urban Development</p>

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3.	 A black and white portrait of a middle-aged man with short hair, wearing a dark suit jacket, a white collared shirt, and a patterned tie. He is smiling slightly and looking directly at the camera. The background is slightly blurred, showing what appears to be an indoor setting with some architectural elements.	The County Executive Committee member
	Hon Arch Reuben Rutto	

4. Municipality Board Chairperson's Report

Kabarnet Municipality board was inaugurated in 2019.

During the financial year ended 30th June 2023 significant success was registered.

Infrastructure development, development roads and improvement of existing, parking spaces with cabro finishes and walk ways.

Development of the first recreational, public toilet and completion and expansion of a wholesale market.

Development of the annual development plan that has seen implantation, street lighting points in shopping centres and street lighting, water and environmental conservation projects and drainage works and public toilets.

The board has had subcommittee and full board meetings where various deliberations on planning and infrastructure, finance and administration, environment and safety

Audit and governance matters was deliberate approved and implemented

Inspire of the success noted above

The recorded challenges were as follow;

- ✓ Inadequate development budget where upon few projects were funded. The recurrent budget of 6 million for the year and all activities was also inadequate.
- ✓ Few functions have been developed are still yet with the departments e.g. Land and Planning, Revenue Collection, Roads and Water.
- ✓ Lack of core staff as Engineering planning and survey, revenue and finance cleaners and enforcement officers.
- ✓ Lack of office and furniture.
- ✓ The team remained focused and managed to plan and approve the stated projects notwithstanding the inadequate budget except that from work back urban support programme
- ✓ There was change of one board member from Chief officer Catherine Changwony to Mr Henry Nalipan in the month of sept 2022.
- ✓ With adequate budget and transfer of function the present board is very resourceful and dedicated to accomplish its mandate.
- ✓ The municipality should be funded and made autonomous as encase by the act so as to achieve the intended goals.



.....
Name: Kiprop Cheserem
Chairperson of the Board

5. Report of the Municipality Manager

Kabarnet Municipality was inaugurated on 11th September 2019 after meeting all required conditions. Although we are progressing well, we are yet to overcome most of the challenges;

CHALLENGES

1. **Budgetary Allocations** - The budget allocations are inadequate and for quite sometime, It had been anchored within the mother department LHUD.
2. **Staffing** - We have inadequate staff, most of them especially the technical staff do not report to the Municipal Administration but to their mother departments. This has slowed down on performance.

The staff that directly report to the Manager are;

- i. Fire Officers.
- ii. Conservancy Staff.
- iii. Security.
- iv. Enforcement.
- v. Mechanics.

Most of them work on as casuals thus they are demotivated.

PROGRAMS/DEVELOPMENT PROJECTS.

Through the support of KUSP which has been running for almost Five (5) years the municipality has made great progress and has impacted positively in the lives of the residents; socially and economically.

Below is a template of the projects so far done and their impact.

KUSP PROJECTS

S/NO	PROJECT	LOCATION	IMPACT
1.	Market Phase I - Stalls	Kabarnet Municipal Market	80 stalls for market members.
2.	Recreation Park	Museum	complete
3.	Market Phase II - Wholesales	Market	complete
4.	Anyiny Jua Kali Road	Jua Kali	Boost transport within and ease congestion in the main road.

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5.	Walk ways	Kabarnet Town	Ease movement of residents of the municipality
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The County Government through its budgetary allocation has been of great support to the Municipality. The table below indicates the projects so far done and its impact.

COUNTY SUPPORTED PROJECTS;

S/No	Projects	Location	IMPACT
1.	Municipality offices	Fire station	Inadequate Funds. Creation of more Offices for technical staff.
2.	Installation of Floodlights.	Kaprogonya, Kapkut, Kator, Airstrip, Seguton, Kapsoo, Kituro, Kitumbei, Kapchomuso, Riwo and Bondeni.	Completed. Enhance security in centre's surrounding the municipality.
3.	Construction of Market Stalls.	Kapsoo	Assist Baringo technical college students and the residents of Kapsoo.
4.	Street Lights.	Bondeni Centre and Kaptimbor Centre	Completed Improve security within the said areas
5.	Water Tank.	Sironoi	It will help the local residents to acquire clean water.
6.	Fuel.	Sironoi - Kimoso Road	Data Collection. Open new areas which was inaccessible before.
7.	Installation of VIP Toilet.	Kasooyo	Evaluation. Improve sanitation within the area.
8.	Fencing of Kituro- Kabilat and Kongmet Water Catchment.	Kituro	Data Collection.
9.	Cabro Paving.	CBD	complete

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10	Maintenance Floodlights.	Town	Improve security within the town and assist in ease of business.
11	Garbage Collection Management.	Municipality	Assist in solid waste management within the town.
12	Cabro works- roll over	Town	Completed.
13	Dumpsite Road-roll over	Sironoi	Improve road network to dump site.

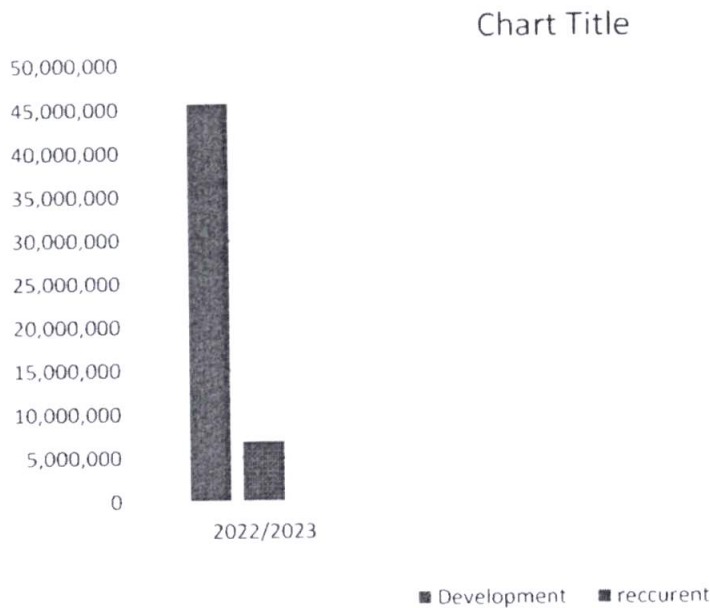
OTHER PROGRAMMES INCLUDE;

1. **Clean up exercise** - University of Eldoret students in association with Baringo County Government Staff Clean up exercise
2. **Planting of trees** - This was done by Baringo County Liberal minds.
3. **Kabarnet Hurth partnerships** - The twin town Kabarnet Hurth was sign in 1988, since then it has continued to support Kabarnet Municipality some of the projects include;
 - i. Slaughter House.
 - ii. Fire Station.

During covid 19 to date, they have been supporting most of the vulnerable households with food stuffs, water tank and other essential items. So far, they have supported over 3500 households. Apart from vulnerable members of society they have also supported Institutions like Kituro Vocational training by buying assorted equipment's for students, infrastructure development, bursaries and food item for sunrise children's home and Kabarnet Hurth day secondary.

BUDGET PERFORMANCE

Budget Allocation.



Development Fund Amounting – Ksh.45,654,056
Recurrent Amounting – Ksh.6,859,157

CONCLUSION OF RECOMMENDATIONS.

Despite the challenges, The Municipal administration is quite optimistic that future is bright and that urban development is the way to go. Currently the Municipality population as per the 2019 census stands at 47,000 persons. This may have increased to over 50,000 currently.

The following are some of our recommendations;

1. Enhance budgetary allocation
2. A formula to be agreed on how revenue is allocated to the Municipality.
3. Strengthening of the Municipality structures as a semi-autonomous county agency.
4. Empowering the municipal administration to effectively run the Municipality.
5. Transfer of all the municipal functions as emphasized in the urban areas and cities act 2011 and the Municipal charter.

Name: JULIUS BOLEI
Municipality Manager



6. Statement of Performance Against Predetermined Objectives for the FY 2022/2023

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 Kabarnet Municipality plan are to:

- a) Provide quality physical infrastructure.
- b) Urban planning.
- c) Urban governance and administration
- d) Harmonizing national, regional and county planning requirements. The plan proposals are re-aligned to the planning proposals at the National, Regional and county levels.
- e) A Systemized Planning approach. Planning Proposals are based on harmonizing the functionality of both man-made and natural subsystems including human settlements, transport, economic and social environments for sustainable development.
- f) Equity in development. An expert approach is used to analyse and propose alternative sources of livelihood across all areas of productivity.
- g) Protecting of historical, cultural heritage and environmentally sensitive areas.
- h) Assessing the potential sites for key infrastructure.

Challenges

- **Budget**
In adequate resource envelope contributed by Baringo County Government to the Kabarnet municipality.
- **Inadequate technical Staffing**
We lack some key technical staff in kabarnet Municipality to run the organisation in orderly manner like Surveyor, physical Planner, Works officer, Quantity surveyor and architect.
- **Mobility of administering the municipality**
There is only one vehicles which supervises the activities of the municipality from Development control ,urban planning and others.

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Below we provide the progress on attaining the stated objectives:

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 FY 2021/2022 a total of 30 plans was approved under review we increased Housing unit by 40%.
Physical infrastructure	To increase parking area	To increase Revenue collection within CBD	Increase in parking slots	-in FY 2022/2023 total of 20 slot was increased in the year under review.

7. Corporate Governance Statement

Eligibility for appointment as member of the board of the Municipality

Each member of the Board of the Municipality shall have the following qualifications:

- a) holds at least a diploma from an institution recognized in Kenya;
- b) Has a distinguished career in a medium level management position in either the private or public sector.
- c) Holds at least five years' post qualification professional experience; and satisfies the requirements of Chapter Six of the Constitution;
- d) Is ordinarily resident or has a permanent dwelling in the municipality; and
- e) Carries on business in the municipality or
Has lived in the municipality for at least five years

Removal of members of the board of the municipality

A member of the Board of the Municipality shall cease to hold office if the member:

- a) is unable to perform the functions of the office by reason of mental or physical infirmity;
- b) is declared or becomes bankrupt or insolvent;
- c) is convicted of a criminal offence and sentenced to a term of imprisonment of six months or more;
- d) resigns in writing to the County Governor;
- e) without reasonable cause, the member is absent from three consecutive meetings of the Board or Committee of the Board of the Municipality within one financial year;
- f) is found guilty of professional misconduct by the relevant professional body;
- g) is disqualified from holding a public office under the Constitution;
- h) fails to declare his or her interest in any matter being considered or to be considered by the Board or Board Committees;
- i) engages in any gross misconduct; or
- j) Dies.

The Board of the Municipality shall perform the following functions:

- a. Oversee the affairs of the Municipality;
- b. Develop or adopt policies, plans, strategies and programmes and set targets for service delivery;

- c. Formulate and implement an integrated development plan;
- d. Control land, land sub-division, land development and zoning by public and private sectors for any purpose, including industry, commerce, markets, shopping and other employment centers, residential areas, recreational areas, parks, entertainment, passenger transport, agriculture, and freight and transit stations within the framework of the spatial and master plans for the Municipality as delegated by the County Government of Baringo
- e. Promoting and undertaking infrastructural development and services within Municipality as delegated by the County Government of Baringo
- f. Developing and managing schemes, including site development in collaboration with the relevant national and county agencies;
- g. Maintaining a comprehensive database and information system of the administration;
- h. Administering and regulating its internal affairs;
- i. Implementing applicable national and county legislation;
- j. Entering into contracts, partnerships or joint ventures as it may consider necessary for the discharge of its functions;
- k. Monitoring and, where appropriate, regulating municipal services where those services are provided by service providers other than the Board of the Municipality;
- l. Preparing and submitting its annual budget estimates to the relevant County Treasury for consideration and submission to the County Assembly for approval as part of the annual County Appropriation Bill;
- m. Collecting rates, taxes levies, duties, fees and surcharges on fees as delegated by the County Government of Baringo
- n. Settling and implementing tariff, rates and tax and debt collection policies as delegated by the County Government of Baringo
- o. Monitoring the impact and effectiveness of any services, policies, programs or plans;
- p. Establishing, implementing and monitoring performance management systems;
- q. Promoting a safe and healthy environment;
- r. Facilitating and regulating public transport
- s. Performing such other functions as delegated by the County Government of Baringo.

Remuneration of the members of the board of the municipality

The Board of the Municipality shall not be entitled to a salary.

- a. 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

8. Management Discussion and Analysis

During the period under review, Kabarnet Municipality had Recurrent amounting to 6,759,157 and Development Fund amounting to 45,654,499.00

Development funds was implemented as follow

	Development project for the Financial year 2022/2023		Project status
1	Construction of Municipal office block	15,000,000	Removed in supplementary
2	Purchase of Incinerator	7,000,000	Removed in supplementary
3	Construction of Sironoi water tank	3,500,000	Completed
4	Fuel for road at Sironoi	500,000	ongoing
5	Installtion of Eco Toilet at Kasoiyo centre	800,000	IPC NO 1 has been made.not yet complete
6	Intallation of floodlights at Kaprogonya, kapkut, kator,Airtrip,Kapsoo and Bondeni	3,300,000	Completed
7	Maintenance of floodlights within kabarnet Municipality	1,000,000	Completed
8	Garbage collection management	1,654,499	Completed
9	Installation of street lights at kaptimbor	1,200,000	Completed
10	Cabro paving works	5,000,000	Completed
11	Installation of street lights at Bondeni	1,200,000	Completed
12	Fencing of kiplewel dam	1,000,000	Removed in second supplementary
13	Fencing of kituro-kibilat and kongmet water catchment	1,000,000	Completed
14	Construction of Kapsoo Market stalls	3,500,000	Ongoing
	Total	45,654,499	
	Roll over FY 2021/2022		
1	KUSP-Implementation of UDG at Kabarnet Municipality	58,486,074.00	Ongoing
2	Kabarnet Town dumpsite road network	1,500,000.00	Removed in supplementary
3	Cabro works at Kabarnet Town	2,092,031.00	Ongoing

- Nine out of the fourteen projects are complete during the year under review which correspond to 65% on project implementation

KUSP PROJECT

- This is Donor Fund under KENYAN URBAN SUPPORT PROGRAMME used to construct recreational park, market phase ii and Anyiny Jua kali road and is complete and paid.
- As kabarnet Municipality we are faced with inadequate allocation of Funds for development of project within Municipality.
- Kabarnet Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011.

9. Environmental And Sustainability Reporting

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

1. Sustainability strategy on Municipality Services

We are strategically positioned to provide services, building infrastructure, and formulating policies and regulations that can promote sustainability. We are also close enough to citizens to hear their concerns and ideas. A proactive approach in that matter is certainly profitable for two reasons. First, there are risks associated with waiting for crisis situations before action is taken. Secondly, dealing with crisis situations rather than being proactive and avoiding them altogether tends to be more expensive for a community. If not prepared to face changes, such abrupt changes can have disastrous impact on community. That is why we suggest that a new quality may be required in order for a community to persist through time.

2. Environmental performance

Kabarnet municipality has developed Solid waste management policy which provides a mechanism for implementing municipal functions related to solid waste management as assigned under the Constitution of Kenya 2010, and Urban Areas and Cities Act 2012, provide for adoption of Integrated Solid Waste Management system and processes within Kabarnet Municipality, Facilitate adoption and compliance with relevant international, national and County standards for solid waste management in the Municipality, and facilitate the realization of Kenya Vision 2030, County Spatial plan and Kabarnet Integrated Urban Development plan as it relates to solid waste management.

Kenya has a growing human population and an increase in urbanization. The urban centers have attracted a large population of informal settlement dwellers and the middle class. This urbanization and increased affluence has led to increased waste generation and complexity of the waste streams. This trend is compounded by growing industrialization of the Kenyan economy. Despite the existence of laws and policies guiding waste management, weak implementation and poor practices have led to towns and cities being overwhelmed by their own waste, consequently affecting public health and the environment.

Over the years waste management has been the mandate of the local Authorities. However, most local authorities did not prioritize the establishment of proper waste management systems and hence allocated meager resources for its management. Further the councils lacked technical and institutional capacities to manage waste. This has led to the current poor state of waste management which includes indiscriminate dumping, uncollected waste and lack of waste segregation across the country.

Baringo County government has developed a Baringo County Polythene Materials Control and Management Act 2014 which provides the control, management and regulation of the manufacture, importation, sale, use and disposal of plastic and polythene materials and products in Baringo County. The county has purchased five acres piece of land for waste disposal. In addition, it has also acquired two waste trucks for transporting the waste to the disposal site.

Kabarnet municipality has developed a solid waste management plan which guides on sustainable solid waste management in the municipality to ensure a healthy, safe and secure environment for all. The Plan is a deliberate and visionary commitment for the municipality in the management of solid waste.

3. Employee welfare

The board of the Municipality may subject to the approval by the County Public service Board, employ such officers as it deems necessary to execute the powers and duties provided by this charter or any other law.

Kabarnet municipality has a plan of engagements with various stakeholders just to name few plot owners, matatu Sacco's, mama mbogas, boda boda.

The compensation of all employees of the municipality shall be set by the County Public service Board upon the advice of the Salaries and remuneration commission

4. Market place practices

Municipality tries its best to serve municipality residence equally without political alienation.

a) Responsible Supply chain and supplier relations

Kabarnet Municipality make payments upon receiving invoices from suppliers where services has been rendered.

b) Responsible marketing and advertisement

Municipality publishes its notice on notice boards, gazattement, and go beyond by drafting letters directly to individual concerns.

c) Product stewardship

Municipality protects customer interest and exploitation from unlawful activities.

5. Community Engagements

Every year on the Month of December Municipality Buys foodstuff to most venerable members of the society. In the year under review Municipality assisted more than 300 household through donor from hurth.

10. Report of the Municipality Board Members

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

Principal activities

The principal activities of the Municipality are

- a. Promotion, regulation and provision of refuse collection and solid waste management services;
- b. Promotion and provision of water and sanitation services and infrastructure (in areas within the Municipality not served by the Water and Sanitation Provider);
- c. Construction and maintenance of urban roads and associated infrastructure;
- d. Construction and maintenance of storm drainage and flood controls;
- e. Construction and maintenance of walkways and other non-motorized transport infrastructure;
- f. Construction and maintenance of recreational parks and green spaces;
- g. Construction and maintenance of street lighting;
- h. Construction, maintenance and regulation of traffic controls and parking facilities;
- i. Construction and maintenance of bus stands and taxi stands;
- j. Regulation of outdoor advertising;
- k. Construction, maintenance and regulation of municipal markets and abattoirs;
- l. Construction and maintenance of fire stations; provision of fire-fighting services, emergency preparedness and disaster management;
- m. Promotion, regulation and provision of municipal sports and cultural activities;
- n. Promotion, regulation and provision of animal control and welfare;
- o. Development and enforcement of municipal plans and development controls;
- p. Municipal administration services (including construction and maintenance of administrative offices);

Performance

The performance of the Municipality for the year ended June 30,2023 are set out on page 1


Board Members

The members of the Board who served during the year are shown on page vi to xii

Auditors

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

By Order of the Board



.....
Name: JULIUS BOLEI
Secretary of the Board



11. 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, 2022. 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.
- (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

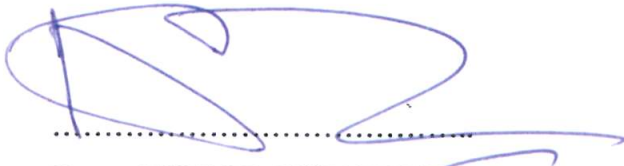
County Government of Baringo
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Manager has assessed the Municipality's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

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 15th 2023 and signed on its behalf by:



Name: KIPROP CHESEREM
Chairperson of the Board



Name: JULIUS BOLEI
Accounting officer of the Board



REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KABARNET MUNICIPALITY FOR THE YEAR ENDED 30 JUNE, 2023 – COUNTY GOVERNMENT OF BARINGO

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 that the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Kabarnet Municipality – County Government of Baringo set out on pages 1 to 44, which comprise the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison

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

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Kabarnet Municipality as at 30 June, 2023 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 do not comply with the Urban Areas and Cities Act, 2011 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Unconfirmed Transfers from County Government of Baringo

The statement of financial performance reflects transfers from the County Government of Baringo amounting to Kshs.9,259,006, which, as disclosed in Note 6 to the financial statements, includes payments by the County Government on behalf of the Municipality totalling Kshs.2,678,300. However, the payments were not authorized by the Board as provided for in Section 43(3) of the Urban Areas and Cities Act, 2011 which states that no payment shall be made out of the funds of a board or town committee unless it has been provided for in the approved annual or revised/ supplementary estimates of expenditure and authorized by a Board. Further, the transfers from the County Government of Baringo differ with the corresponding amount of Kshs.5,785,044 reflected in the statement of comparison of budget and actual amounts resulting in an unreconciled variance of Kshs.3,473,962.

In addition, the amount differs with the transfers to the Municipality amounting to Kshs.29,239,345 reflected in the County Government of Baringo's financial statements resulting in an unreconciled variance of Kshs.19,980,339.

In the circumstances, the accuracy and completeness of transfers from County Government of Baringo amounting to Kshs.9,259,006 could not be confirmed.

2. Use of Goods and Services

The statement of financial performance reflects expenditure on use of goods and services amounting to Kshs.5,785,044 as disclosed in Note 12 to the financial statements. However, the following unsatisfactory matters were noted: -

- i. The amount includes expenditure on utilities, supplies and services totalling Kshs.1,589,414 whose supporting payment vouchers were not provided for review. Further, electricity expenses amounting to Kshs.1,509,714 paid during the year were not recorded in the cash book.
- ii. The amount further includes expenditure on domestic travel and subsistence of Kshs.405,100 which was incurred in the form of reimbursements but whose prior approvals were not provided for review.

In the circumstances, the accuracy, completeness and propriety of use of goods and services expenditure of Kshs.5,785,044 could not be confirmed.

3. Irregular Board Expenses

The statement of financial performance reflects Board expenses amounting to Kshs.795,540 in respect of sitting allowances as disclosed in Note 14 to the financial statements. However, the amount includes Board sitting allowances totalling Kshs.200,990 paid to non-Board members.

In the circumstances, the accuracy and propriety of Board expenses amounting to Kshs.795,540 could not be confirmed.

4. Undisclosed Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents amounting to Kshs.576 as further disclosed in Note 19 to the financial statements. However, the amount does not include a bank balance of Kshs.29,239,345 held in an account at the Central Bank of Kenya.

In the circumstances, the accuracy and fair statement of the reported cash and cash equivalents balance of Kshs.576 as at 30 June, 2023 could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on the Lawfulness and Effectiveness in Use of Public Resources section of my report, based on the audit procedures performed, I confirm that, public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Failure to Develop and Implement an Integrated Development Plan

The Board of Kabarnet Municipality failed to develop an integrated development plan for the Municipality contrary to Section 20(1)(c) of the Urban Areas and Cities Act, 2011 which states that subject to the provisions of this Act a Board of any city or municipality shall formulate and implement an integrated development plan.

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

2. Lack of Independence of the Municipality

Kabarnet Municipality was awarded a Charter on 13 June, 2019 which granted it operational independence from the County Government of Baringo. However, review of the operations of the Municipality revealed that its budget was prepared and controlled by the County Executive of Baringo which had no prior approval by the Municipality's Board. The County has continued to perform functions which were transferred to the Municipality as provided for through Gazette notice No. 3844 dated 16 March, 2023 which included development controls, development approvals, development compliance surveillance and enforcement and control of outdoor advertisement, solid waste management and street parking.

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

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

3. Failure to Submit Financial Statements to the Auditor-General

Review of records revealed that the Municipality was established on 13 June, 2019. However, Management did not submit financial statements for the financial years 2019/2020 to 2021/2022 to the Auditor-General contrary to Section 46(2) of the Urban Areas and Cities Act, 2011 which states that within a period of three months after the end of each financial year, the Board or town committee shall submit to the County Executive Committee its accounts for that year for transmission to the Auditor-General together with a statement of the income and expenditure of the Board for that year and a statement of the assets and liabilities of the Board on the last day of that financial year.

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

4. Irregular Expenditure on Fuel, Oil and Lubricants

The statement of financial performance reflects expenditure on use of goods and services amounting to Kshs.5,785,044 which, as disclosed in Note 12 to the financial statements, includes fuel, oil and lubricants expenditure of Kshs.1,690,000 which, however, exceeded the budget of Kshs.910,000 by an unauthorized expenditure of Kshs.780,000. This was contrary to Regulation 50(2) of the Public Finance Management (County Government)

Regulations, 2015 which provides that all expenditure commitments for goods and services shall be controlled against spending and procurement plans approved by the responsible Accounting Officer, based on allocations and allotments from approved budgets.

Further, the fuel was procured using Framework Agreement Method which had only two vendors invited to tender. This was contrary to Regulation 102(1)(b) of the Public Procurement and Asset Disposal Regulations, 2020 which states that a procuring entity may enter into a framework agreement through open tender using an invitation to tender which shall specify the number of suppliers or contractors which shall not be less than seven alternative vendors.

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

5. Irregular Expenditure on Routine Maintenance-Vehicles and Other Equipment

The statement of financial performance reflects expenditure on use of goods and services amounting to Kshs.5,785,044 which, as disclosed in Note 12 to the financial statements, includes routine maintenance-vehicles and other equipment expenditure of Kshs.771,690 which further includes Kshs.648,010 incurred on procurement of services using Low Value Procurement Method. However, the method was not recommended by the Head of Procurement and approved by the Municipal Manager contrary to Regulation 92(d) of the Public Procurement and Assets Disposal Regulations, 2020 which states that a procuring entity may use Low Value Procurement Method where the procedure has been recommended by the Head of Procurement function after conducting a market survey and approved by the Accounting Officer or such person.

Further, the amount of Kshs.648,010 exceeded the Kshs.50,000 threshold provided for in the Second Schedule of the Public Procurement and Assets Disposal Regulations, 2020 as the upper limit allowable under the Low Value Procurement Method.

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

6. Irregular Employment of Casual Workers

The statement of financial performance reflects staff costs amounting to Kshs.2,378,300 as disclosed in Note 13 to the financial statements. Review of records revealed that the amount relates to casual wages paid to nineteen (19) casual workers who had been engaged for more than twelve (12) months. This was contrary to Section 37 of the Employment Act, 2007 which provides for the conversion of casual employment to regular employment terms for casual workers who have worked continuously for more than three months.

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

7. Failure to Issue Temporary Imprest

The Municipality did not issue temporary imprests to officers travelling out of their duty station as required by Regulation 93(3) of the Public Finance Management (County Governments) Regulations, 2015 which provides that temporary imprests should be

issued in respect of official journeys to provide officers with funds with which they can meet travelling, accommodation and incidental expenses.

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

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAI) 4000. The Standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements 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, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, based on the audit procedures performed, I confirm that, internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of a Risk Management Policy

Kabarnet Municipality's Management had not put in place a risk management policy, strategies and a risk register to mitigate against possible risks. This is in contravention of Regulation 158 of the Public Finance Management (County Governments) Regulations, 2015 which requires an accounting officer to ensure that a county government entity develops risk management strategies, which include fraud prevention mechanism; and a system of risk management and internal control that builds robust business operations.

In the circumstances, the Municipality is exposed to possible loss of funds and interruption of business operations where unexpected events occur with no plan to mitigate their impact.

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

Responsibilities of the Management and the Municipality Board

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 the Management

determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

The 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, the Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities, which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness

of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

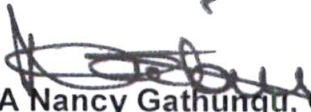
Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

06 May, 2024

*Kabarnet Municipality
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13. Statement of Financial Performance for The Year Ended 30 June 2023.

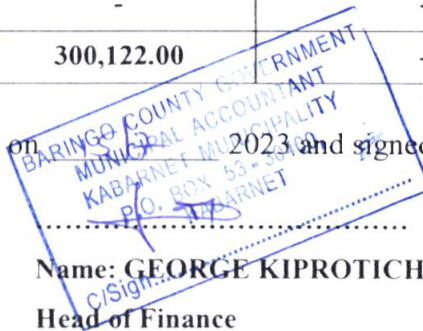
Description	Note	FY 2022/2023	FY 2021/2022
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from the County Government	6	9,259,006.00	-
Public contributions and donations	7	-	-
Levies Fines and Penalties	8	-	-
Other revenues	9	-	-
Revenue from exchange transactions			
Interest income	10	-	-
Miscellaneous Income	11	-	-
Total revenue		9,259,006.00	-
Expenditure			
Use of goods and services	12	5,785,044.00	-
Staff costs	13	2,378,300.00	-
Board expenses	14	795,540.00	-
Finance costs	15	-	-
Depreciation and amortization	16	-	-
Repairs and maintenance	17	-	-
Total expenses		8,958,884.00	-
Other gains/losses			
Gain/loss on disposal of assets	18	-	-
Surplus/(deficit) for the period		300,122.00	-

The municipality financial statements were approved on 27 MAR 2024 and signed by:

Name: JULIUS BOLEI
Municipality Manager



Name: GEORGE KIPROTICH
Head of Finance



ICPAK M/No 18980

County Government of Baringo
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14. Statement of Financial Position As At 30 June 2023

Description	Note	FY 2022/2023 Kshs.	Insert Comparative FY Kshs.
Assets			
Current assets			
Cash and cash equivalents	19	51,304,583.2	-
Receivables from exchange transactions	20	-	-
Receivables from Non- exchange transactions	21	-	-
Prepayments	22	-	-
Inventories	23	-	-
Total current assets		51,304,583.2	-
Non-current assets			
Property, plant, and equipment	24	58,486,074	-
Intangible assets	25	-	-
Total Non-current Assets		-	-
Total assets		109,790,657.2	-
Liabilities			
Current liabilities			
Trade and other payables	26	-	-
Refundable deposits from customers	27	-	-
Provisions	28	-	-
Borrowings	29	-	-
Employee benefit obligations	30	-	-
Deferred Income	31	-	-
Social Benefits	32	-	-
Total current liabilities		-	-
Non-current liabilities			
Provisions	28	-	-
Borrowings	29	-	-
Non-current employee benefit obligation	30	-	-
Deferred Income	31	-	-
Social Benefits	32	-	-
Total liabilities		-	-
Net assets		109,790,657.2	

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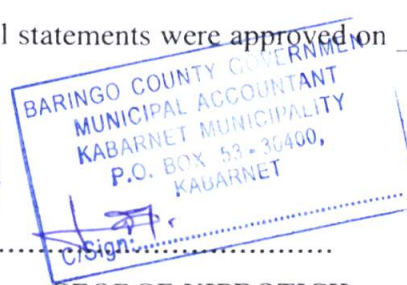
Description	Note	FY 2022/2023	Insert Comparative FY
		Kshs.	Kshs.
Development Grants		58,486,074.00	-
Reserves		-	-
Accumulated surplus		300,122.00	-
Total net assets and liabilities		58,786,196.00	-

The development funds of ksh **45,654,499** was not transferred to Municipality account but Municipality management and board participated in the process and implementation.

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Municipality financial statements were approved on 15/7 2023 and signed by:



Name: **JULIUS BOLEI**
Municipality Manager
Date:



Name: **GEORGE KIPROTICH**
Head of Finance
ICPAK M/No 18980
Date:

15. Statement of Changes In Net Assets For the Year Ended 30 June 2023

Description	Capital/ Development Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
Bal as at 1 July 2021				
Surplus/(deficit) for the year				
Funds received during the year				
Revaluation gain				
Bal as at 30 Jun 2022				
Bal as at 1 July 2022	454.00	0	0	454.00
Surplus/(deficit) for the year	0	-	300,122.00	300,122.00
Funds received during the year	58,486,074.00	-	-	58,486,074.00
Revaluation gain	-		-	-
Balance as at 30 June 2023	58,786,196.00	-	-	58,786,196.00

16. Statement Of Cash Flows for The Year Ended 30 June 2023

Description	Note	Insert Current FY	Insert Comparative FY
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government		9,259,006.00	-
Public contributions and donations		-	-
Interest received		-	-
Miscellaneous receipts (<i>Specify</i>)		-	-
Total Receipts		9,259,006.00	-
Payments			
Use of goods and services		5,785,044.00	-
Staff costs		2,378,300.00	-
Board expenses		795,540.00	-
Finance costs		-	-
Total Payments		8,958,884.00	-
Net cash flows from operating activities	33	300,122.00	-
Cash flows from investing activities			
Purchase of PPE & intangible assets		-	-
Proceeds from sale of PPE		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Receipts from Capital grants		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash equivalents		(23,192,858.3)	-
Cash And Cash Equivalents At 1 July 2022	19	74,497,441.5	-
Cash And Cash Equivalents At 30 June 2023	19	51,304,583.2	-

**County Government of Baringo
Annual Report and Financial Statements for the year ended June 30, 2023**

17. Statement of Comparison of Budget & Actual Amounts for the Year ended 30 June 2023

Description	Original budget Kshs.	Adjustments Kshs.	Final budget Kshs.	Actual on comparable basis Kshs.	Performance difference Kshs.	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
Revenue	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
Transfers from the County Government	9,259,006.00	1,145,356	10,404,362.00	9,259,006.00	1,145,356.00	88 %
Public contributions and donations	-	-	-	-	-	%
Interest income	-	-	-	-	-	%
Miscellaneous income (<i>specify</i>)	-	-	-	-	-	%
Total Revenue	9,259,006.00	1,145,356	10,404,362.00	9,259,006.00	1,145,356.00	%
Expenses						
Use of goods and services	5,759,157.00	-	5,759,157.00	5,785,044.00	(25,887)	%
Board expenses	1,000,000	-	1,000,000	795,540	204,460	80%
Staff Costs	-	-	-	2,378,300	-	%
Finance costs	-	-	-	-	-	%
Total Expenditure	6,759,157.00	1,145,356.00	6,759,157.00	8,958,741.00		%
Surplus for the period	0	0		300,265.00		
Capital Expenditure	-	-	-	-	-	-

18. Notes to the Financial Statements

1. General Information

Kabarnet 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 13th June 2019. The Municipality is under the County Government of Baringo and is domiciled in Kenya.

The Municipality's principal activity is

- a. Promotion, regulation and provision of refuse collection and solid waste management services;
- b. Promotion and provision of water and sanitation services and infrastructure (in areas within the Municipality not served by the Water and Sanitation Provider);
- c. Construction and maintenance of urban roads and associated infrastructure;
- d. Construction and maintenance of storm drainage and flood controls;
- e. Construction and maintenance of walkways and other non-motorized transport infrastructure;
- f. Construction and maintenance of recreational parks and green spaces;
- g. Construction and maintenance of street lighting;
- h. Construction, maintenance and regulation of traffic controls and parking facilities;
- i. Construction and maintenance of bus stands and taxi stands;
- j. Regulation of outdoor advertising;
- k. Construction, maintenance and regulation of municipal markets and abattoirs;
- l. Construction and maintenance of fire stations; provision of fire-fighting services, emergency preparedness and disaster management;
- m. Promotion, regulation and provision of municipal sports and cultural activities;
- n. Promotion, regulation and provision of animal control and welfare;
- o. Development and enforcement of municipal plans and development controls;
- p. Municipal administration services (including construction and maintenance of administrative offices);

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 Municipality.

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

3. Application of New and revised standards (IPSAS)

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

Standard	Effective date and impact:
	<p>and</p> <p>(c) The impact of such social benefits provided on the Municipality's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) 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>
<p>Other improvements to IPSAS</p>	<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. • <i>IPSAS 29: Financial instruments: Recognition and Measurement</i> Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

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

iii. Early adoption of standards

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

(Notes to financial statements continued)

4. Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2022/2023 was approved by the County Assembly on 30th June 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.

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.

c) Property, plant and equipment

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

d) Intangible assets

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

(Significant accounting policies continued)

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.

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

Subsequent measurement

Based on the business model and the cash flow characteristics, the Municipality 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 Municipality 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.

(Significant accounting policies continued)

Impairment

The Municipality assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

Financial liabilities

Classification

The Municipality 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.

(Significant accounting policies continued)

g) Provisions

Provisions are recognized when the Municipality has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the 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 Municipality 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 Municipality 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.

(Significant accounting policies continued)

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 fund and will have no legal or constructive obligation to pay further contributions if the Municipality does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to scheme obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefits are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all

participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

(Significant accounting policies continued)

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.

(Significant accounting policies continued)

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.

State all judgements, estimates and assumptions made.

Estimates and assumptions.

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

Useful lives and residual values

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

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

Notes to the Financial Statements

6. Transfers from the County Government

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	6,580,706.00	-
Payments by County on behalf of the Municipality	2,678,300.00	-
Unconditional development grants	-	-
Total	9,259,006.00	-

(a) Transfers from County Government entities (Categorized)

Name Of The Entity Sending The Grant	Amount recognized to Statement of financial performance*	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Insert Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department	-	-	-	-	-
Ministry	-	-	-	-	-
Total	-	-	-	-	-

7. Public Contributions and Donations

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

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Notes to the Financial Statements

8. Levies, Fines and penalties

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Levies	-	-
Fines	-	-
Penalties	-	-
Others (<i>indicate and specify</i>)	-	-
Total	-	-

9. Other Revenues from Non-Exchange Transactions

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Transfers from other government entities	-	-
Others	-	-
Total	-	-

10. Interest income

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Interest income from investments	-	-
Interest income on bank deposits	-	-
Others	-	-
Total interest income	-	-

11. Miscellaneous income

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Income from sale of tender documents	-	-
Others	-	-
Total other income	-	-

Notes to the Financial Statements

12. Use of Goods and Services

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Utilities, supplies and services	1,589,414.00	-
Communication, supplies and services	95,000.00	-
Domestic travel and subsistence	405,100.00	-
Foreign travel and subsistence	-	-
Printing, advertising, supplies & services	-	-
Rent and rates	-	-
Training expenses	-	-
Sanitary and cleaning materials, supplies and services	34,200.00	-
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	127,400.00	-
Fuel, oil and lubricants	1,690,000.00	-
Internet connection	8,000.00	-
Catering Services	49,860.00	-
Hospitality supplies and services	221,530.00	-
Purchase of safety gears	47,980.00	-
Other fuels	6,440.00	-
Utilities supplies and services	477,185.00	-
Routine maintenance – vehicles and other equipment	771,690.00	-
Routine maintenance – other assets	232,220.00	-
Contracted Professional Services	-	-
Audit fees	-	-
Hire of Transport, equipment etc	26,000.00	-
Bank Charges	3,025.00	-
Social Benefit expenses*	-	-
Total	5,785,044.00	-

County Government of Baringo

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13. Staff costs

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Salaries and wages	2,378,300.00	-
Staff gratuity	-	-
Social security contribution	-	-
Other staff costs (<i>Specify</i>)	-	-
Total	2,378,300.00	-

Notes to the Financial Statements

14. Board expenses

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Chairman/Members' Honoraria	-	-
Sitting allowances	795,540.00	-
Medical Insurance	-	-
Induction and Training	-	-
Travel and accommodation	-	-
Conference Costs	-	-
Other allowances (<i>Specify</i>)	-	-
Total	795,540.00	-

15. Finance costs

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
Total	-	-

16. Depreciation and amortization

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	-	-

Notes to the Financial Statements

17. Repairs and Maintenance

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Property- Buildings	-	-
Office equipment	-	-
Furniture and fittings	-	-
Motor vehicle expenses	-	-
Maintenance of civil works	-	-
Total repairs and maintenance	-	-

18. Gain/(loss) on disposal of assets

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

19. Cash and cash equivalents

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Fixed deposits account	-	-
On – call deposits	-	-
Current account	51,304,583.2	-
Others(<i>specify</i>)	-	-
Total cash and cash equivalents	51,304,583.2	-

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Notes to the Financial Statements

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

Financial institution	Account number	FY 2022/2023	FY 2021/2022
		Kshs.	Kshs.
a) Fixed deposits account			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
Sub- total		-	-
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
Sub- total		-	-
c) Current account			
Kenya Commercial bank	1151177962	576.00	-
Access Bank -	01400130000011	51,304,007.2	-
Sub- total		-	-
d) Others(specify)			
Cash in transit		-	-
Cash in hand		-	-
Mobile Money		-	-
Sub- total		-	-
Grand total		51,304,583.2	-

20. Receivables from exchange transactions

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Current Receivables		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total Current receivables (a)	-	-
Non-Current receivables		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-

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Total Non- current receivables (b)	-	-
Total receivables from exchange transactions	-	-

Ageing analysis for Receivables from exchange transactions

Description	FY 2022/2023		FY 2021/2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

21. Receivables from Non-Exchange transaction

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Transfer from County Executive	-	-
Transfer from Kabarnet Fund	-	-
Total receivables from non-exchange transactions	-	-

Ageing analysis for Receivables from non-exchange transactions

Description	FY 2022/2023		FY 2021/2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

22. Prepayments

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(<i>specify</i>)	-	-
Total	-	-

23. Inventories

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Stationery	-	-
Consumables	-	-
Other inventories(<i>specify</i>)	-	-
Total inventories at the lower of cost and net realizable value	-	-

(Notes to the Financial Statements Continued)

24. Property, Plant and Equipment

Description	Land	Building	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Capital Work in progress	Total
	Shs							
As at 1 July 2022 (previous year)	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
As at 30th June 2021	-	-	-	-	-	-	-	-
Additions for the year	-	-	-	-	-	-	-	-
Disposals for the year	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
As at 30th June 2023 (current year)	-	58,486,074	-	-	-	-	-	58,486,074
Depreciation and impairment								
At 1 July 2022 (previous year)		-	-	-	-	-	-	-
Depreciation		-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-
Transfers/ Adjustments		-	-	-	-	-	-	-

(Notes to The Financial Statements Continued)

25. Intangible assets

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

26. Trade and other payables from exchange transactions

Description	FY 2022/2023		FY 2021/2022	
	Kshs.		Kshs.	
Trade payables	-		-	
Retentions	-		-	
Accrued expenses	-		-	
Other payables (<i>Specify</i>)	-		-	
Total trade and other payables	-		-	
Ageing analysis:	FY 2022/2023	% of the Total	FY 2021/2022	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

Notes to the Financial Statements

27. Refundable deposits from customers

Description	FY 2022/2023		FY 2021/2022	
	KShs		KShs	
Rent deposits	-		-	
Others (<i>specify</i>)	-		-	
Total	-		-	
Ageing analysis:	FY2022/2023	% of the Total	FY 2021/2022	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

28. Provisions

Description	FY 2022/2023		FY 2021/2022	
	Kshs.		Kshs.	
Balance at the beginning of the year	-		-	
Additional Provisions (<i>Specify</i>)	-		-	
Provision utilised	-		-	
Balance at the end of the year	-		-	
Current Portion of provision	-		-	
Long term portion of provision	-		-	
Total Provisions	-		-	

29. Borrowings

The table below shows the classification of borrowings long-term and current borrowings:

Description	FY 2022/2023		FY 2021/2022	
	Kshs.		Kshs.	
Short term borrowings (current portion)	-		-	
Long term borrowings	-		-	
Total	-		-	

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Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Balance at beginning of the period	-	-
Borrowings during the year	-	-
Repayments of borrowings during the period	-	-
Balance at end of the period	-	-

The table below shows the Distribution of borrowings:

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
Total balance at end of the year	-	-

30. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	Total
	Kshs.	Kshs.	Kshs.	Kshs.
Current benefit obligation	-	-	-	-
Non-current benefit obligation	-	-	-	-
Total employee benefits obligation	-	-	-	-

Notes to the Financial Statements

31. Deferred Income

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
National/County Government	-	-
International Funding Bodies	-	-
Public Contributions and Donations	-	-
Total Deferred Income	-	-

The deferred income movement is as follows:

Description	County government	International funders/ donors	Public contributions and donations	Total
	Kshs	Kshs	Kshs	Kshs
Balance brought forward	-	-	-	-
Additions during the year	-	-	-	-
Transfers to capital fund	-	-	-	-
Transfers to income statement	-	-	-	-
Other transfers	-	-	-	-
Balance carried forward	-	-	-	-

Analysed as:

Description	Amount
	Kshs
Current	-
Non- Current	-
Total	-

Notes to the Financial Statements

32. Social Benefit Liabilities

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
People Living with disabilities benefit scheme		
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

33. Cash generated from operations

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax	300,122.00	-
Adjusted for:		
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
Net cash flow from operating activities		-

34. Related party balances

a) Nature of related party relationships

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

- a) The County Government.

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

b) Related party transactions

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Board Members	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Due from parent Ministry	-	-
Due from County Government	-	-
Due from County Assembly	-	-
Total	-	-

Notes to the Financial Statements

e) Due to related parties

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Due to County Assembly	-	-
Total	-	-

35. Contingent liabilities

Contingent liabilities	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Court case against the entity	-	-
Bank guarantees	-	-
Total	-	-

36. Contingent Assets

Contingent liabilities	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Court case against the entity	-	-
Others Specify	-	-
Total	-	-

Notes to the Financial Statements

37. Financial risk management

The City/Municipality's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The City/Municipality's overall risk management programme focuses on 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 City/Municipality does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The City/Municipality's financial risk management objectives and policies are detailed below:

I. Credit risk

The City/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 City/Municipality's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the City/Municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
At 30 June 2023 (current year)				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2022 (previous year)				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

Notes to the Financial Statements

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 City/Municipality has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The City/Municipality has significant concentration of credit risk on amounts due from xxx.

The City/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 City/Municipality’s short, medium and long-term liquidity management requirements. The City/Municipality manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 Jun 2023				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 Jun 2022				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

Notes to the Financial Statements

III. Market risk

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

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

IV. Foreign currency risk

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

Description	Other currencies		Total
	Kshs.	Kshs.	Kshs.
At 30 June 2023 (current year)			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

Notes to the Financial Statements

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs.	Kshs.	Kshs.
2023 (current year)			
Euro	10%	-	-
USD	10%	-	-
2022 (previous year)			
Euro	10%	-	-
USD	10%	-	-

V. Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements

VI. Capital risk management.

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

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Revaluation reserve	-	-
Capital/Development Grants//Municipality	-	-
Accumulated surplus	-	-
Total Funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-%	-%

19. Appendices

Appendix 1. Progress on Follow up of Auditors Recommendations.

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

- a) Use the same reference numbers as contained in the external audit report.
- b) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- c) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue.
- d) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to County Treasury.

CHIEF OFFICER, LAND HOUSING & URBAN DEVELOPMENT
 BARINGO COUNTY GOVERNMENT
 27 MAR 2024
 P.O. BOX 22400, KABARNET

Accounting officer of the Municipality

Appendix 2: Inter Entity Transfers

MUNICIPALITY NAME:				
Breakdown of Transfers from the County Executive of Baringo County				
	FY 20xx/20xx			
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
		Total	-	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
			-	
		Total	-	
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
		Total	-	

.....
Head of Accounts

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Appendix 3: Reporting of Climate Relevant Expenditures

Name of the Organization
 Telephone Number
 Email Address
 Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications)

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

Appendix 4: Disaster Expenditure Reporting Template

Date:

Entity

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments