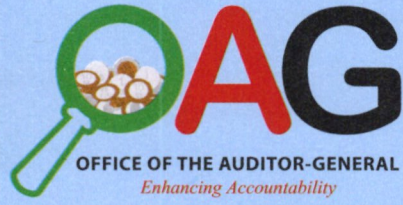


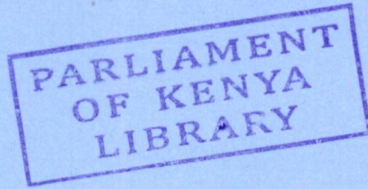
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OFFICE OF THE AUDITOR-GENERAL  
*Enhancing Accountability*



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COMMITTEE	—
CLERK AT THE TABLE	Ms. Nabalayo

# REPORT

OF

**THE AUDITOR-GENERAL**

ON

**CHEPARERIA MUNICIPALITY**

**FOR THE YEAR ENDED  
30 JUNE, 2025**

**COUNTY GOVERNMENT OF WEST POKOT**



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**CHEPARERIA MUNICIPALITY**  
*County Government of West Pokot*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>TH</sup> JUNE 2025**

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

**County Government of West Pokot**  
**Chepareria Municipality**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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## **1. Acronyms and Definition of Key Terms**

### **A. Acronyms**

PSASB	Public Sector Accounting Standards Board
FY	Financial Year
OSHA	Occupational Safety & Health Act
ADP	Annual Development Plan
C.I.D.P	County Integrated Development Plan
IDeP	Integrated Development Plan
IFMIS	Integrated Financial Management System
LPLUDP	Local Physical Planning & Land Use Development Plan
KISIP	Kenya Informal Settlement Informal Project
MTP	Medium Term Programme
SDG	Sustainable Development Goals
SDHUD	State Department of Housing & Urban Development
SCMO	Supply Chain Management officer

### **B. Definition of Key Terms**

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

**Comparative Year**- Means the prior period.

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

### **a) Background information**

Chepareria 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 of 16th March 2018. The Municipality is under the County Government of West Pokot and is domiciled in Kenya.

### **b) Principal Activities**

#### **Objects of the Municipality**

- a. Provide efficient and accountable management of the affairs of the municipality
- b. Provide for Governance mechanism that will enable the inhabitants of the municipality to; participate in determining the social services and regulatory framework which will best satisfy their needs and expectation; Verify whether public resources and authority are utilized or exercised as the case may be to their satisfaction; enjoy efficiency in service delivery
- c. Provide a high standard of social services in a cost-effective manner to the inhabitants of the Municipality.
- d. Providing services, laws and other matters to the municipality's benefit
- e. Fostering the economic, social and environmental wellbeing of its community

#### **Functions of the Municipality**

- (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 water 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 and control of outdoor advertising;
- (k) Construction, maintenance, management 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);
- (q) Promoting and undertaking infrastructural development and services within municipality;

**c) Key Management**

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

- County Department of housing and Urban Development

- Board of Management
- Municipality Manager
- Management

**d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 20xx and who had direct fiduciary responsibility were:

Ref	Position	Name
1.	Municipality Manager	Silas Plimo
2.	Deputy Manager	Dorinah Chepkopus
3.	Deputy Director Finance	CPA Geoffrey Lokong
4.	Head of Physical Planning	Plan. Hamilton Bett
5	Municipal Environmentalist	Emily Cheyech Liman
6	Municipal Engineer	Elias Pyego Mukenyang
6.	Supply Chain Management Officer	Scholar Cherop

**e) Fiduciary Oversight Arrangements**

i) Audit and Risk Management Committee

The West Pokot County Audit Committee was constituted and inducted on 1<sup>st</sup> July 2018 as per the provisions of the Public Finance and Management Act, 2012. It is mandated to review audit reports and advise the Municipality on institutional risk management.

S/No	Name	Designation
1	CPA Samuel Lonyang	Chairperson
2	CPA Thomas Pkemoi Lotiaka	Secretary
3	Diana Rotich	Member
4	Ruth Cheruiyot	Member
5	Meshack P. Kiptoo	Member
6	Philip Ptiso	Member

ii) County Assembly committees

Article 185(3) provides that a County Assembly, while respecting the principle of the separation of powers, may exercise oversight over the County Executive Committee and any other County Executive organs. The oversight role of the County assembly is exercised directly by all members

of the County assembly and through County assembly committees. The following are the committees responsible for oversight in the County assembly:

- Public Accounts and Investment Committee
- Sectorial Committees
- Finance and Planning Committee
- Implementation Committee

iii) Committees of the Senate

The oversight role of the senate is exercised directly by County Public investment and Special funds Committee established under standing order 194 of the Senate Standing Orders whose mandate is to examine the reports and accounts of the County Public investment and examine reports. If any of the Auditor-General on county public investments

**f) Registered Offices**

Chepareria Municipality  
P.O Box 222 – 30600  
Propoi Road  
Chepareria, Kenya.

**g) Contacts**

Telephone: (+254) 725822146  
E-mail: [chepareriamunicipaliy@gmail.com](mailto:chepareriamunicipaliy@gmail.com)  
Website: [chepareriamunicipality.go.ke](http://chepareriamunicipality.go.ke)

**h) Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 002Nairobi, Kenya
  
2. Kenya Commercial Bank  
Kapenguria Branch,  
P.O. Box 66 - 30600  
Kapenguria, 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

**k) The County Attorney**




West Pokot County  
P.O. Box 222-30600  
Kapenguria



3. Municipality Board


Serial No.	Name	Details of qualifications and experience
1	 <b>WILSON KAPANAT- BOARD CHAIRMAN</b>	<p>Wilson Kapanat is 59 years old. He holder of Masters in Business Administration from University of Nairobi and a Bachelor's Degree in Bachelor of Arts Education. He is also a Diploma Holder in Supply Chain Management and Banking and Finance. Mr. Kapanat previously worked with the Central Bank of Kenya for 26 years.</p>
2	 <b>PAULINE CHEPIWOT- VICE CHAIR</b>	<p>Pauline Chepiwot is 54 years old. She is a Holder of Bachelor's Degree in Education from Kisii University. She is also a Diploma Holder in ECD from Bungoma DICECE. She holds a P1 certificate from Thogoto TTC.</p> <p>She is currently the Head teacher of Ortum Primary School since 2023. Previously she worked as the Head teacher of Propoi and Kangorio Primary Schools having been the Deputy head teacher of Tapoyo Primary School and a Teacher in Propoi Primary School.</p>

3	 <p><b>JULIUS ALIMAKORI - BOARD MEMBER</b></p>	<p>Julius Alimakori is 49 years old. He is currently undertaking his undergraduate studies in Bachelor of Commerce in JKUAT where he started in 2014. Holds a Diploma in Business Management from KIM. He has attended several trainings including Entrepreneurship and Business Management at Dairy Training Institute (DTI) Naivasha.</p>
4	 <p><b>GEOFFREY TING'ORIA - BOARD MEMBER</b></p>	<p>Geoffrey Krop Ting'oria is 38 years Old. He holds a Bachelor of Science Degree in Geospatial Information Science from JKUAT. He is a Diploma holder in Land Surveying from the KISM.</p> <p>Geoffrey works as a National County Surveyor at Samburu County in the State Department of Lands and Physical Planning. Previously he worked as a Deputy National County Surveyor, Trans Nzoia County from 2020 to 2024.</p> <p>He is the chair of Audit and Risk management Committee</p>


**County Government of West Pokot  
Chepareria Municipality  
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<p>5</p>	 <p><b>VERONICA LOPOYETUM - BOARD MEMBER</b></p>	<p>Veronica Lopoynetum is 56 years old. She is a Bachelor's Degree holder in Education and Counselling from the Kenya Methodist University.. Veronica is currently working as a Deputy Head teacher Tilak Primary School. She is the chair of finance and General Purpose.</p>
<p>6</p>	 <p><b>MARTIN MSTO - BOARD MEMBER</b></p>	<p>Martin Msto is 55 years old. He is a Diploma holder in Education Management from KEMI. He also holds a second Diploma in Adult Education and Community Development from the University of Nairobi. Martin also holds P2 Certificate from</p>
<p>7</p>	 <p><b>JOEL CHUMANGOLE - BOARD MEMBER</b></p>	<p>Joel Chumangole is 53 years old. He a Diploma in Theology and Biblical studies from 2004-2006 He is also a holder of KCSE from Chewoyet High school from 1990-1993. He also attended Pserum Primary school.</p>



<p>8</p>	 <p><b>ESTHER CHELIMO- BOARD MEMBER</b></p>	<p>Ms. Esther Chelimo Loukotum is 40 years old and she is currently pursuing her Master degree in Business administration, She also holds of Bachelor degree in Management, Diploma in Education Management and Senior Management Course from Kenya School of Government.</p> <p>Ms. Esther has vast experience in various fields including being Head teacher Konyao Arid Zone Primary school, North Pokot Sub-county Administrator for a period of five years, ECDE coordinator Kipkomo Sub-County. She is currently The County Executive Committee Member (CECM) for Land, Physical Planning, Housing and Urban Development.</p> <p>Ms Esther is the Chair Planning and Development Committee</p>
<p>9</p>	 <p><b>MATHEW RIONOKOL- BOARD MEMBER</b></p>	<p>Mr. Mathew Rionokol is 47 years old</p> <p><b>EDUCATION</b></p> <p>2010: MSC Land Management from Royal Institute of Technology Stockholm Sweden 2004: Bachelor of Science Land Surveying and Photogrammetry University of Nairobi</p> <p>Mr. Mathew is the Chair, Human Resource and Gender Committee</p> <p><b>WORK EXPERIENCE</b></p> <p>2023 to Date: Chief Officer for Lands, Physical Planning, Housing and Urban Development West Pokot County.</p>



		2020 to 2022: Head of Geospatial Data Management Ministry of Lands, Housing and Urban Development
10	 <p><b>SILAS PLIMO – MUNICIPAL MANAGER/SECRETARY TO BOARD</b></p>	<p>Mr. Silas Plimo is 41 years old</p> <p><b>EDUCATION</b></p> <p>2014 August- to date Master of philosophy in environmental studies(applied social science- Human Ecology)</p> <p>2005-2010- Bsc. Wildlife management, Graduated.- Moi University</p> <p><b>WORK EXPIRIENCE</b></p> <p>February 2024- Date- Manager, Chepareria Municipality</p> <p>July 2015-Feb 2022-Worked as Conservancy Manager with Northern Rangelands Trust (NRT) Gaining a huge wealth of experience in Financial Management, Change Management, Leadership and Management Wildlife Conservation with focus on the Community Conservation.</p> <p>June 2009 to May 31<sup>st</sup>2010- Food Monitor World Food Program</p>

4. Key Management Team

Serial No	Name	Details of qualifications and experience
1.	 <p><b>SILAS PLIMO – MUNICIPAL MANAGER/SECRETARY TO BOARD</b></p>	<p><b>Date of Birth-</b> 1984</p> <p><b>Academic &amp; Professional Qualification</b></p> <p>2014 August- to date Master of philosophy in environmental studies(applied social science- Human Ecology)</p> <p>2005-2010- Bsc. Wildlife management, Graduated.- Moi University</p> <p><b>Work Experience</b></p> <p>February 2024- Date- Manager, Chepareria Municipality</p> <p>July 2015-Feb 2022-Worked as Conservancy Manager with Northern Rangelands Trust (NRT) Gaining a huge wealth of experience in Financial Management, Change Management, Leadership and Management Wildlife Conservation with focus on the Community Conservation.</p> <p>June 2009 to May 31<sup>st</sup>2010- Food Monitor World Food Program</p>

<p>2.</p>	 <p><b>DORINAH CHEPKOPUS - DEPUTY MANAGER</b></p>	<p><b>Date of Birth-</b> 30<sup>th</sup> April 1987</p> <p><b>Academic &amp; Professional Qualification</b></p> <p>2019-2022 Bachelor of Education Arts- UON</p> <p>2010-2012- Primary Teacher Education- International Teaching and Training Centre</p> <p>2003-2006- KCSE, Nasokol Secondary school</p> <p>1994-2002- KCPE, Propoi Primary School</p> <p><b>Work Experience</b></p> <p>February 2024- Date- Deputy Manager, Chepareria Municipality</p> <p>2021- January 2024- Teacher, Kipsoen Primary school</p> <p>2018-2020- Teacher, Karaus Primary school</p>
<p>3.</p>	 <p><b>CPA GEOFFREY LOKONG- ASST. DIRECTOR FINANCE</b></p>	<p><b>Date of Birth-</b> 29/05/1978</p> <p><b>Academic &amp; Professional Qualification:</b></p> <ul style="list-style-type: none"> <li>✓ Master of Business Administration (Finance), Bachelor of Education Maths and Accounting</li> <li>✓ Certified Public Accountant CPA(K) (No. 27397),</li> <li>✓ Strategic Leadership and Development Programme (SLDP), Senior Management Course (SMC)</li> </ul> <p><b>Work Experience:</b> Currently Assistant Director Accounting Services Chepareria Municipality,</p> <ul style="list-style-type: none"> <li>• Planning officer Department of Prisons</li> <li>• Deputy Officer in Charge, Nairobi Medium Prison,</li> <li>• Planning and Budget Officer United Nation and African Mission in Darfur(UNAMID)</li> </ul>

4.	 <p><b>PLAN. HAMILTON BETT-PHYSICAL PLANNER</b></p>	<p>Plan. Hamilton Bett is 32 years old.</p> <p><b>Academic &amp; Professional Qualification:</b> Registered Physical Planner (RPP305). Bsc. Urban and Regional Planning from The Technical University of Kenya. Certificate in GIS from ESRI. SPSS Data Analyst.</p> <p><b>Work Experience:</b> Currently Principal Physical Planner, West Pokot County. Senior Physical Planner, Ekambridge Services Ltd. Senior Physical Planner, Geomaestro Consult Africa Ltd. Assistant Physical Planner and GIS Data Analyst, Geomaestro Consult Africa Ltd. Assistant Physical Planner and GIS Data Analyst, The Planning Studio Ltd,</p>
5.	 <p><b>SCHOLAR CHEROP LOYER- SCMO</b></p>	<p>Scholar was born in 1990</p> <p><b>Academic &amp; Professional Qualification:</b> She has holder of KCSE certificate, she also has a certificate, Diploma and Degree in Supply Chain Management and Master Degree in Logistics Management.</p> <p><b>Work Experience:</b> Currently is she in charge of supply chain management at Chepareria Municipality, she is also worked as Supply Chain Management officer in various department in West Pokot County including Finance, Lands, Roads, Trade and Tourism.</p>

<p>6.</p>	 <p><b>ELIAS PYEGO MUKENYANG- ENGINEER</b></p>	<p>Date of Birth:11/11/1990</p> <p><b>Academic &amp; Professional Qualification</b>  <b>2017:</b> Technical University of Mombasa, BSc. Civil Engineering (Second Class Division).</p> <p><b>Professional Experience</b>                  Currently Engineer Chepareria Municipality  <b>2024 Feb</b> – Senior Superintending Engineer, Department of Lands Housing Physical Planning and Urban Development.  <b>2022- Jan 2024:</b> Engineer, Department of Water West Pokot County Government.  <b>2014:</b> Worked as an assistant site supervisor at Kenyatta University construction projects under attachment period, (May-August).</p>
<p>7.</p>	 <p><b>EMILY CHEYECH LIMAN- ENVIRONMENTALIST</b></p>	<p>Date of birth:1/2/1991</p> <p><b>Key academic and professional qualifications</b>                  2022-2024.Masters-Health, Safety and Environmental Engineering, Ken Institute of executive learning, India                  2011-2015-Bachelors of Environmental science with information Technology, Maseno University</p> <p><b>Professional Qualifications and membership</b>                  Registered member of Environment Institute of Kenya registration number EIK/2/6146</p> <p>Registered member of National Environment Management Authority (NEMA)Registration number 8964</p> <p>A practicing Expert with a Practising License number NEMA/EIA/ERPL/20882 as in Accordance with provision of the Environment Management andCoordination ACT CAP 387.</p> <p><b>Work Experience</b>  <b>February 2024-to Date</b> -Principal Environment</p>

		<p>Officer-Chepareria Municipality</p> <p><b>June 2022-january 2024</b> -contract Land reclamation officer in the ministry of environment, water, natural resources and climate change, west pokot county.</p> <p><b>January 2017-October 2017</b>-Volunteer in the ministry of environment water and natural resources, west pokot county.</p> <p><b>October 2016-November 2016</b>-Worked as a resident enumerator in ICRH (international centre for reproductive health –Kenya)-Kenya.</p>
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## **5. Municipality Board Chairperson's Report**

I take this opportunity to present the 2<sup>nd</sup> financial statements for Chepareria Municipality for the period ended June 30, 2025. The financial statements have been prepared in accordance with Section 164(2) of the Public Finance Management Act, 2012 and Section 46 of The Urban Areas and Cities Act of 2011. They contain appropriation accounts showing the services for which the appropriated money was rendered, amounts actually spent on each service, and any variations between the actual expenditure and the sums vote for the financial year 2024/2025.

The Municipality is committed to prudent use of its finances guided by sound fiscal policies that ensure efficient utilization of resources. We continuously engage and update the citizens of the Municipality through public participation. This upholds the key objective of devolution, which is to promote sustainable and equitable social, political and economic development in the County.

### **The Entity Financing**

Chepareria Municipality gets its financing through County allocation and for the period under review the entity was allocated Kshs.7,150,000 and Kshs.9,000,000 for recurrent and development respectively. The amount for development was disbursed at the end of the financial year which would mean implementation of the same will be in 2025-2026 F/Y. The entity also prepared its stand-alone budget and the allocation was disbursed to the entity's operations account at Kenya Commercial bank. This is a step forward in ensuring autonomy of the Municipality. Further, we are engaging the department of Finance and Economic Planning to allow the Municipality start collecting revenue as provided by section 172(a) of PFM act 2012.

### **Key Policy Documents**

The entity is in the process of developing policy documents that include; Spatial plan, Integrated Development Plan (IDeP), Solid waste Management Policy and By-Laws. These policy documents will enable the Municipality implement its programmes and activities effectively.

### **Future outlook of the Fund**

With the support of the County Government the Municipality future outlook is bright. We intend to put more focus on identifying key areas of revenue collection. Discussions between the Municipality

and the department of Finance and Economic Planning are ongoing to allow the entity collect own source revenue starting 2025-26 F/Y. In conjunction with Kapenguria Municipality and the department of urban development, the entity is developing criteria for allocation of funds to urban areas as provided by PFM act Section 173.

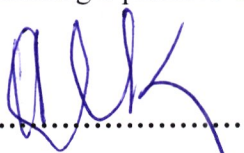
### **Challenges**

During the year under review, the board faced myriad of challenges that include inadequate funding from the County Government. This is despite the fact that the entity during its conferment as a municipality was transferred key functions through Gazette Notice 3144 of 2023. Further the entity has two staff members and four support staff while critical functions such as finance and procurement are being assisted by Kapenguria Municipality staff. The entity also was faced with late disbursement of funds. The Kshs. 9,000,000 for purchase of dumpsite and Market space were disbursed just at the end of the financial year.

### **Conclusion**

The entity after its promulgation in March 2023 immediately commenced its operations by setting up a Board and recruiting and retaining Municipal staff including the Municipal and Deputy Managers. During preparation of Annual Development Plan 2024/2025, the entity envisioned to undertake key infrastructure projects that will facilitate the growth of the Municipality that included road and storm water construction and maintenance, construction of market stalls, Purchase of Dumpsite and market space. These projects are only possible through strategic partnerships with the County Government and the residents of Chepareria Municipality. We endeavour to engage the County executive and assembly to allocate more resources to the entity to enable it meet its objective as intended in the service charter.

As the Chairman, I remain thankful to His Excellency the Governor, Simon Kachapin, Board Members, the Municipal Manager who continue to direct our staff, resources and operations towards making a positive difference in the lives and future of Chepareria Municipality.

  
.....  
**Name: Wilson Kapanat**  
**Chairperson of the Board**

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

The Urban Areas and Cities Act No.13 of 2011 requires that each Municipality board shall prepare the statement of financial performance & statement of financial position of the board at the end of each financial year. The purpose of this report is therefore to provide a record of the activities for the year, to report on performance against the budget of the Municipality for the financial year reported on, and to promote accountability to the local community for the decisions made throughout the year.

In the 2024/25 Financial year the Municipality was allocated Kshs. 16,150,000 for both recurrent and development expenditures which were utilized for daily subsistence, purchase of tools and small equipment for the support staff working in the trading centre. The development funds amounting to Kshs. 9,000,000 was disbursed at the end of the financial year which would mean implementation of the intended programme will be in 2025-26 F/Y. These amounts were for purchase of dumpsite land and Market space at Kshs. 4,000,000 and Kshs. 5,000,000 respectively.

### **Physical progress based on outputs, outcomes, and impacts since the establishment of Municipality**

Since the inception of the project the entity has been able to implement the following activities

- Established Chepareria Municipal Board in March 2023
- Recruited and retained Municipal and Deputy Municipal Managers
- Initiated the preparation of Municipal Solid Waste Management Policy
- Initiated the preparation of Municipal Physical and Land Use Development (Municipal Spatial Plan) 2024-2034 where the preparatory stage has been undertaken.
- Purchase Furniture & fittings and Computers

### **Budget Performance**

The entity was allocated Kshs. 16,150,000 for recurrent and development expenditures which was used to purchase workshop tools .uniforms for support staff, Furniture & fittings and Computers

<b>Revenue Classification</b>	<b>Budget Amount (Kshs.)</b>	<b>Actual Amount Spent (Kshs.)</b>	<b>% Realization</b>
Development	9,000,000	-	0%
Recurrent Expenditure	7,150,000	6,577,211	91.9
Other income	2,500		
<b>Total</b>	<b>16,152,500</b>	<b>6,577,211</b>	<b>40</b>

The low absorption was because, the development funds were disbursed at the close of the financial year.

**Highlight key risk management strategies**

Risk Identification- This was done through conducting periodic internal and external risk assessments that help identify unseen risk factors. The audit department has been conducting quarterly auditing of the entity

Assessing Risk- After identifying potential risks, assess each one by determining how likely it is to happen and what its impact would be if it does occur. This was done through by the audit committee after presentation of the audit findings by the internal audit

Responding to Risks

After assessing risks, the next part of the process involves developing and implementing treatments and controls, enabling the organization to address risks appropriately and effectively deal with each risk in a timely manner. The entity deployed four ways: risk avoidance, risk mitigation, Risk acceptance and risk transference.

Monitoring risk-

Risk monitoring is the ongoing process of managing risk by tracking risk management execution, and continuing to identify and manage new risks. Monitoring risks enables prompt action if the likelihood, severity or potential impact of a risk exceeds acceptable levels. Continuing to monitor risks and execute on risk plans keeps an organization equipped to deal with the risk events that come their way.

The department is been continuously monitoring the risk as per the matrix provided in the risk management policy.

**Challenges and recommended way forward.**

**Challenges**

- *Inadequate funding.*

The allocated amount amounting to Kshs. 16,150,000 is not adequate to enable the entity implement its programmes

*County Government of West Pokot  
Chepareria Municipality  
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- There is need to renovate the Municipal offices. The same has been earmarked for implementation during the 2025/26 F/Y
- Currently, the Municipality does not have a designated dumpsite hence making disposal of solid waste a difficult task. Kshs. 4,000,000 has been disbursed for the purchase of the dumpsite

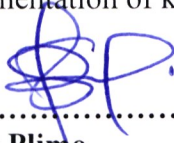
**Recommendations**

- There is need to disburse funds on time to ensure projects are implemented within the stipulated period.
- There is also need to allocate adequate funds to the board by the County assembly and Executive as per the transferred functions.
- There is need to adopt the funding criteria in allocating funds to the Municipality as per the PFM act section 173 which provides clear criteria for Budget and budget process for urban areas or cities.
- There is need to allow the Municipalities to collect own source revenue as envisioned in PFM Act section 172(a)

**Conclusion**

The Municipality is keen on enforcing fiscal responsibility principles with major focus on economy, efficiency and effectiveness in the implementation of all its programmes. The funds received during the year under review were used for their eligible intended purposes and have been duly accounted for.

Finally, I take this opportunity to thank West Pokot County government for its support which gave the board a helping hand to ensure it achieves its key mandate. Am also grateful to the Municipal board members and staff for their unparalleled support during the 2024/25 financial year, their teamwork led to the implementation of key programmes and activities within the Municipality.



.....  
**Name: Silas Plimo**  
**Municipality Manager**

## **7. Statement of Performance Against Predetermined Objectives for the FY**

### **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 Municipality in the 2024/2025 financial year plan is to:

- a) Urban planning.
- b) Urban governance and administration
- c) Urban Social and Economic Infrastructure

The Municipality of Chepareria is currently implementing the County Integrated Development Plan (CIDP) 2023-2027. The plan outlines programmes and projects aimed at fostering vibrant resilient communities and making investments that transform lives by enhancing our delivery of comprehensive interventions; supporting the wellness in our communities so as to drive the Municipality social economic transformation so as to accelerate the realization of quality and equitable development for the residents of the Municipality.

The strategic plan's underlying goals are summarized as follows

- Develop special development framework which must include the provision of basic guidelines for land use management system for the municipality
- Develop Municipality investment plans which will ensure its viability and sustainability in service provision
- Identify potential area for urban development based on land suitability and other factors.
- Analyse present and future (5, 10, 20 years) housing needs/market, stock, conditions and recommend strategies for land acquisition, distribution of land and housing in future
- Develop Land Use plan and recommend bye-laws for the construction of building and other infrastructures which include; Residential zone, Institutional zone, Industrial hub, Airport/Airstrip zone, Sport facilities, Urban expansion zone, Stream/river banks zone, Green zone, Apartment housing, Petrol pump/Electric line/Cinema theatres etc

The CIDP is implemented yearly through preparation of Municipal Annual Development Plan (ADP), which extracts from CIDP the development proposals, projects and programmes for the fiscal year. The ADP progress is monitored using quarterly and Annual Progress Reports.

### **Municipality Strategic Development Objectives**

The key development objectives include;

- a) Improve business environment and security
- b) To ensure controlled sustainable urban development
- c) To ensure proper solid waste management
- d) Develop special development framework which must include the provision of basic guidelines for land use management system for the Municipality
- e) Develop Municipality investment plans which will ensure its viability and sustainability in service provision.

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
<b>Urban Administration</b>	To facilitate institutional Support	To create an enabling environment for staff	Number of items purchased	In FY under review 4 Computers and Furniture and fittings were purchased.

## **8. Corporate Governance Statement**

### **Existence of Municipal Charter**

In exercise of the powers conferred by section 9 (1) of the Urban Areas and Cities Act, (No. 13 of 2011) as complemented by section 72 of the Interpretations and General Provisions Act (Chapter 2) and all other enabling provisions of law, the Governor of West Pokot County granted the Municipality of Chepareria this Municipal Charter on 29<sup>th</sup> June 2018. The following key features is elaborated in the charter

### **Board Meetings**

The Board of the Municipality of Chepareria holds its sittings to transact the business of the Board once every three months. The Chairperson of the Board of the Municipality of Chepareria may, and upon request in writing by at least one-third of the members of the Board of the Municipality of Chepareria shall, convene a special meeting to transact any urgent business of the Board of the Municipality of Chepareria. All regular meetings of the Board of the Municipality of Chepareria called for transacting public business, where a majority of the members elected are present, shall be open to the public.

A majority of the members of the Board of the Municipality of Chepareria is a quorum to conduct business, but a smaller number may meet and compel attendance of absent members as prescribed by Board of the Municipality of Chepareria Rules. A member of the Board of the Municipality who is interested in any discussions or decision-making regarding any subject or transaction under consideration by the Board, shall not be counted as participating in the discussions or decision-making, and is not entitled to vote on or agree to the subject or transaction relating to it.

Chepareria Municipality has four committees in place that include Planning and Development, Finance and General-Purpose, Audit, Risk & Compliance and Human Resource & Gender Committee. During the year under review the full board met quarterly to deliberate and adopt reports from the committees. Key among the include budget approval, consideration and discussion of internal and external audit reports, staff employment, infrastructural developments among others.

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**Full Board Meetings held**

S.No	Member	No. of meetings during the year	No. of meetings attended
1	Wilson Kapanat	4	4
2	Pauline Chepiwot	4	4
3	Martin Msto	4	4
4	Julius Alimakori	4	4
5	Geoffrey Tingoria	4	4
6	Veronica Lopoyetum	4	4
7	Mathew Rionokal	4	4
8	Joel Chumangole	4	4
9	Esther Chelimo	4	4
10	Silas Lomkendo (Secretary	4	4

**Committee Meetings**

**1. Human Resource and Gender Committee**

S.No	Member	No. of meetings during the year	No. of meetings attended
1	Mathew Rionokal	4	4
2	Pauline Chepiwot	4	4
3	Julius Alimakori	4	4
4	Joel Chumangole	4	4
5	Silas Lomkendo (Secretary	4	4

**2. Audit, Risk Management and Compliance Committee**

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S.No	Member	No. of meetings during the year	No. of meetings attended
1	Geoffrey Tingoria	4	4
2	Pauline Chepiwot	4	4
3	Martin Msto	4	4
4	Esther Chelimo	4	4
5	Silas Lomkendo (Secretary	4	4

**3. Planning and Development Committee**

S.No	Member	No. of meetings during the year	No. of meetings attended
1	Esther Chelimo	4	4
2	Geoffrey Tingoria	4	4
3	Martin Msto	4	4
4	Veronica Lopoyetum	4	4
5	Silas Lomkendo (Secretary	4	4

**4. Finance and General Purpose Committee**

S.No	Member	No. of meetings during the year	No. of meetings attended
1	Veronica Lopoyetum	4	4
2	Julius Alimakori	4	4
3	Mathew Rionokal	4	4
4	Joel Chumangole		
5	Silas Lomkendo (Secretary	4	4

### **Role and functions of the board**

Subject to the Constitution and any other written law, the Board of the Municipality is mandated, within the boundaries of the Municipality of Chepareria performs the following functions

- (a) Exercise executive authority as delegated by the Governor of the County of West Pokot;
- (b) Ensure provision of services to its residents;
- (c) Impose such fees, levies and charges as may be authorized by the County Government for delivery of services by the Municipality;
- (d) Promote constitutional values and principles;
- (e) Ensure the implementation and compliance with policies formulated by both the National and County Government;
- (f) Make By-laws or make recommendations for issues to be included in By-laws;
- (g) Ensure participation of the residents in decision making, its activities and programmes; and
- (h) Exercise such other powers as may be delegated by the Governor of the County of West Pokot.

### **Process of appointment and removal of Board Members**

Each member of the Board of the Municipality of Chepareria shall have the following qualifications.

- (a) In case of the Chairperson, holds a minimum of a degree; while for any other member, holds at least a minimum of 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 ten years post-qualification professional experience in case of the Chairperson, while in case of any other member, at least five years post-qualification professional experience;
- (d) Satisfies the requirements of Chapter six of the Constitution of Kenya 2010;
- (e) Is ordinarily resident or has a permanent dwelling in the Municipality of Chepareria; and
- (f) Carries on business or has lived in the Municipality of Chepareria for at least five years.

(g) A person shall not be appointed a member of the board the Municipality of Chepareria if that person:

- (1) Is an un-discharged bankrupt;
- (2) Has been removed from office for contravening the Constitution or any other law;
- (3) Is not a citizen of Kenya; or
- (4) Has in the conduct of his or her affairs not met any statutory obligations?

A member of the Board of the Municipality of Chepareria 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 of Chepareria 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.

### **Remuneration of the Board**

The members of the Board of the Municipality of Chepareria are not be entitled to a salary. However, members of the Board are paid allowances as advised by the Salaries and Remuneration Commission.

### **Board induction and Training**

The board Members were inducted during their first term.

### **Compliance to law and other legal requirements.**

Kapenguria Municipal board is alive to the principles of the constitution of Kenya and is fully compliant with the provisions of the urban areas and Cities Act

2011 under which the board is established and PFM act, 2012.

**Conflicts of interests and declaration of interest.**

The board members have established duty to avoid situations in which they have or may have interests that conflict with those of the board. Board members are obligated to disclose the same at the start of any meeting or deliberations.

**Board Evaluation**

The performance of the board and its members is evaluated on a regular basis.

**Succession Plan**

The board has a well-established succession plan for both the management and Board members. This is basically done in conjunction with the County Public Service board to ensure continued service delivery to the entity

**Governance Audit**

The Municipality has a committee on audit and Risk management in place which discusses both the internal and external audit reports. The internal report is also deliberated by the county Audit committee which shares its audit findings and recommendations. The committee is also at advances stage at cascading the developed County Risk management policy to the Municipal level.

**Communication Policy**

The County Government of West Pokot has elaborate communication policy in place. The board in the processes of adopting the same.

**Terms of reference of the Committees**

The terms of reference of the committee were clearly developed in the first meeting of the board

**Policy of related party transaction**

The Municipality regards related party as persons or entity that has ability to exert control over the municipality. This includes staff members and the board members.

**Ethics and conduct Policy**

The Board is in the process of cascading ethics and conduct policy that has been developed by Public Service Management department

## 9. Management Discussion and Analysis

### a) Resource Envelope

The entity received its revenues mainly from the allocation by the County executive shown below;

**Table 1: Resource Envelope**

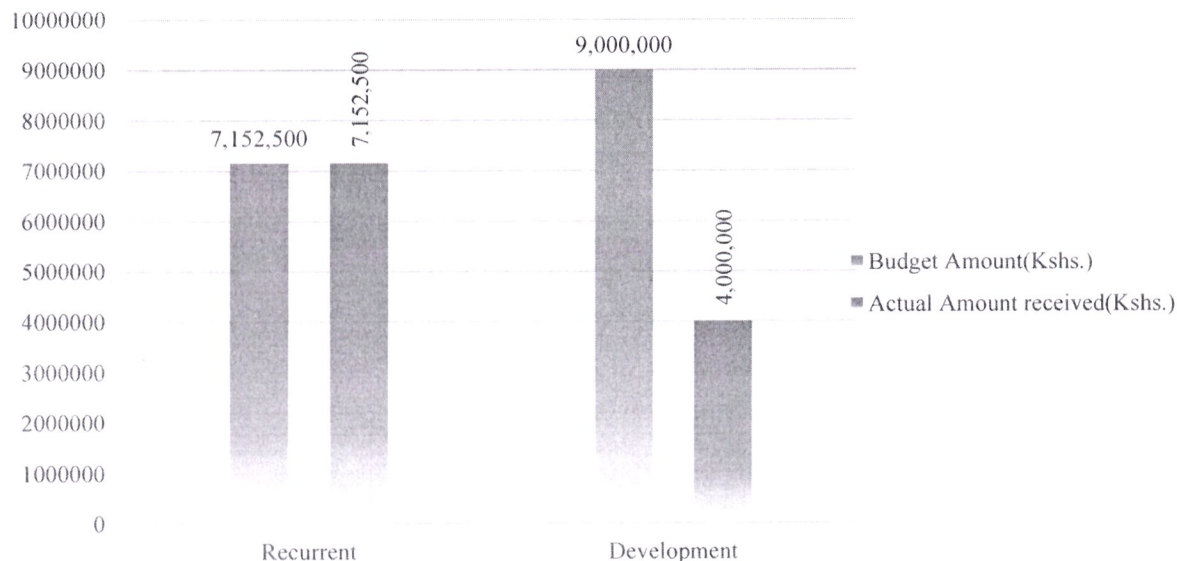
Description	Development (Kshs.)	Recurrent (Kshs.)	Total Amount (Kshs.)
Allocation by the County Government	9,000,000	7,152,500	16,152,500
<b>Total</b>	<b>9,000,000</b>	<b>7,152,500</b>	<b>16,152,500</b>

### b) Budget performance

The entity received Kshs. 11,152,500 as indicated in the table below

**Table 2: Budget Performance**

Revenue Classification	Budget Amount (Kshs.)	Actual Amount received (Kshs.)	% Realization
Development	9,000,000	4,000,000	44.40%
Recurrent Expenditure	7,152,500	7,152,500	100%
<b>Total</b>	<b>16,152,500</b>	<b>11,152,500</b>	<b>69%</b>



**Figure 1: Budget Performance**

The total receipt of KShs. 11,152,500 represents 69% of the total budget. The full amount of the recurrent budget was received while Kshs. 5,000,000 for development had not been received by close of the financial year and the same was treated as receivables.

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**Municipality Expenditure Analysis**

The total expenditure for the financial year 2024/2025 amounted to Kshs. 6,577,211 which represents 59% absorption rate. The low absorption was because the development amount of KShs. 4,000,000 was disbursed at the close of the financial year.

**Table 3: Expenditure Analysis**

<b>VOTE HEAD</b>	<b>Amount received (Kshs.)</b>	<b>Actual Expenditure (Kshs.)</b>	<b>Absorption %</b>
Development	4,000,000	0	0
Recurrent	7,152,500	6,577,211	92%
<b>Total</b>	<b>11,152,500</b>	<b>6,577,211</b>	<b>59%</b>

d) Cash Flow Analysis

During FY2024/2025 the department was allocated Kshs. 16,150,000 by the County while Kshs.2, 500 was other income. Of the total budget allocation, the entity received Kshs. 11,152, 500. The funds received were utilized to purchase computers, furniture and fittings, tools for cleaners, maintenance of motor-vehicles, and facilitation of staff to undertake various activities among other operational activities of the Municipality. The development allocation amounting to KShs. 4,000,000 was received just at the close of the year hence the department was not able to utilize the same in the financial under review.

e) Fixed Assets

The Municipality has developed a system of internal accounting controls designed to provide reasonable assurance to safeguard assets against loss from unauthorized use. It also provides reliable records for preparing financial statements and maintaining accountability for assets via the Asset Register. The net book value of the PPE as at the close of the financial year stands at Kshs. 787,442

f) Operational Performance

For seamless service delivery departments has worked towards achieving operational efficiency by ensuring it focus on its core mandate which is to provide effective and efficient services to the residents of Kapenguria municipality.

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

### **1. Sustainability strategy and profile**

Chepareria 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 sustainable development, partnership 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.

The Chepareria Municipality is actively sourcing partnership with stakeholders including FAO in bid to Seek for financial support to enable the entity meet it's objectively as envisioned in the CIDP. The Municipality has also mapped new revenue streams to increase its source revenue collection. During the year under review the entity through support of KISIP2 is in the process of finalizing lease titles for Chepareria Municipality to give ownership documents to the plot owners. This will enable expansion of business in the town hence increasing revenue collection. The entity with other stakeholders is the process of developing criterion for allocating funds to urban centres as this will ensure that urban areas including Chepareria Municipality will have its allocation enhanced.

### **2. Environmental performance**

Chepareria Municipality is in the process of finalizing a Solid Waste Management Policy that will assist the public and the institutions involved to focus in Reducing; Rethinking; Refusing; Recycling; Reusing; Repairing; and Refilling their waste. The policy will also provide framework to address solid waste problems and ensures at achieving zero waste generation. The policy will further ensure that the Municipality in collaboration with other stakeholders is able to sustain the provision of adequate quality services in solid waste management and establish appropriate response to solid waste challenges. The entity in conjunction with department of Environment, will develop environmental Rules and Regulations, which include Noise Regulations among others as this will lead in reduction of loud noise, unnecessary or unreasonable noise to ensure health and safety of the others.

### **3. Employee welfare**

Employee welfare is a critical component for unified service delivery. Chepareria Municipality is very committed in ensuring that the welfare of all its employees is catered for by providing a favourable working environment. During the 2024/202 financial, the entity procured working tools including Wheelbarrows, *Jembes*, Spades, Rakes so as ensure that staff working in our municipality use the right items to ensure their safety.

#### **4. Market place practices**

##### **a) Responsible competition practice.**

The Chepareria Municipality applies the principles of public procurement as espoused in the Public Procurement and Asset Disposal Act, 2015; fairness, competitiveness, integrity, professionalism, transparency and accountability, promotion of local industry, promotion of citizen contractors and maximization of value for money.

The County uses the Public Procurement and Regulatory Authority market price index and its own market survey to assure competitive prices of procured goods, works and services. In compliance with achieving affirmative action as provided by the Constitution under Articles 55 and 56 and as enacted in the Public Procurement and Asset Disposal Act, 2015 Sections 155, 156, 157 & 158, the Municipality reserves 30% of its procurement budget to Youths, Women and Persons Living with Disability. Furthermore, the department prepares and submits the reports to Public Procurement and Regulatory Authority Quarterly and bi-annually as required under the Act and Executive Order no. 2/2018.

##### **b. Responsible Supply chain and supplier relations**

The Municipality applies the procurement methods that ensure promotion of local industry through Request for Quotations and Open County Specific Tenders. In accordance, as provided in the first schedule of the Act, the threshold matrix guides all other procurement for adoption for each procurement, which is included in a procurement plan and approved by the accounting officer.

Chepareria Municipality continued to sensitize its residents on various policies including Solid Waste Management Policy, budgetary Process, monthly cleaning services, Urban Integrated Development Plans. This has been done through Public Meetings and Radio Talk shows. The engagement has provided the residents of Chepareria Municipality an opportunity to bring out their views in respect to laws and policies as well as infrastructural programmes hence ensuring ownership by the citizens

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

The Board Members submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Municipality affairs.

### **Principal activities**

The principal activities of the Municipality are to provide efficient and effective services to the residents of Chepareria Municipality so as to improve their livelihoods

### **Performance**

The performance of the Municipality for the year ended June 30, 2025 are set out on page 1

### **Board Members**

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

### **Auditors**

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

By Order of the Board



.....  
**Name: Silas Plimo**

**Secretary of the Board**

## **12. Statement of Management's Responsibilities**

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

The Municipality manager is responsible for the preparation and presentation of the Municipality's financial statements, which give a true and fair view of the state of affairs of the Municipality for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Municipality, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) Safeguarding the assets of the Municipality, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Municipality Manager accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *Urban Areas and Cities Act No. 13 of 2011*. The Municipality Manager is of the opinion that the financial statements give a true and fair view of the state of Municipality's transactions during the financial year ended June 30, 2025, and the financial position as at that date.

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

In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern. Nothing has come to the attention of the Municipality Manager to indicate that the

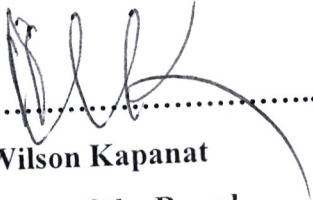
**County Government of West Pokot**  
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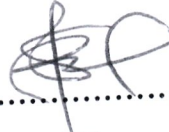
Municipality will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Municipal's financial statements were approved by the Board on 24/10/2025 and signed on its behalf by:



.....  
**Name: Wilson Kapanat**  
**Chairperson of the Board**



.....  
**Name: Silas Plimo**  
**Accounting officer of the Board**

# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON CHEPARERIA MUNICIPALITY FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF WEST POKOT**

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### **Opinion**

I have audited the accompanying financial statements of Chepareria Municipality – County Government of West Pokot set out on pages 1 to 32, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial

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*Report of the Auditor-General on Chepareria Municipality for the year ended 30 June, 2025 – County Government of West Pokot*

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Chepareria Municipality – County Government of West Pokot as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Urban Areas and Cities Act No.13 of 2011 and Cities, Chepareria Municipality Charter, 2018 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects a final receipts budget of Kshs.16,152,500 against actual receipts of Kshs.11,152,500 resulting in an underfunding of Kshs.5,000,000 or 31% of the budget. Similarly, the Municipality incurred actual expenditure of Kshs.6,577,211 against actual receipts of Kshs.11,152,500, resulting in an under-expenditure of Kshs.4,575,289 or 41% of actual receipts.

The underfunding and under-expenditure may have resulted in the non-implementation of critical development and operational activities, impacting negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

## **Other Information**

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

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

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

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

### **Conclusion**

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

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

## **Basis for Conclusion**

### **1. Lack of Independence of the Municipality Board**

The Municipality was granted its Municipal Charter on 16 March, 2018, which was intended to provide operational independence from the County Government of West Pokot. However, review of the Municipality's operations revealed that the Municipality lacked full budgetary independence. While the Municipal Board prepares the budget, its final determination and approvals are carried out by the County Executive through the County Treasury. Further, the Municipality had not developed its own spatial plan, Integrated Development Plan (IDeP) and by-laws.

In the circumstances, the effectiveness of the Board in the governance of the Municipality could not be confirmed.

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

Review of the statement of financial performance revealed that the Municipality was solely dependent on allocations from the County Government of West Pokot. Further, Management did not demonstrate the Municipality's revenue collection potential contrary to Section 172(a) of the Public Finance Management Act, 2012, which provides that an urban area may also be funded through revenue from local rates, fees, levies, charges, and other revenue-raising measures that are retained by the urban area for its use.

In the circumstances, the Municipality may not achieve its objectives and goals as outlined in the Charter.

### **3. Lack of Risk Management Policy**

Review of the Municipality's internal controls revealed that the institution did not prepare and approve a Risk Management Policy. This was contrary to Regulation 158(1)(b) of the Public Finance Management (County Governments) Regulations, 2015 which states that the accounting officer shall ensure that the national government entity develops risk management strategies, which include fraud prevention mechanism and system of risk management and internal control that builds robust business operations.

In the circumstances, the Municipality lacks mechanisms to detect, prevent, or respond to fraudulent activities which may undermine the Municipality's ability to fulfill its mandate.

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

### **Responsibilities of the Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual

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

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**


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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the

effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

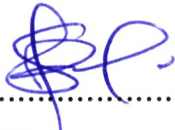
**Nairobi**

**13 November, 2025**

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

Description	Note	2024-2025	2023-2024
		Kshs.	Kshs.
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	7,152,500	2,550,629
<b>Total revenue</b>		<b>7,152,500</b>	<b>2,550,629</b>
<b>Expenditure</b>			
Use of goods and services	7	3,974,334	1,560,629
Board expenses	8	900,200	990,000
Depreciation and amortization	9	212,488	-
Repairs and maintenance	10	702,747	-
<b>Total expenses</b>		<b>5,789,769</b>	<b>2,550,629</b>
<b>Surplus/(deficit) for the period</b>		<b>1,362,731</b>	<b>-</b>

The notes set out on pages 19 to 23 form an integral part of these Financial Statements. The entity financial statements were approved on 21/6 2025 and signed by:



.....  
Name: Silas Plimo  
Municipality Manager



.....  
Name: Geoffrey Lokong  
Head of Finance  
ICPAK M/No 27397

County Government of West Pokot  
 Chepareria Municipality  
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15. Statement of Financial Position As At 30 June 2025

Description	Note	2024-2025	2023-2024
		Kshs.	Kshs.
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	4,575,289	-
Receivables from non-exchange transactions	12	5,000,000	-
<b>Total current assets</b>		<b>9,575,289</b>	<b>-</b>
<b>Non-current assets</b>			
Property, plant, and equipment	13	787,442	-
<b>Total Non-current Assets</b>		<b>787,442</b>	<b>-</b>
<b>Total assets (A)</b>		<b>10,362,731</b>	<b>-</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
<b>Total current liabilities</b>		-	-
<b>Non-current liabilities</b>			
<b>Total liabilities (B)</b>		-	-
<b>Net Assets (A-B)</b>		<b>10,362,731</b>	<b>-</b>
<b>Represented by:</b>			
Capital/Development Grants/Fund		9,000,000	-
Reserves		-	-
Accumulated surplus		1,362,731	-
<b>Net Assets/Equity</b>		<b>10,362,731</b>	<b>-</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 24/10 2025 and signed by:



Name: Silas Plimo

Municipality Manager

Date: 24/10/2025



Name: Geoffrey Lokong

Head of Finance

ICPAK M/No 27397

Date: 24/10/2025

## 16. Statement of Changes in Net Assets For the Year Ended 30 June 2025

Description	Capital/ Development Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
<b>Bal as at 1 July 2023</b>	-	-	-	-
Surplus/(deficit) for the year			-	-
Funds received during the year	-			-
Revaluation gain/loss		-	-	-
	-			
<b>Bal as at 30 Jun 2024</b>	-	-	-	-
		-	-	
<b>Bal as at 1 July 2024</b>	-	-	-	-
Surplus/(deficit) for the year	-	-	1,362,731	1,362,731
Funds received during the year	9,000,000	-	-	9,000,000
Revaluation gain/loss	-	-	-	-
<b>Balance as at 30 June 2025</b>	9,000,000	-	1,362,731	10,362,731

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

Description	Note	2024-2025	2023-2024
		Kshs.	Kshs.
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		7,150,000	2,550,629
Miscellaneous receipts – <i>Mpesa Deposit</i>		2,500	-
<b>Total Receipts</b>		<b>7,152,500</b>	<b>2,550,629</b>
<b>Payments</b>			
Use of goods and services		3,974,334	1,560,629
Board expenses		900,200	990,000
Repairs and Maintenance		702,747	-
<b>Total Payments</b>		<b>(5,577,281)</b>	<b>(2,550,629)</b>
<b>Net cash flows from operating activities</b>	14	<b>1,575,219</b>	-
<b>Cash flows from investing activities</b>			
Purchase of PPE & intangible assets		(999,930)	-
<b>Net cash flows used in investing activities</b>		<b>(999,930)</b>	-
<b>Cash flows from financing activities</b>			
Receipts from Capital grants		4,000,000	-
<b>Net cash flows used in financing activities</b>		<b>4,000,000</b>	-
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>4,575,289</b>	-
Cash And Cash Equivalents At 1 July 2024	11	-	-
<b>Cash And Cash Equivalents At 30 June 25</b>	11	<b>4,575,289</b>	-

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
<b>Budget carryovers from the previous year*</b>	-	-	-	-	-	-
<b>Receipts</b>						
Transfers from the County Government	7,150,000	9,000,000	16,150,000	11,150,000	5,000,000	69%
Miscellaneous income – Mpesa Deposit		2,500	2,500	2,500	-	-
<b>Total Receipts</b>	7,150,000	9,002,500	16,152,500	11,152,500	5,000,000	69%
<b>Payments</b>						
Use of goods and services	4,650,000	2,500.0	4,652,500	3,974,334	678,166	85%
Board expenses	1,000,000	-	1,000,000	900,200	99,800	90%
Repairs and maintenance	1,500,000	-	1,500,000	702,747	797,253	47%
<b>Total expenditure Payments</b>	7,150,000	2,500.0	7,152,500	5,577,281	1,575,219	78%
<b>Capital Expenditure Payments</b>	-	9,000,000	9,000,000	999,930	8,000,070	11%
<b>Surplus for the period</b>	-	-	-	4,575,289		

**Budget notes**

*The underutilization of the budget between budgeted and actual amount is because Kshs. 5,000,000 was not received by the close of the financial year. The difference between the original and final budget was because of additional appropriations during supplementary II of KShs. 9,000,000.*

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

### **1. General Information**

Chepareria Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act. The Municipality is under the West Pokot County Government and is domiciled in Kenya.

The entity's principal activity is to provide efficient and effective services to the residents of Chepareria Municipality so as to improve their livelihood

### **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 *entity'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 *entity*.

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

**3. Application of New and revised standards (IPSAS)**

*i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1<sup>st</sup> January 2025</i> 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 an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1<sup>st</sup> January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<i>Applicable 1<sup>st</sup> January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.

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<p>IPSAS 46: Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b>  The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47: Revenue</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b>  This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48: Transfer Expenses</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b>  The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b>  The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
<p>IPSAS 50: Exploration For &amp; Evaluation of Mineral Resources</p>	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></b>  The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> </ul>

	<ul style="list-style-type: none"> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity’s financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ul>
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*iii. Early adoption of standards*

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

**4. Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

*Transfers from other government entities*

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

**ii) Revenue from exchange transactions**

*Interest income*

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

**b) Budget information**

The original budget for FY 2024/25 was approved by the County Assembly on 24<sup>th</sup> June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Municipality upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Municipality recorded additional appropriations of Kshs. 9,000,000 on 6th May 2025 following the governing body's approval.

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

**c) Property, plant and equipment**

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

**d) Intangible assets**

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

**e) Biological Assets**

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

**f) Financial instruments**

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

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

**Financial assets**

**Classification of financial assets**

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the

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

#### **Subsequent measurement**

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

#### **Amortized cost**

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

#### **Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue, and foreign exchange gains and losses which are recognized in

surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

**Financial liabilities**

**Classification**

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

**g) Inventories**

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

Raw materials: purchase cost using the weighted average cost method

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

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

#### **h) Provisions**

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

#### **i) Social Benefits**

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

#### **j) Contingent liabilities**

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

**k) Contingent assets**

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

**l) Nature and purpose of reserves**

The Municipality does not create nor maintains reserves in terms of specific requirements.

**m) Changes in accounting policies and estimates**

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

**n) Employee benefits – Retirement benefit plans**

The Municipality through the County Government provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which the Municipality through the County Executive pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the Municipality does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to scheme obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefits are actuarially valued tri-annually on the projected unit credit method

basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**o) Foreign currency transactions**

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

**p) Borrowing costs**

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

**q) Related parties**

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

**r) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes

in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

**s) Comparative figures**

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

**t) Events after the reporting period**

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

Two types of events can be identified:

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

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

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

**u) Currency**

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

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

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

State all judgements, estimates and assumptions made.

### **Estimates and assumptions.**

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

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

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

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

Notes to the Financial Statements

6. Transfers from the County Government

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	7,150,000	-
Payments by County on behalf of the entity	-	2,550,629
Other revenues	2,500	-
<b>Total</b>	<b>7,152,500</b>	<b>2,550,629</b>

(a) Transfers from County Government entities (Categorized)

Name Of The Entity Sending The Grant	Amount recognized to Statement of financial performance* Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	2023-2024
			Kshs	Kshs	Kshs
West pokot County Treasury	7,152,500	-	9,000,000	16,152,500	2,550,629
<b>Total</b>	<b>7,152,500</b>	<b>-</b>	<b>9,000,000</b>	<b>16,152,500</b>	<b>2,550,629</b>

7. Use of Goods and Services

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Utilities, supplies and services	-	-
Communication, supplies and services	499,960	-
Domestic travel and subsistence	1,476,300	948,300
Training expenses	-	-
Hospitality supplies and services	699,789	212,431
Specialized materials and services	299,900	399,898
Fuel, oil and lubricants	994,645	-
Bank Charges	3,740	-
<b>Total</b>	<b>3,974,334</b>	<b>1,560,629</b>

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**8. Board expenses**

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Chairman/Members' Honoraria	-	-
Sitting allowances	900,200	847,000
Induction and Training	-	-
Travel and accommodation	-	143,000
Conference Costs	-	-
<b>Total</b>	<b>900,200</b>	<b>990,000</b>

**9. Depreciation and amortization**

Description	2024-2025	2023-2024
	KShs	KShs
Property, plant and equipment	212,488	-
<b>Total depreciation and amortization</b>	<b>212,488</b>	<b>-</b>

**10. Repairs and Maintenance**

Description	2024-2025	2023-2024
	KShs	KShs
Motor vehicle expenses	702,747	-
<b>Total repairs and maintenance</b>	<b>702,747</b>	<b>-</b>

**11. Cash and cash equivalents**

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Current account	4,575,289	-
<b>Total cash and cash equivalents</b>	<b>4,575,289</b>	<b>-</b>

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

Financial institution	Account number	2024-2025	2023-2024
		Kshs.	Kshs.
<b>a) Current account</b>			
Kenya Commercial bank	1335024026	4,575,289	-
<b>Sub- total</b>		<b>4,575,289</b>	<b>-</b>

**12. Receivables from Non-Exchange transaction**

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Description	2024-2025	2023-2024
	Kshs.	Kshs.
Transfer from County Executive	5,000,000	-
<b>Total</b>	<b>5,000,000</b>	<b>-</b>

**Ageing analysis for Receivables from non-exchange transactions**

Description	2024-2025		2023-2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	5,000,000	100%	-	0%
<b>Total</b>	<b>5,000,000</b>	<b>100%</b>	<b>-</b>	<b>0%</b>

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**13. Property, Plant and Equipment**

Description	Land	Computers	Furniture and Fittings	Total
	Shs	Shs	Shs	Shs
As at 1st July 2023-1	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Transfers/adjustments	-	-	-	-
<b>As at 30th June 2024</b>	-	-	-	-
Additions	-	499,980	499,950	999,930
Disposals	-	-	-	-
Transfer/adjustments	-	-	-	-
As at 30th June 2025	-	499,980	499,950	999,930
<b>Depreciation and impairment</b>	-	-	-	-
As at 1st July 2023-1	-	-	-	-
Depreciation	-	-	-	-
Impairment	-	-	-	-
Transfers/ Adjustments	-	-	-	-
<b>As at 30th June 2024</b>	-	-	-	-
Depreciation	-	149,994	62,494	212,488
Disposals	-	-	-	-
Impairment	-	-	-	-
Transfer/adjustment	-	-	-	-
<b>As at 30th June 2025</b>	-	149,994	62,494	212,488
	-	-	-	-
<b>NBV as at 30th June 2024</b>	-	-	-	-
<b>NBV as at 30th June 2025</b>	-	349,986	437,456	787,442

**14. Cash generated from operations**

Description	2024-2025	2023-2024
	Kshs.	Kshs.
<b>Surplus/ (deficit) for the year before tax</b>	<b>1,362,731</b>	<b>-</b>
<b>Adjusted for:</b>		
Depreciation	212,488	-
<b>Working Capital adjustments</b>		
Increase in receivables	-	-
Increase in payables	-	-
<b>Net cash flow from operating activities</b>	<b>1,575,219</b>	<b>-</b>

**15. Related party balances**

**a) Nature of related party relationships**

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

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

**b) Key management remuneration**

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Board Members	900,200	847,000
<b>Total</b>	<b>900,200</b>	<b>847,000</b>

**c) Due from related parties**

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Due from County Government	5,000,000	-
<b>Total</b>	<b>5,000,000</b>	<b>-</b>

## 16. Financial risk management

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

### I. Credit risk

The Municipality has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience, and other factors. Individual risk limits are set based on internal or external assessments in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Municipality's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the Municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
<b>At 30 June 2025</b>				
Receivables from non-exchange transactions	5,000,000	5,000,000	-	-
Bank balances	4,575,289	4,575,289	-	-
<b>Total</b>	<b>9,575,289</b>	<b>9,575,289</b>	<b>-</b>	<b>-</b>
<b>At 30 June 2024</b>				
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

*(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)*

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for

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

The Municipality Board sets policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

## **II. Liquidity risk management**

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

## **III. Market risk**

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

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

**IV. 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:

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Revaluation reserve	-	-
Capital/Development Grants /Municipality	9,000,000	-
Accumulated surplus	1,362,731	-
<b>Total Funds</b>	<b>10,362,731</b>	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

**20. Appendices**

**Appendix 1. Progress on Follow up of Auditors Recommendations.**

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe:</b>
1.Other Matter	<p><b>Non- collection of Own Generated Revenue</b></p> <p>Review of the financial performance for the year under review revealed that the Municipality was financed solely through revenue allocated by the County Government, contrary to section 172(a) of the Public Finance Management Act, 2012 which states that “an urban area or city may also be funded through revenue arising from rates, fees, levies, charges and other revenue raising measures which is retained by the Urban area’. Further, conferment of municipal status may have been made without satisfying criterion of demonstrable revenue collection or revenue collection potential, contrary to section 9(3)(c) of the Urban Areas and Cities Act ,2011</p>	<p>The Municipality board has since initiated the process of collecting its own source revenue. The Municipal manager has been designated by the CECM finance and Economic Planning as Receiver of Revenue as from 1<sup>st</sup> July 2025.</p>	Partly Resolved	June 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	In the circumstance, the Municipality may not achieve its objectives and goals as outlined in the charter			
2.	<p><b>Lack of an Approved Human Resource Policy Manual and Staff establishment</b></p> <p>Review of records revealed that the Municipality did not prepare an approved Human resource Policy Manual and an approved staff establishment .This is Contrary to the Human Resource Policies and Procedures Manual for the Public service 2016, section B2 states that every Ministry /state department shall prepare human resource plans to support achievement of goals objectives in their strategic plans. The plans shall be based on comprehensive job analysis and shall be reviewed every year to address emerging issues and needs. In the circumstance, the optimal and effective staffing of the Municipality could not be confirmed</p>	<p>The state department of Housing and Urban development has engaged a consultant to develop a model organizational structures and standard Human resource Management policies and procedures for Cities and Municipalities. The consultant has visited Municipalities to collect their inputs. After development of the same the board will adopt and</p>	Not resolved	June 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
		therefore be able to develop comprehensive job analysis.		
<b>Basis of Conclusion</b>	<p><b>1. Lack of Risk management policy</b></p> <p>Review of the Municipality's internal controls revealed that the institution did not prepare and approve a risk management policy. Therefore, the institution does not have a framework for risk identification and management policy contrary to regulation 158(1)(b) of the public Finance management (County Government regulation , 2015 states that the accounting officer shall</p>	The Management has adopted Risk management policy which had been developed by the County Government	Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>ensure that the national government entity develops risk management strategies which includes fraud prevention mechanism and system of risk management and internal control that builds robust business operation</p> <p>In the circumstance, the Municipality’s risk mitigation strategies could not be confirmed.</p> <p><b>.Lack of independence of the Municipality</b></p> <p>The Municipality was granted Municipal Charter of 23 March 2023 which was supposed to grant operational independence from the County Government of West Pokot. However review of the operations of the Municipality revealed lack of autonomy as detailed below:</p> <ul style="list-style-type: none"> <li>i. There was lack of budget independence as the budget was prepared and controlled by the County Executive under the County Treasury</li> <li>ii. The revenues and expenditures of the</li> </ul>	<ul style="list-style-type: none"> <li>i. The Municipality developed its stand-alone budget for 2024-2024</li> <li>ii. The Municipality was transferred its revenue in 2024/2025 F/Y to an operations account at Kenya Commercial bank</li> <li>iii. The Municipality is in the process of employment staff.</li> <li>iv. The board has its own budget and the revenues are transferred to an operation account managed by the board in terms of its expenditures.</li> <li>v. The Municipality is currently developing its by-laws</li> </ul>	<p>Partly Resolved</p>	<p>June 2026</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>Municipality were controlled by the County Treasury</p> <p>iii. The Municipality has only two staffs who are the Municipal Manager and Deputy Municipal manger as disclosed in the financial statements</p> <p>iv. Lack of power to administer and regulate internal affairs</p> <p>v. The Municipality has no by-laws in place neither does it have recommendations made to be included in the by-Laws</p> <p>vi. The Municipality did not have an independent ban operation account</p> <p>In the circumstance , the effectiveness of the board in the governance of the Municipality could not be confirmed</p>			

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*Name Silas Plimo*

*Municipality Manager*

*County Government of West pokot  
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**Appendix 2: Inter-Entity Transfers**

<b>CHEPARERIA MUNICIPALITY</b>			
<b>Breakdown of Transfers from the County Executive of West Pokot County</b>			
<b>FY 2024/2025</b>			
a		<u>Bank Statement</u>	<u>Amount</u>
	Recurrent Grants	<u>Date</u>	<u>(Kshs.)</u>
			<u>FY to which the amounts relate</u>
	Transfer from County treasury	03/02/2025	3,575,000
	Transfer from County treasury	05/03/2025	3,575,000
	Other Revenues-Mpesa deposit		2,5000
		<b>Total</b>	<b>7,152,500</b>
b		<u>Bank Statement</u>	<u>Amount</u>
	Development Grants	<u>Date</u>	<u>(Kshs.)</u>
			<u>Indicate the FY to which the amounts relate</u>
	Transfer from County treasury	30/06/2025	4,000,000
		<b>Total</b>	<b>4,000,000</b>
		<b>Total</b>	<b>11,152,500</b>

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



**Haron Muruny**  
**Head of Treasury**



**Silas Plimo**  
**Municipality Manager**