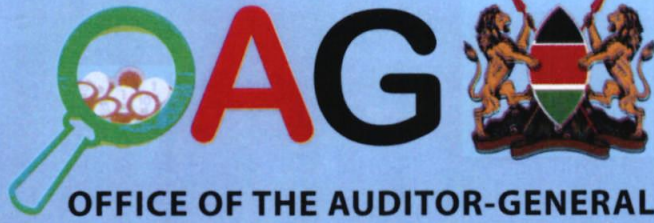
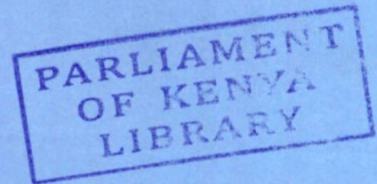


REPUBLIC OF KENYA



Enhancing Accountability

REPORT



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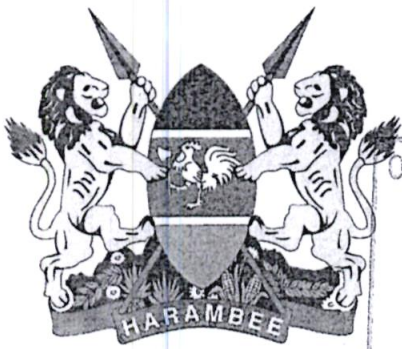
THE AUDITOR-GENERAL

ON

PAPERS LAID
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COMMITTEE
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CITY OF KISUMU

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



OFFICE OF THE AUDITOR GENERAL
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CITY OF KISUMU

County Government of Kisumu

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

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

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1. Acronyms and Definition of Key Terms

A. Acronyms

Acronym	Meaning
ADP	Annual Development Plan
AIE	Authority to Incur Expenditure
CA	County Assembly
CARA	County Allocation of Revenue Act
CECM	County Executive Committee Member
CG	County Government
CIDP	County Integrated Development Plan
CRA	Commission on Revenue Allocation
CRF	County Revenue Fund
CT	County Treasury
IPSAS	International Public Sector Accounting Standards
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
NT	National Treasury
WB	World Bank
UDG	Urban Development Grant
KSHS	Kenya Shillings
PAC	Public Accounts Committee
PIC	Public Investment Committee
FY	Financial Year
IFMIS	Integrated Financial Management Information System

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

Current Year-Means the year under review

2. Key Entity Information and Management

a) Background information

City of Kisumu is under the County Government of Kisumu, domiciled Western part of Kenya. It is the third City out of the four Cities in Kenya. The City covers fourteen (14) wards out of the thirty-five (35) wards in Kisumu County. The City derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011

b) Principal Activities

The City is Charged with the provision of public services to the residents in the areas of improved urban environment and natural resources management, organized and controlled land use, infrastructure and housing development, provision of social services, promotion of law and order, good governance, accountability and the rule of law within the City among others.

In performing the above activities, the City of Kisumu seeks to be the leading City in Kenya and entire Great Lakes Region in the provision of innovative Services that are responsive to customers' expectations.

The mission is to provide unequalled quality services matched by superior solutions that result into creation of an enabling environment for investment with an aim of improving the quality of life for the residents of Kisumu City.

The key objectives are:

- i) To effectively and efficiently deliver essential services to its residents in respect to operational sectors and service delivery entities
- ii) To create a conducive business environment to its residents by providing adequate infrastructure, law and order, conducive working conditions and any other enabling factors required from time to time
- iii) To provide a healthy, clean and safe environment through proper management of waste and natural resources

c) Key Management

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

- County Department in charge of Cities & Municipalities
- Board of Management
- Accounting Officer - City Manager
- Management

d) City Board

Ref	Position	Name
1.	City Manager	Michael Abala Wanga

Other than the City Manager, gazettment of the new board members had not been done in the year under review, the previous board members term having lapsed in the year 2022/2023. The delay was as a result of comprehensive recruitment exercise meant to achieve the desire of having a dedicated team for City board operations.

e) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

Ref	Position	Name
1	City Manager	Michael Abala Wanga
2	Director Human Resource Management	Harriet Amulen Hongo
3	Head of City Engineering and Public Works	Wilson Omondi
4	Head of Partnerships and Resource Mobilization (Projects Coordinator)	Charles Ochieng' Omollo
5	Head of Finance	Evans Otieno Ogweno
6	Head of Supply Chain Management	Carren Akoth Olwero
7	Head of ICT	Owang Bartholomew Ayim
9	Head of Inspectorate and Enforcement	Joannes Omondi Otiende
10	City Attorney	Mariella Awuor
11	City Planner	Judith Bala Aluoch
12	Head of Communication	Evans Alala
13	Head of Environment, Climate Change and Natural Resources	Benard Otieno Ojwang'
14	Head of Public Health	Joshua Adongo Owino
15	Head of Social Services	Dorothy Adhiambo Onong'no
16	City Board Administrator	Olivia Adhiambo Ogoto
17	Director Internal Audit	Maurice Omondi Oyaro

f) Fiduciary Oversight Arrangements

i) Audit and Risk Management Committee

To assess and evaluate the financial and operational risks of an organization (county level) and ensure that proper internal controls are in place to mitigate those risks.

Provide independent oversight on the quality and effectiveness of financial reporting and auditing processes.

Ref	Position	Name
1	Internal Auditor	Maurice Oyaro

ii) Parliamentary committee activities

Senate PIC/PAC committees

- To oversee and scrutinize the national budget and its implementation, ensuring that funds are allocated and used appropriately.
- Provide oversight over government expenditure and ensure that public funds are utilized efficiently, transparently, and in accordance with the law.

iii) County Assembly of Kisumu

Assembly, Pursuant to the Constitution of Kenya, 2010 and the County Government Act, 2012, has fiduciary oversight role over the execution of the functions of the County Government; under Article 8(1) c) of the County Government Act, 2012, it approves the budget and expenditure of the county government which the city budget is consolidated to in accordance with article 207 of the Constitution of Kenya

iv) County Treasury

To ensure proper financial management and accountability at the county level, including the prudent use of resources allocated from national government and other sources and addition, to oversee the implementation of county budgets, ensuring that public funds are used for their intended purposes.

v) Development partner oversight activities

To ensure that funds and resources provided by international donors and development partners are spent effectively and for their intended purposes. Further, development

partner ensures that external financing (grants, loans, technical assistance) is used in a transparent, accountable, and efficient manner.

vi) OAG

The Auditor General is an independent institution responsible for auditing government accounts, ensuring that public money is used for its intended purposes, and reporting any mismanagement, fraud, or inefficiencies in the use of public resources

vii) OCOB

The Controller of Budget plays a central role in managing and overseeing the implementation of the budget, ensuring that government expenditures are within the approved limits, and maintaining fiscal discipline.

g) Registered Offices

P.O. Box 105-40100
City Hall Building -Court Road
off Jomo Kenyatta Highway
Kisumu, KENYA

h) Contacts

Telephone: (057) 2023812
TelFax:202 3812
E-mail: citymanagerkisumu@yahoo.com
Website: city.kisumu.go.ke

i) Bankers

1. Equity Bank (K) Ltd
Kisumu Branch
P.O. Box7427-40100
Kisumu
2. SBM Bank (K) Ltd
Kisumu Branch
P.O. Box 2989-40100

Kisumu

j) Independent Auditor

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084-00100

Nairobi, Kenya

k) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

l) County Attorney


The County Attorney

County Government of Kisumu




P.O. Box 2738-40100




Kisumu.




3. City Board





Name	Details of qualifications and experience
<p>Michael Abala Wanga</p> 	<p>Date of Birth: Born on 8th August 1969</p> <p>Academic Qualification: He holds Master’s degree in Business Administration and Bachelor’s degree in Law.</p> <p>Experience: He joined Civil service in 1993 having originally trained as Laboratory Scientist, a line he left and joined Administration and Management for the last 10 years. He is the City manager and Accounting Officer of the City.</p>



4. Key Management Team

Name	Details of qualifications and experience
<p>1. Michael Abala Wanga</p> 	<p>Date of Birth: Born on 8th August 1969</p> <p>Academic Qualification: Mr. Abala holds Master’s degree in Business Administration and Bachelor’s degree in Law. Experience: He joined Civil service in 1993 having originally trained as Laboratory Scientist, a line he left and joined Administration and Management for the last 10 years. He is the City manager and Accounting Officer of the City.</p>
<p>2. Harriet Amulen Hongo</p> 	<p>Date of Birth: Born on 24th April 1973</p> <p>Academic Qualification: Harriet holds Master’s degree in Business Administration (MBA), Bachelor’s degree in Business Management (BBM) and Higher Diploma in Human Resource Management. She is Certified Human Resource Professional (CHRP (K)) and Monitoring and Evaluation, Accountability & Learning. She is a member of IHRM (K).</p> <p>Experience: She has undertaken a number of leadership and management courses and has over nineteen (20) years’ experience with fifteen (10) years in management positions. She is the Head of Human Resource Management at the City.</p>
<p>3. Wilson Omondi</p> 	<p>Date of Birth: Born on 2nd December 1989</p> <p>Academic Qualification: Wilson holds Bachelor’s degree in Civil and Structural Engineering, Master of Arts in Project Planning and Management. He is registered with Engineers Board of Kenya and a Corporate member of the Institution of Engineers of Kenya</p>

	<p>Experience: He has extensive experience in public Service since the year having previously worked at various counties. He is the Head of City Engineering department.</p>
<p>4. Charles Ochieng' Omollo</p> 	<p>Date of Birth: Born on 21st January 1975</p> <p>Academic Qualification: Charles holds Bachelor of Commerce degree, Higher Diploma in Human Resource Management and Diploma in Business Management.</p> <p>Experience: He has been trained in Project Management, Design of policies and other leadership courses. He joined public service in the year 1995. He is the Projects Coordinator Heard of Partnerships and Resource Mobilization at the City.</p>
<p>5. Evans Otieno Ogwen</p> 	<p>Date of Birth: Born on 24th March 1980</p> <p>Academic Qualification: Evans holds BCom degree in Accounting and is a Certified Public Accountant in Kenya (CPA-K).</p> <p>Experience: He is a member of ICPAK. He has undertaken a number of Management and Leadership courses and has extensive experience in the public service. He is the head of Finance at the City of Kisumu.</p>
<p>6. Carren Akoth Olwero</p> 	<p>Date of Birth: Born on 1st April 1978</p> <p>Academic Qualification: Carren holds Bachelor's degree in Logistics and Supply Chain Management and Diploma in Purchasing and Supplies.</p> <p>Experience: She has undertaken a number of management courses and is a member of KISM. She joined Public Service since the year 2012. She is the Head of Supply Chain Management at the City.</p>

<p>7. Owang Bartholomew Ayim</p> 	<p>Date of Birth: Born on 31st January 1961</p> <p>Academic Qualification: Mr. Ayim holds an MSc in Information Systems Management and is a member of MIMIS UK.</p> <p>Experience: He possesses over four decades of profound experience in Software Systems Engineering, having commenced his illustrious career in 1983. Mr. Ayim seamlessly integrates his extensive academic knowledge with practical insights, resulting in a distinguished career marked by unparalleled expertise in designing and implementing advanced software solutions.</p>
<p>8. Joannes Omondi Otiende</p> 	<p>Date of Birth: Born on 12th March 1965,</p> <p>Academic Qualification: Joannes is trained in Officer's Command and Leadership. He is also trained in Disaster Preparedness and Management.</p> <p>Experience: He has served in the Public Service since 1994. He is the head of City Inspectorate and Enforcement.</p>
<p>9. Mariella Awuor</p> 	<p>Date of Birth: Born on 18th September 1992</p> <p>Academic Qualification: Mariella holds Bachelor's degree in Law and Post Graduate Diploma in Law. She has training in Corporate Governance and Board Competency. She is a member of Law Society of Kenya (LSK).</p> <p>She is currently Pursuing a course as Chartered Public Secretary. CPS(K)</p> <p>Experience: She joined public service in the year 2020 after practicing as an Advocate for 3 Years. She is the City Attorney and doubles up as the Ag. City Board Secretary.</p>

<p>10. Judith Bala Aluoch</p> 	<p>Date of Birth: Born on 17th June 1986</p> <p>Academic Qualification: Judith holds Bachelor's degree in Urban and Regional Planning.</p> <p>Experience: She has training in Environmental Impact Assessment and other management courses. She is a member of Kenya Institute of Planners (KIP). She joined public service in the year 2020. She is the City Planner.</p>
<p>11. Benard Otieno Ojwang'</p> 	<p>Date of Birth: Born on 13th November 1980</p> <p>Academic Qualification: Benard holds Bachelor's degree in Environmental Health, Diploma in Environmental Resource Management and has undertaken a number of management courses. He is a member of Environment Institute of Kenya (EIK). He joined public service in the year 2012. He is the Head of City Environment and Natural Resource Management.</p>
<p>12. Joshua Adongo Owino</p> 	<p>Date of Birth: Born on 6th June 1966</p> <p>Academic Qualification: Joshua holds Diploma in Environmental Health Sciences.</p> <p>Experience: He also has trainings in Control of Communicable Diseases, Environmental Sanitation, Emergency response and lifesaving among other management courses. He is a member of Association of Public Health Officers in Kenya. He joined public service in the year 1994. He is the Head of City Public Health.</p>
<p>13. Catherine A. Obor</p> 	<p>Date of Birth: Born on 28th April 1988</p> <p>Mrs. Catherine A. Obor is a highly experienced Disaster & Emergency Management Expert, recognized for her expertise in Humanitarian Assistance. Holding a BSc in Disaster Management & International Diplomacy, she combines academic depth with practical know-how. With previous involvement in ground flight safety and special program projects, Catherine boasts a thorough grasp of crisis response and mitigation</p>

	<p>strategies. Her steadfast dedication to community safety and her adept strategic thinking position her as an indispensable resource in tackling complex challenges during disasters and emergencies.</p>
<p>14. Evance Odwuor Alalah</p> 	<p>Date of Birth: Born on 6th October 1985</p> <p>Academic Qualification: Evance holds Diploma in Journalism and Media Studies.</p> <p>He is currently pursuing a Bachelor’s Degree in Public Administration and Governance.</p> <p>Experience: He has training in Public Relation and Change Management and a number of Leadership and Management courses. He joined public service in the year 2017. He is the head of Communications at the City of Kisumu.</p>
<p>15. Maurice Omondi Oyaro</p> 	<p>Date of Birth: Born on 8th August 1969</p> <p>Mr. Maurice Oyaro is a highly qualified Head of Internal Audit with a strong background in accounting and finance. Holding an MSC in Accounting and a B.Com in Finance, he is a certified member of prominent professional bodies including the Institute of Internal Auditors (IIA), Information Systems Audit and Control Association (ISACA), and Association of Fraud Examiners (ACFE). With certifications as a Certified Internal Auditor (CIA) and a Certified Information Systems Auditor (CISA), Maurice boasts over 15 years of experience in internal auditing. His expertise lies in ensuring compliance, risk management, and detecting fraudulent activities</p>

5. City Board Chairperson's Report

The Kisumu City Board members had not been gazetted in the year under review.

6. Report of the City Manager

It is my pleasure to present the City of Kisumu Annual Financial Statements for the FY 2022/2023. The City is mandated to prepare annual report and submit the same to the City Board not later than three months after the end of each year in accordance with Urban Areas and Cities Act No. 13 of 2011 and as amended in 2019. That it was established by and derives its authority and accountability *and* Sec. 166(4) of the Public Finance Management Act, 2012. It is upon this backdrop that I forward the City of Kisumu annual report for the year ended 30th June, 2024. The same report has been sent to the relevant statutory bodies as provided for in the PFM Act.

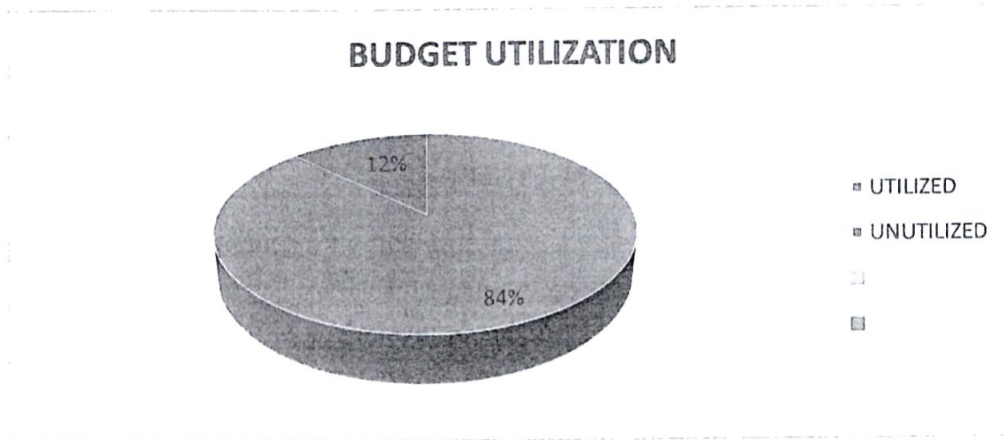
The report presents budget execution status covering the period 1st July, 2023 to 30th June, 2024, with comparative actual achievements and budgeted amounts for the previous year 2022/2023. It contains the annual budgeted receipts and expenditures for FY 2023/2024 performance and donor funds and other development partners' contributions for the year 2023/2024. It is important to reiterate that the expected world bank funding did not come through in spite of meeting all the set conditions.

The city of Kisumu is looking forward to a vibrant year 2024/2025 full of activities now that the board members have been appointed.

Financial Performance

The County Government of Kisumu allocated **KShs. 838,716,634** to the City of Kisumu during the Financial year 2023/2024. By 30th June 2024 **KShs. 716,153,982 (84%)** had been utilized with actual payments of **KShs. 426,594,893 (59%)** the difference being unpaid processed payments of **kshs. 289,559,089 (41%)**.

Budget Utilization Chart



Challenges

In the implementation of the allocation the following challenges were faced;

- Some payments taken to the County treasury takes too long to be paid.
- IFMIS operation technicalities

1. Risk Management Strategies

Strengthening of Project Management and Implementation Committee (PMIC)

Name: Abala M. Wanga
City Manager

7. Statement of Performance Against Predetermined Objectives for the period ended 30th June 2024

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 City of Kisumu (state the period of the strategic document plan) plan are to:

- a) Provide quality physical infrastructure in the Urban Area
- b) Provide Sustainable land use and Urban planning management
- c) To enhance quality urban services for social development and environmental sustainability
- d) Urban governance and administration

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Renovation of slaughter house	-To enforce humane method of slaughter by producing clean and wholesome meat.	-Improved slaughter for clean production of meat and enhanced revenue	-Renovated slaughter house	90% complete
Upgrading of streetlights within estates	-To improve security and visibility in order to promote safety and Security	-Improved security -Convenience to access, support business and improve business ties	-No of streetlights upgraded	100% complete

County Government of Kisumu

City of Kisumu

Annual Report and Financial Statements for the year ended June 30, 2024

Program	Objective	Outcome	Indicator	Performance
Rehabilitation of streetlights	To improve security and visibility in order to promote safety and Security	Improved security -Convenience to access, support business and improve business ties	No of streetlights rehabilitated	100% Complete
Partitioning of office at new fire station.	-Provide healthy, safe conducive and efficient working environment	-Improved working environment	-Modernized offices	90% Complete
Purchase of waste Bins (waste management programme)	-To enhance city capacity to manage waste	-Enhanced waste management capacity	-No of bins purchased	100% Complete
Tree planting and Greening of open spaces and road corridors	-To improve tree cover within the city	-Tree cover improved	-No of trees planted	100% Complete
Desiltation and opening of Drainages at several rivers in the city	-To moderate flooding effects at downstream. -- To enhance proper stormwater channelling	-Impact on Periodic Flash Flooding (PFF)	- Mitigated effects of flash floods at down streams. - Restoration of rivers to their natural states. -Optimized river capacity to channel stormwater	100% Complete
Purchase of revenue skips for wards within the city	-To enhance city capacity to manage waste	-Enhanced waste management capacity	-No of skips purchased	100% Complete

The projects above have enabled the part achievements of the city’s objectives. Most of them have been completed.

8. Corporate Governance Statement

a. *Process of appointment and removal of Board members.*

The appointment of the board members is done as per the regulations of the urban areas and Cities Act 2012 section 13 (amended in 2019) and the County Government act 2012.

Following this laid legislation and procedure the Governor nominated the eleven board members on 12 April 2018 and was vetted by the assembly on 5th June 2018 and then On 4th July 2018.

Urban Areas and Cities act section 16 stipulates that:

Vacation of office A member of a board 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 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) Is convicted of an offence and is sentenced to imprisonment for a term of six months or more;
- (i) In any particular case, the member fails to declare his or her interest in any matter being considered or to be considered by the board or committee;
- (j) Engages in any gross misconduct; or
- (k) Dies

b. *Roles and functions of the City Board members,*

Urban Areas and Cities act 2012 section 20 spells out the functions of the board as:

- (a) Oversee the affairs of the city or;
- (b) Develop and adopt policies, plans, strategies and programmes, and may set targets for delivery of services;
- (c) Formulate and implement an integrated development plan;
- (d) control land use, land sub-division, land development and zoning by public and private sectors for any purpose, including industry, commerce, markets, shopping and other employment centres, residential areas, recreational areas, parks, entertainment, passenger transport, agriculture, and freight

and transit stations within the framework of the spatial and master plans for the city or as may be delegated by the county government;

(e) As may be delegated by the county government, promote and undertake infrastructural development and services within the city or;

(f) Develop and manage schemes, including site development in collaboration with the relevant national and county agencies;

(g) Maintain a comprehensive database and information system of the administration and provide public access thereto upon payment of a nominal fee to be determined by the board; (h) administer and regulate its internal affairs;

(i) Implement applicable national and county legislation; [Rev. 2012] No. 13 of 2011 Urban Areas and Cities 13 [Issue 1]

(j) enter into such contracts, partnerships or joint ventures as it may consider necessary for the discharge of its functions under this Act or other written law;

(k) monitor and, where appropriate, regulate city and municipal services where those services are provided by service providers other than the board of the city or; (l) prepare and submit its annual budget estimates to the relevant County Treasury for consideration and submission to the County Assembly for approval as part of the annual County Appropriation Bill;

(m) as may be delegated by the county government, collect rates, taxes levies, duties, fees and surcharges on fees;

(n) settle and implement tariff, rates and tax and debt collection policies as delegated by the county government;

(o) Monitor the impact and effectiveness of any services, policies, programmes or plans;

(p) Establish, implement and monitor performance management systems;

(q) Promote a safe and healthy environment;

(r) Facilitate and regulate public transport; and

(s) Perform such other functions as may be delegated to it by the county government or as may be provided for by any written law.

c. Induction and training, City Board members and member's performance,

Since coming to office in August 2018, the Kisumu City Board has had one induction training but has not held any further training for the Board or the individual members. However, members of the

secretariat have had training that relates to running the board. It is imperative that the board members undergo some trainings.

d. Succession plan,

The board has a clear succession plan for its leadership structure and that of the management

e. Existence of a service charter,

Being that the City was established as a millennium City there exists a service charter which the board is currently reviewing

f. Conflict of interest,

Conflict of interest is usually declared before any matter is discussed by the board. Individual members are asked to declare conflict before any agenda is adopted for discussion

g. Board remuneration,

Salaries and remuneration commissions set the rates upon which board members are remunerated.

h. Ethics and conduct as well as governance audit undertaken if any

None has been carried out so far.

9. Management Discussion and Analysis

a) The Operational and Financial Performance

The County Government of Kisumu allocated **KShs. 838,716,334** to the City of Kisumu during the Financial year 2023/2024. By 30th June 2024 **KShs. 716,153,982 (84%)** had been utilized with actual payments of **KShs. 426,594,893 (59%)** the difference being unpaid processed payments of **kshs.289,559,089 (41%)**.

b). Key Projects or Investments decision implemented or Ongoing

The city of Kisumu had rolled out projects as stated in the budget for the FY 2023/2024 that were funded by the county Government of Kisumu

Projects that were implemented includes:

- i) Renovation of slaughter house
- ii) Upgrading of streetlights & cctv cameras
- iii) Upgrading of streetlights within estates
- iv) Partitioning of office at new fire station
- v) Purchase of waste Bins (waste management programme)

c). Compliance with Statutory requirement

- The city has been remitting its statutory deductions to the relevant institutions on time as required.
- Preparations and submission of quarterly financial reports has been adhered to by the City.
- The City Board held the meetings during the period as required by the Urban Areas and Cities Act 2011 and as amended in 2019.
- Submission of Quarterly and Annually report PPRA (Public Procurement and Regulatory Authority) to the County for onward submission.

d). Major risks facing the city

i. Inadequate budgetary allocation

The city of Kisumu cannot meet its operational costs resulting in lack of implementation of the key projects due to inadequate budgetary allocation.

ii. Inadequate resources

Human and capital resource are inadequate as most of the resources are held by county executive and are yet to be transferred. This has made operations of city to be difficult due to lack of personnel, machineries and equipment's.

iii. Delay in Payments Inadequate cash disbursement

The County Government of Kisumu allocated Ksh. 838,716,334 to the City of Kisumu during the financial year 2023/2024. By 30th June 2024 **KShs. 716,153,982 (84%)** had been utilized with actual payments of KShs. **426,594,893 (59%)** the difference being unpaid processed payments of kshs.**289,559,089 (41%)**.

10. Environmental And Sustainability Reporting

The City of Kisumu exists to transform lives. This is our purpose; the driving force behind everything we do. It is what guides us to deliver our strategy, which is founded on Vision 2030 pillars: putting the residents Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar.

1. Sustainability strategy and profile

The top management especially the Accounting Officer should make reference to sustainable efforts, broad trends in political and macroeconomic factors affecting sustainability priorities, reference to international best practices and key achievements and failure.

2. Environmental performance

The city of Kisumu draws its mandate from the Constitution of Kenya 2010, County Government Act, EMCA 1999 (Cap 387) and Urban Areas & Cities Act. The department's mandate under Urban Areas and Cities Act includes: -Development control, Solid waste management, Air pollution control, Noise pollution control, Management of recreational parks and open spaces and, Conservation and protection of sensitive ecosystems (wetlands & marine front).

The City has embarked on a City-wide greening initiative to enhanced tree cover and mitigate the effect of the Climate Change.

The department works to enhance the quality of the urban environment through provision of efficient sustainable environment management solutions to ensure a clean, safe and healthy environment.

Success and shortcomings of the organization

Success

- Approved Local Physical Detailed Land Use Plan
- Approved Mobility Plan
- Sustainable cleaning of coded city streets to ensure a clean, safe and healthy environment
- Establishment of waste material recovery centres for waste recycling and re-use
- Improvement of waste evacuation activities through procurement of refuse skip bins and loaders

- Collaborative partnership between City Environment Directorate, Kisumu City Waste Actors Network and Civil Society Urban Development Platform (CSUDP) for development of waste recycling enterprise development
- City greening and beautification (urban aesthetics), including upgrading of city recreational parks, roundabouts, flower gardens and road medians
- Continuous awareness creation and surveillance activities to control noise pollution
- Successful tree planting activities in collaboration with other partners and educational institutions
- Improved sanitation at the Slaughter House

Shortcomings

- Inadequate funding to acquire equipment for waste management generated by the city
- Inadequate budgetary allocation for environmental programmes, projects and activities
- Poor attitude of urban population towards good environmental practices

Efforts to manage biodiversity.

- In line with the City Local land use plan, under the Environmental management plan, the city has designed the Dunga Waterfront development plan for implementation.
This entails Auji Creek, the Dunga wetland, Board Walk to protect and conserve the biodiversity along the lake front
- City of Kisumu has developed a Local Physical Detailed Land Use Plan, which has zoned and mapped out specific areas as sensitive ecosystems
- Restoration and protection of urban rivers in collaboration with catchment community CBOs
- City of Kisumu continues to partner with the tree nursery vendors to propagate both indigenous and exotic seedlings for planting

Solid waste management policy

City of Kisumu continues to implement the Kisumu integrated Solid waste management strategy (2015-2025) alongside County waste management Act and Nationally Policy and Legislative Framework for Solid Waste Management

Efforts to reduce environmental impacts

The city continues to strengthen and support the department of Environment with resources and staff for a better management of a sustainable urban environment.

3. *Employee welfare*

The city management guided by the Kisumu County Human Resource Manual takes matters of staff welfare very seriously. Deliberate efforts have been made to build the capacity of the staff through trainings, implementation of the labour laws requirement and provision of socio-economic support where necessary.

Efforts made in improving skills and managing careers, appraisal & reward systems.

The City of Kisumu has trainings recommended to improve the workers skills as appropriate. However due to the centralization of the training function coupled with delays in financing, minimal success was achieved.

Employees have regular meetings per department to discuss their career matters and share experiences and challenges. Staffs are encouraged to undertake self-sponsored training that would make them grow professionally.

Employees are also assigned supervisory managerial roles as per their skills and ability to grow their careers

Appraisals are done annually with continuous monitoring throughout the year. Discussions between the employees and their immediate supervisors is done during appraisal.

a) Responsible Supply chain and supplier relations

- (i) We maintain good business practice by ensuring that we follow the Public Procurement and Asset Disposal Act accompanying Regulation.

- (ii) We also maintain good business practising by ensuring that all our customers are treated equally and encourage competition among our customers.
- (iii) We also ensure good practice by ensure transparency and accountability.
- (iv) Prepare Annual Procurement Plan as per the approved Budget
- (v) Maintain the list of the Registered Suppliers
- (vi) Keep procurement records
- (vii) Maintain Stores records

4. Community Engagements

The City of Kisumu through stakeholder's forums as well as involvement of the public in project planning and implementation and governance related issues.

City provides care and protection to vulnerable children who are identified by the community members. They get basic needs during their stay in the children's home.

City has also organised sports like football within wards. The youths are mobilized to form a team and invited to play with other teams.

11. Report of the City Board Members

The Board Members submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the City affairs. This has been done by the Ag. Secretary given the board members had not been gazetted

Principal activities

- Encourage the economic, social and environmental health of the population
- Follow up on development opportunities.
- Establish and enforce the city by-laws.
- Deliver adequate and efficient urban services to the people of the city.
- Provide for governance mechanism to enable public participation in public service delivery.

Performance

The performance of the city for the period ended 30th June 2024 are set out on page 1

Board Members

Gazettement of the new board members had not been done in the year under review, the previous board members term having lapsed in the year 2022/2023. This was as a result of comprehensive recruitment exercise meant to achieve the need of having a dedicated team for City board operations.

Auditors

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

By Order of the Board



.....
Name: Mariella Awuor

Ag. 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 City 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 City manager is responsible for the preparation and presentation of the City financial statements, which give a true and fair view of the state of affairs of the City for and as at the end of the period ended 30th June 2023. 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 City.
- (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 city.
- (v) Selecting and applying appropriate accounting policies.
- (vi) Making accounting estimates that are reasonable in the circumstances.

The City 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 City Manager is of the opinion that the financial statements give a true and fair view of the state of City, s transactions during the period ended 30th June 2024, and the financial position as at that date.

The City 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 City Manager has assessed the City ability to continue

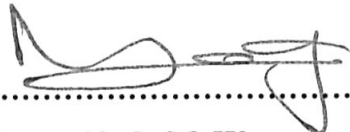
County Government of Kisumu
City of Kisumu
Annual Report and Financial Statements for the year ended June 30, 2024

as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

Nothing has come to the attention of the City Manager to indicate that the city 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 City's financial statements were approved by the Board on **20th September 2024** and signed on its behalf by:



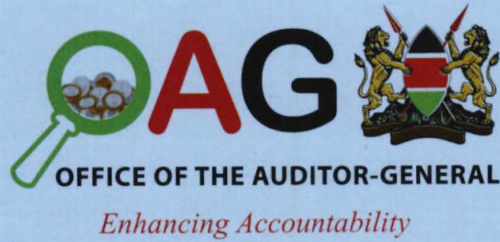
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Name: Abala.M. Wanga

Accounting officer of the Board

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON CITY OF KISUMU FOR THE YEAR ENDED 30 JUNE, 2024

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.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of City of Kisumu set out on pages 1 to 40, which comprise of the statement of financial position as at 30 June, 2024, and

Report of the Auditor-General on City of Kisumu for the year ended 30 June, 2024

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

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of City of Kisumu as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Urban Areas and Cities Act, 2011(Amended 2019) and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Staff Cost

The statement of financial performance reflects an amount of Kshs.238,422,534 in respect of staff cost. However, the expenditure relates to payments of salaries for both staff of the County Executive of Kisumu and the City of Kisumu and therefore it was not possible to confirm the staff cost expenditure that relate to the City of Kisumu.

In the circumstances, the accuracy and completeness of the reported staff cost of Kshs.238,422,534 could not be confirmed.

2. Variances under Transfer from the County Government

The statement of financial performance reflects an amount of Kshs.402,159,385 in respect of transfers from the County Government. However, the Kisumu County Executive financial statement reflect an amount of Kshs.422,908,693 resulting to unexplained and unreconciled variance of Kshs.20,749,308. Further, note 6 to the financial statement reflects an amount of Kshs.426,594,893 in respect of transfers from the County Government resulting to unexplained and unreconciled variance of Kshs.24,436.

In the circumstances, the accuracy and validity of the transfers from the County Government of Kisumu of Kshs.402,159,385 for the year ended 30 June, 2024 could not be confirmed.

3. Unsupported Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.432,608,059 which includes additions for the year amounting to Kshs.136,770,854. However, during the audit, two (2) payment vouchers amounting to Kshs.29,040,000 were not availed for audit. The propriety of the expenditure of Kshs.29,040,000 could therefore not be ascertained. Further, Management has not supported the transfers /adjustments

of Kshs.305,040,557 under work in progress and evidence of valuation was not provided. In addition, review of the statement of financial position in the previous year reflected property, plant and equipment for five (5) projects, which remained incomplete to date and have not been included in the current year property, plant and equipment balance. In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs. 432,608,059 could not be confirmed.

4. Project Implementation Status

The statement of financial position reflects a balance of Kshs.432,608,059 and as disclosed in Note 15 to the financial statements in respect of property, plant and equipment which includes work in progress amounting to Kshs.372,107,574. However, the statement of financial position in the previous year reflected property, plant and equipment for five (5) projects, which remained incomplete to date as detailed below:

4.1 Construction of the Non-motorized Transport System Phase 2

Management signed a contract on 4 August, 2020 for the construction of a non-motorized transport system phase 2 at a contract sum of Kshs.659,065,834, and an implementation period of twenty-four (24) months and expected completion date of 3 August, 2022.

During the year under review, a physical inspection of the project during the Month of November, 2024 revealed that the project is still at 75% level of completion and the balance of Kshs.43,942,189.77 has not yet been paid by the County Executive. Management has explained that they have revised the contract sum to Kshs.513,796,700 through an addendum and actively prioritizing the packaging and implementation of the descope works under the next KUSP phase to ensure full completion.

In the circumstances, the value for money received from the public funds spent on construction of the projects to date could not be confirmed and Management was in breach of the law.

4.2 Improvement of Jomo Kenyatta Sports Ground

Management signed a contract on 14 August, 2020 for the improvement of Jomo Kenyatta sports ground at a contract sum of Kshs.111,328,291 and an implementation period of twenty-four (24) months and expected completion date of 13 August, 2022.

The final contract sum at handing over was revised to Kshs.93,832,288. The amount paid to date for the revised scope is Kshs.56,739,433 with a balance of Kshs.37,092,855.65 committed to be paid by the county executive in the next financial year. However, there is no evidence that the World Bank will finance Phase II of the project and no explanation as to why the project was not completed in time was given.

In the circumstances, the value for money received from the public funds spent on construction of the projects during the year under review could not be confirmed and Management was in breach of the law.

4.3 Upgrade of Jamhuri Gardens, Market Park, Botanical Garden and Streetscaping

Management signed a contract on 7 August, 2020 for the Upgrade of Jamhuri Gardens, Market Park, Botanical Garden and Streetscaping at a contract sum of Kshs.111,756,241. The implementation period of twenty-four (24) months and expected completion date of 6 August, 2022.

The final contract sum at handing over was revised for Kshs.105,959,233.85. The de-scoped works of 5% to be packaged and implemented in the next KUSP. The amount paid to date for the revised scope is Kshs.93,811,760 with a balance of Kshs.12,147,474 committed to be paid by the county executive in the next financial year.

Management has explained that the project scope was revised to 95% or Kshs.105,959,233.85 of the original contract and that 5% of the de-scoped work would be planned for implementation through County Revenue Fund. However, Management has not explained why the contractor failed to finish the contract as signed between the Board and the contractor. Additionally, a breakdown of the de-scoped works has not been provided for audit review

In the circumstances, the value for money received from the public funds spent on construction of the projects during the year under review could not be confirmed and Management was in breach of the law.

4.4 Construction of Nyamasaria Bus Park

Management signed a contract on 4 August, 2020 for the construction of Nyamasaria Bus Park at a contract sum of Kshs.99,883,902. The implementation period was twenty-four (24) months and expected completion date of 3 August, 2022.

The projected final account at handing over was revised to Kshs.104,400,481. The amount paid to date for the certified works is Kshs.65,253,146 with a pending certificate of Kshs.16,605,870.22 and uncertified amount of Kshs. 22,541,465 committed to be paid by the county executive in the next financial year. No explanation has been given for revised amount and for the delay in the completion of the work.

In the circumstances, the value for money received from the public funds spent on construction of the projects during the year under review could not be confirmed and Management was in breach of the law.

4.5 Construction of Kaloleni Community Centre

Management signed a contract on 7 August, 2020 for the construction of Kaloleni Community Centre at a contract sum of Kshs.151 468,960. The implementation period was twenty-four (24) months and expected completion date of 6 August, 2022. During the

year under review, the contractor was paid a cumulative total of Kshs.77,879,525 leading or 51% of the contract sum and the actual completion status was estimated at 68%.

Management has explained that the project's initial scope was revised to 56% or Kshs.85,272,222.76 of the contract sum and that the incomplete works have been taken over by the City of Kisumu and is being implemented through county revenue fund. However, Management has not explained why the contractor failed to finish the contract as signed between the Board and the contractor. Additionally, a breakdown of the de-scoped works has not been provided for audit review

In the circumstances, the value for money received from the public funds spent on construction of the projects during the year under review could not be confirmed and Management was in breach of the law.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amount reflects final receipts budget of Kshs.838,716,334 and actual on comparable basis amount of Kshs.426,594,893 resulting in underfunding of Kshs.412,121,441 or 49% of the budget.

Similarly, the project expended Kshs.516,900,996 against the approved budget of Kshs.838,716,334 resulting to an under expenditure of Kshs.321,815,338 or 61% of the total approved budget.'

The under absorption and underfunding may have negatively impacted on service delivery.

My opinion is not qualified 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. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public

Resources. However, Management had not resolved the issues or given any explanations for failure to implement the recommendations.

In the circumstances, Management was in breach of Section 31(a) of the Public Audit Act, 2015 which requires that as a preliminary step, the entity must submit a report on how it has addressed the recommendations and findings of the previous year's audit.

The Management was therefore in breach of the law.

Other Information

Management is responsible for the Other Information set out on page ii to xxx, which comprise of the company Information and Overall Performance, Statement of Performance against the Board Predetermined Objectives, Cooperate Social Responsibility and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Board 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.

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, except for the effects of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Engagement of Legal Services without Approval

Review of records provided for legal fees together with the supporting documentation revealed that Management entered into contracts with advocates for provision of consultancy services for various cases and were paid Kshs.1,997,520. However, no approval was granted by the County Executive Committee member to engage the services of a consultant for the provision of legal services contrary to Section 16 (1), (2) and (3) of the County Attorney Act which states that the engagement of consultant, a department or public entity established within a county executive shall not engage the services of a consultant to render any legal services relating to the functions of the County

Attorney without the approval of the County Executive Committee and a request by a department or public entity to the county executive committee to engage the services of a consultant for the provision of legal services, shall be in writing and an approval by the county executive committee of a request under subsection (2) shall be in writing.

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

2. Non-Compliance with Gender and Ethnicity Rule

Analysis of staff bio data of the recruitment for the year under review revealed that the City of Kisumu had a total of four hundred and ninety-six (496) members of staff, out of whom four hundred and sixty-six (466) or 94% are from the dominant community in the County. Among them one hundred and ninety-eight (198) are females while two hundred and ninety-eight (298) are males. In addition, the new recruitment has employed one hundred and thirty-nine (139) staff, out of whom one hundred and twenty (120) are from the dominant community in the County. This is contrary to Section B(5) of the PSC HR policies and procedures manual 2016, which provides that; "Recruitment will be undertaken on the basis of fair competition and merit; representation of Kenya's diverse communities; adequate and equal opportunities to all gender, youth, members of all ethnic groups, persons with disabilities and minorities".

In the circumstances, Management was in breach of the law

3. Non-Implementation of Audit Recommendations

Audit review of records of the board revealed that no response or action plan was availed for the implementation of the recommendations made in the audit reports. Further, no implementation status for recommendations made in the audit reports for 2023/24 were availed for audit verification contrary to Section 165(1) of the Public Finance Management (County Government) Regulations, 2015 which states that the accounting officer of the concerned entity shall be responsible for the implementation of the recommendations made in the audit reports and shall develop response and action plan which they shall submit to the chairperson of the audit committee within fourteen days.

The Management was therefore in breach of the law.

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

REPORT ON 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 matter described in the Basis for

Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of Internal Audit Function and Audit Committee

The Board did not have an audit committee. This was contrary to Regulation 167 of the Public Finance Management (County Governments) Regulations, 2015 which provides that each county government entity shall establish an audit committee. In addition, the Board did not have an internal audit unit. This was contrary to Section 155(1)(a) of the Public Finance Management Act, 2012 which provides that a county government entity shall ensure that it has appropriate arrangements for conducting internal audit according to the guidelines issued by the Accounting Standards Board.

In the circumstances, the effectiveness of governance systems, checks and balances in the Board could not be confirmed.

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

Responsibilities of the Management and Those Charge 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 Boards ability to sustained its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Board or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

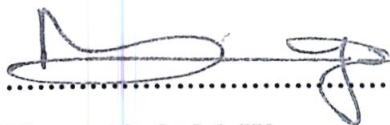
Nairobi

27 December, 2024

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

Description	Note	2023/2024	2022/2023
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from the County Government	6	402,159,385	456,590,380
Public contributions and donations	7	-	550,000
Other revenues from non-exchange transactions	8	-	3,348,619
Revenue from non-exchange transactions		402,159,385	460,488,999
Total revenue		402,159,385	460,488,999
Expenditure			
Use of goods and services	9	141,707,607	264,569,991
Staff costs	10	238,422,534	236,684,132
Board expenses	11	-	24,958,084
Depreciation and amortization	12	10,478,653	-
Total expenses		390,608,795	526,212,207
Surplus/(deficit) for the period		11,550,590	(65,723,208)

The notes set out on pages 7 to 32 form an integral part of these Financial Statements. The entity financial statements were approved on 20th September 2024 and signed by:



Name: Abala.M. Wanga

City Manager



Name: Evans Otieno Ogweno

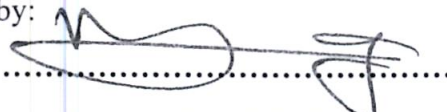
Head of Finance

ICPAK M/No 13454

15. Statement of Financial Position as at 30th June 2024

Description	Note	2023/2024	2022/2023
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents.	13	154,638	188,687
Receivables from exchange transactions		-	-
Receivables from Non- exchange transactions	14	175,277,817	347,500,886
Total current assets		175,432,455	347,689,573
Non-current assets			
Property, plant, and equipment	15	432,608,059	1,275,301
Total Non-current Assets		432,608,059	1,275,301
Total assets (A)		608,040,514	348,964,874
Liabilities			
Current liabilities			
Trade and other payables	16	550,387,609	414,688,082
Total current liabilities		550,387,609	414,688,082
Total liabilities (B)		550,387,609	414,688,082
Net Assets (A-B)		57,652,906	(65,723,208)
Represented by:			
Capital/Development Grants/Fund		330,871,187	-
Reserves		-	-
Accumulated surplus/(deficit)		(273,218,281)	(65,723,208)
Net Assets/Equity		57,652,906	(65,723,208)

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 20th September 2024 and signed by:



Name: Abala.M. Wanga
City Manager



Name: Evans Otieno Ogweno
Head of Finance
ICPAK M/No 13454

16. Statement of Changes in Net Assets for the Year Ended 30th June 2024

Description	Capital Development Grants/Fund	Accumulated Surplus	Total
		Kshs.	Kshs.
Bal as at 1 July 2022 (previous year)	306,435,679	(219,045,664)	87,390,015
(deficit) for the year		(65,723,208)	(65,723,208)
Funds received during the year	-	-	-
Revaluation gain	-	-	-
Bal as at 30 June 2023	306,435,679	(284,768,871)	21,666,807
Bal as at 1 July 2023 (current year)	306,435,679	(284,768,871)	21,666,807
Surplus for the year		11,550,590	11,550,590
Funds received during the year	24,435,508	-	24,435,508
Balance as at 30 June 2024	330,871,187	(273,218,281)	57,652,906

Notes:

- a) The brought forward Capital fund of Kshs. 306,435,679 relates to KUSP I projects that were capitalized.

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

Description	Note	2023/2024	2022/2023
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6	426,594,893	456,590,380
Public contributions and donations	7	-	550,000
Other Receipts	8	-	3,348,619
Total Receipts		426,594,893	460,488,499
Payments			
Use of goods and services	9	163,770,898	200,115,143
Staff costs	10	238,422,534	236,684,132
Board expenses	11	-	24,958,084
Total Payments		402,193,433	461,757,359
Net cash flows from operating activities	17	24,401,460	(1,268,360)
Cash flows from investing activities			
Purchase of PPE & intangible assets	15	(24,435,508)	(1,275,301)
Net cash flows used in investing activities		(24,435,508)	(1,275,301)
Cash flows from financing activities			
Public Contributions & donations	7	-	550,000
Net cash flows used in financing activities		-	550,000
Net increase(decrease) in cash & cash equivalents		(34,048)	(1,993,661)
Cash and Cash Equivalents At 1 July		188,687	1,804,974
Cash and Cash Equivalents At 30 June	13	154,638	188,687

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

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=dc
Revenue						
Transfers from the County Government	760,716,334	78,000,000	838,716,334	426,594,893	412,121,441	51%
Public contributions and donations	-	-	-	-	-	-
Total Revenue	760,716,334	78,000,000	838,716,334	426,594,893	412,121,441	51%
Expenses						
Urban Development Grant Project	-	-	-	-	-	-
Use of goods and services	141,000,000	31,000,000	172,000,000	141,707,607	30,292,393	82%
Board expenses	25,000,000	(25,000,000)	-	-	-	-
Staff Costs	297,416,334	-	297,416,334	238,422,534	58,993,800	80%
Finance cost	-	-	-	-	-	-
Total expenses	463,416,334	6,000,000	469,416,334	380,130,142	89,286,192	6%
Capital items		-				
Acquisition of PPE	297,300,000	72,000,000	369,300,000	136,770,854	232,529,146	37%
Acquisition of Intangible assets	-	-	-	-	-	-
Repayment of borrowings	-	-	-	-	-	-
Total expenses Development	297,300,000	72,000,000	369,300,000	136,770,854	232,529,146	37%
Total Expenditure	760,716,334	78,000,000	838,716,334	516,900,996	321,815,338	
Surplus/deficit for the period	-	-	-	(90,306,103)	90,306,103	

Budget notes

The difference in the budget is due to adjustments in the supplementary budget

*Underutilisation of capital expenditure is due to late approval of the supplementary budget in addition to some items being expensed.
(Utilisation 37%)*

The underutilization of staff costs is attributed to non-realization of all the exchequers due in the year

19. Notes to the Financial Statements

1. General Information

City is established by and derives its authority and accountability from Urban & Cities Act. The City is under the County Government of Kisumu and is domiciled in Kenya.

The principal activities:

- Provide high standard social services involving public and stakeholders through public participation.
- Provide for governance mechanism to enable the public to participate in public service delivery.
- Provide development opportunities.
- Develop an enforce City by-laws.
- Foster the economic, social and environmental wellbeing of the inhabitants.

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 (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Application of New and revised standards (IPSAS)

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2024.*

There are no new standards effective in the financial year ended 30th June 2024.

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st 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 cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st 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 1st 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>Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47: Revenue</p>	<p>Applicable 1st January 2026 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>Applicable 1st January 2026 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>Applicable 1st January 2026 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>

iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year 2024.

4. Significant Accounting Policies

a) Revenue recognition

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 has been acquired using such funds.

i) 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.

a) Budget information

The original budget for FY 2023/2024 was approved by the County Assembly. 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 City upon receiving the respective approvals in order to conclude the final budget. Accordingly, the city recorded additional appropriations of **Kshs. 78,000,000** following the governing body's approval.

The City's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts,

prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on these financial statements.

b) 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 City 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.

Applicable depreciation rates for the year were

- Buildings 2%
- Furniture & fittings 12.5%
- Computers 30%
- Equipment 12.5%

c) Intangible assets

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

(Significant accounting policies continued)

d) 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. (amend as appropriate).*

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets equity

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

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through 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 assetsequity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out.

Financial liabilities

Classification

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

e) Inventories

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

Raw materials: purchase cost using the weighted average cost method

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

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

f) Provisions

Provisions are recognized when the City 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 City 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.

g) Social Benefits

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

h) Contingent liabilities

The City 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.

i) Contingent assets

The City 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 City 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

j) Nature and purpose of reserves

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

k) Changes in accounting policies and estimates

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

l) Employee benefits – Retirement benefit plans

The city provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the City pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the City 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.

m) Foreign currency transactions

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

n) 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.

o) Related parties

The City 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 City, or vice versa. Members of key management are regarded as related parties and comprise the Board members, the City Manager and City Accountant.

p) Cash and cash equivalents

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

q) Comparative figures

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

r) 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*).

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

s) 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 City'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 City 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 City. 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 City.
- 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	2023/2024	2022/2023
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	15,500,000	24,967,000
Payments by County on behalf of the entity	411,094,893	431,623,380
Unconditional development grants	-	-
Total	426,594,893	456,590,380

(The revenues are composed of transfers to City of Kisumu operations account and payments made by the executive on behalf of City of Kisumu as tabulated above)

(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	2022/2023
			Kshs	Kshs	Kshs
County Government of Kisumu	402,159,385	-	24,435,508	426,594,839	456,590,380
Total	402,159,385	-	24,435,508	426,594,839	456,590,380

(Ensure that the amount recorded above as having been received from the County fully reconciles to the amount recorded by the sending County office. An acknowledgement note receipt should be raised in favour of the sending County office.) *Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached. Total of column 1 should tie to note 6 The details of the reconciliation have been included under appendix 2

7. Public Contributions and Donations

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Donation from development partners	-	-
Contributions from the public	-	550,000
Total	-	550,000

8. Other Revenues from Non-Exchange Transactions

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Transfers from other government entities	-	-
Transfer from Teleposta Pension	-	848,619
Transfers from KIWASCO	-	2,500,000
Total	-	3,348,619

(The revenues relates to partnerships where funding was being done the said entities while the city was the implementing entity)

9. Use of Goods and Services

A -Use of Goods and Services

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Other Assets:	-	-
Actual Payments	(70,008,897)	200,115,143
Accrued expenses	211,716,505	64,454,848
Total	141,707,607	264,569,991

B-. Use of Goods and Services

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Utilities, supplies and services	6,000,00	2,258,234
Communication, supplies and services	300,240	26,547
Domestic travel and subsistence	2,188,760	6,622,604
Foreign travel and subsistence	3,746,046	48,097
Printing, advertising, supplies & services	1,885,708	4,257,740
Uniforms & Clothing	990,000	2,065,562
Sanitary & Cleaning Supplies	499,750	698,800
Membership & subscriptions	51,180	32,500
Hospitality supplies and services	7,297,013	1,089,000
Insurance costs	1,839,479	5,851,303
Specialized materials and services	874,500	6,989,994
Office and general supplies and services	1,304,676	11,103,639
Fuel, oil and lubricants	29,302,460	33,500,000
Other operating expenses	4,145,619	2,634,200
Routine maintenance - Other Assets	66,302,281	51,565,632
Routine maintenance – Buildings	6,747,813	14,922,011
Routine maintenance – Vehicles	1,418,236	4,769,268

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Description	2023/2024	2022/2023
	Kshs.	Kshs.
Routine maintenance – other equipment	582,818	3,256,593
Contracted Professional Services	8,004,273	9,185,376
Audit fees/Legal Fees	1,997,520	-
Hire of Transport, equipment etc	2,120,000	39,122,080
Bank Charges	23,273	20,962
Social Benefit expenses	20,000	95,000
Prior Year Adjustment(2021/2022 expensed in 2022/23)	(217,650,542)	-
Total	(70,008,898)	200,115,142

Notes

- a) The substantial reduction in the use of goods and services is due to a prior year adjustment of Kshs. 217,650,542 accrued expenses in the year 2021/2022 and subsequently expensed in the year 2022/2023.

**Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.*

10. Staff costs

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Salaries and wages	184,989,047	183,297,181
Staff gratuity	-	-
Social security contribution	53,433,487	53,386,951
Total	238,422,534	236,684,132

11. Board expenses

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Sitting allowances	-	4,602,200
Medical Insurance	-	-
Induction and Training	-	2,948,275
Domestic-Travel and Accommodation	-	5,158,592
Foreign-Travel and Accommodation	-	5,732,000
Office & General Supplies	-	410,000
Conference Costs	-	1,494,777
Other allowances - Public Participation	-	4,612,240
Total	-	24,958,084

12. Depreciation and amortization

Description	2023/2024	2022/2023
	KShs	KShs
Property, plant and equipment	10,478,653	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	10,478,653	-

13. Cash and cash equivalents

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Cash in Hand	154,638	188,687
Total cash and cash equivalents	154,638	188,687

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

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

Financial institution	Account number	2023/2024	2022/2023
		Kshs.	Kshs.
a) Current account			
KUSP UDG-Ksm City (SBM)	152378640001	147,647	159,042
Operations (Equity)	1700280863160	6,991	29,644
Total		154,638	188,687

14. Receivables from Non-Exchange transaction

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Balance bf	347,500,886	347,500,886
Received during the year	(172,223,069)	-
Total	175,277,817	347,500,886

Ageing analysis for Receivables from non-exchange transactions

Description	2023/2024		2022/2023	
	Kshs		Kshs	
	2023/2024	% of the Total	2022/2023	% of the total
Less than 1 year	-			
Between 1- 2 years	-		347,500,886	100%
Between 2-3 years	175,277,817	100%		
Over 3 years	-			
Total	175,277,817	100%	347,500,886	100%

Notes

- a) Settlement/clearance of receivables amount of Kshs. 347,500,886 relating to KUSP I payables, was transferred to the County Executive premised on the advice of the world bank. By closure of the financial year, the executive had settled Kshs, 172,223,069 resulting in the substantial reduction in receivables from non-exchange transactions .

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15. Property, Plant and Equipment

Description	Building	Furniture and fittings	Computers	Equipments	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs
Depreciation rate	2%	12.5%	30%	12.5%		
Cost						
As at 1 July 2022	-	-	-	-	-	-
Additions	-	-	-	-	1,275,301	1,275,301
Disposals	-	-	-	-	-	-
As at 30th June 2023	-	-	-	-	1,275,301	1,275,301
Additions for the year	4,910,610	12,125,001	6,939,966	47,003,561	65,791,716	136,770,854
Disposals for the year	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	305,040,557	305,040,557
As at 30th June 2024	4,910,610	12,125,001	6,939,966	47,003,561	372,107,574	443,086,712
Depreciation and impairment						
At 1 July 2022	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
As at 30 June 2023	-	-	-	-	-	-
Depreciation for the year	98,212	3,637,500	867,496	5,875,445	-	10,478,653
Disposals for the year	-	-	-	-	-	-
As at 30th June 2024	98,212	3,637,500	867,496	5,875,445	-	10,478,653

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Description	Building	Furniture and fittings	Computers	Equipments	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs
NBV as at 30 th Jun 2023	-	-	-	-	1,275,301	1,275,301
NBV as at 30 th Jun 2024	4,812,398	8,487,501	6,072,470	41,128,116	372,107,574	432,608,059

Notes:

- b) Property, plant and equipment has increased to Kshs. 380,812,122 attributed to prior year adjustment of Kshs. 305,040,557 WIP that was previously omitted.
- c) Further, the additions of Kshs. 136,770,854 in the year under review is composed of Kshs. 112,335,346 relating to payables and Kshs. 24,435,508 relating to capital assets which were actually paid for as reflected in note 6(a) and posted to Statement of Cash flows under investing activities.

16. Trade and other payables from exchange transactions

Description	2023/2024		2022/2023	
	Kshs.		Kshs.	
Trade payables				
Balance bf	414,688,081		566,956,402	
Payments during the year	(188,352,323)		(216,723,169)	
Accrued expenses	211,716,505		64,454,848	
Other payables-KUSP	51,795,937		-	
Other payables-Development	60,539,409		-	
Total trade and other payables	550,387,609		414,688,081	
Ageing analysis:	2023/2024	% of the Total	2022/2023	% of the Total
Under one year	167,692,264	30%	64,454,848	16%
1-2 years	155,621,591	28%	350,233,233	84%
2-3 years	227,073,754	41%	-	-
Over 3 years	-	-	-	-
Total	550,387,609	100%	414,688,081	100%

Notes:

- a) The increase in Trade Payables is as a result of additional certificates on the WIP of Kshs, 51,795,937 and recurrent historical pending bills that had not been accounted for in the previous years amounting to Shs. 146,276,596 under the accrued expenses.

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17. Cash generated from operations

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Surplus (deficit) for the year before tax	11,550,590	(65,723,208)
Adjusted for:		
Depreciation	10,478,653	-
Amortisation	-	-
Gains losses on disposal of assets	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	(172,223,069)	-
Increase in payables	135,699,528	64,454,848
Net cash flow from operating activities	24,401,460	(1,268,360)

(The total of this statement should tie to the cash flow section on net cash flows from operating activities)

18. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Transfers from related parties'	426,594,839	456,590,380

c) Key management remuneration

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Board Members	-	-
Key Management Compensation	32,361,075	29,124,967
Total	32,361,075	29,124,967

d) Due from related parties

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Due from County Government	175,277,817	347,500,886
Due from County Assembly	-	-
Total	175,277,817	347,500,886

19. Financial risk management

The City's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The City'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 City does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

I. Credit risk

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

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
At 30 June 2024				
Receivables from No-exchange transactions	-	175,277,817	175,277,817	-
Total	-	175,277,817	175,277,817	-
At 30 June 2023				
Receivables from non-exchange transactions		347,500,886	347,500,886	-
Total		347,500,886	347,500,886	-

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

The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the City has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The City has significant concentration of credit risk on amounts due from *The County Government*.

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 June 2024				
Trade payables	-	-	323,313,855	323,313,855
Total	-	-	323,313,855	323,313,855
At 30 June 2023				
Trade payables			64,454,848	64,454,848
Total	-	-	64,454,848	64,454,848

III. Market risk

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

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

IV. Interest rate risk

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

Management of interest rate risk

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

V. Capital risk management.

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

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Revaluation reserve	-	-
Capital Development Grants City	330,871,187	306,435,679
Accumulated surplus	(273,218,281)	(284,768,871)
Total Funds	57,652,906	21,666,807
Total borrowings	-	-
Less: cash and bank balances	(154,638)	(188,687)
Net debt(excess cash and cash equivalents)	(154,638)	(188,687)
Gearing	%	%

20. Appendices

Appendix 1. Progress on Follow up of Auditors Recommendations.

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1,	Unsupported Receivables	The amount of kshs.347,500,886 represent the outstanding debts for KUSP projects that world bank funded as stated. The County and City Management through H.E the Governor requested the state Department of Housing and Urban Development for funding to bridge the funding gap to enable closing of all the outstanding contracts. While awaiting for the response the county government has agreed to settle all the KUSP pending bills.	Not Resolved	June 2025
2	Unsupported Trade and Other Payables	Trade payables of Kshs 64,454,848 relates to the payments that were to be paid by county executive on behalf of the city, while 347,500,886 was to be received from World Bank as a funding to KUSP projects. The management has noted the omission and has attached interim	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		and final certificates of payments, invoices, delivery notes and inspection minutes as attached.		
3	Failure to Recognize Assigned Assets	The property, plant and equipment of unquantified value were transferred to enable city carry out its intended functions by the County Government though the ownership still under the County Government. The city management and County executive is currently working out on the process of transferring the assets to the city board.	Resolved in the FS for 2024	June 2024
4	Unsupported Use of Goods and Services	The assets that the city board is using are owned by the county Government as transfer of ownership is yet to be done. The repairs and maintenance of the Assets are done by the city as there is provision for the maintenance costs in the approved County Budget. Attached is the copy of the approved county Budget under the city vote head. The Vehicles and Equipment are for the county Government though allocated to be used by the city to enhance service delivery to the citizens. The operations and maintenance costs are meet by the city as there is a provision for the fuel and lubricants in the approved County Budget under the city vote head.	Not Resolved	June 2027 when accrual reporting shall have been fully adopted

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
5	Unsupported Staff Costs	The city board payroll is still under the county Government hence controls the payment of staffs under the personnel and emoluments costs as stated in the county Budget. Kshs.236,684,132 were paid on behalf of the city board by the county Government as the payroll is still consolidated as one both for city board and the county Government.	Resolved	
	Budgetary Control and Performance	It's true the statement of budget comparison on receipts resulted to underfunding due to non-payment of all the committed amount during the financial year. The under expenditure also occurred as most of commitments were not paid on time.	Not Resolved	June 2025
1.1	Construction of the Non-motorized Transport System Phase 2	It is true that at the time of audit, the project had been partially completed and was in use. It should be noted that the project was clustered in 3 separate Lots with each Lot having distinct roads/Streets to be covered. The revised scope has been completed and taken over in accordance with Clause 10.1 (Taking over of the Works and Sections) of the condition of contract. The revised final statement of account is KES	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Resolved) / Not	Timeframe: (Put a date when you expect the issue to be resolved)
		513,796,700.07. This is 78% of the original contract but representing 100% of completed works as per the revised scope (see Summary Below). The amount paid to date is KES 446,584,158.52 exclusive of Taxes and retentions to be released. The outstanding payment due to the contractor is KES 43,742,218.87 (inclusive taxes after recovery of the outstanding advance payments)		
1.2	Improvement of Jomo Kenyatta Sports Ground	<p>It is true that at the time of audit, the project had been partially completed and was in use. It should be noted that due to funding challenges, the scope of the project was revised to accommodate all the essential works required for operationalization of the park. To date the City has taken over the park in accordance with Clause 10.1 (Taking over of the Works and Sections) of the condition of contract, opened up for use by the public and a management firm put in place. The non-critical items have been packaged to be implemented in the next phase.</p> <p>The revised final statement of account is KES 93,832,288. This is 84.3% of the original contract</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>but representing 100% of completed works as per the revised scope</p> <p>Annexed 1.2(a) Completion certificate, 1.2(b) Summary of the signed Final Statement of account</p>		
1.3	<p>Upgrade of Jamhuri Gardens, Market Park, Botanical Garden and Streetscaping</p>	<p>It is true that at the time of audit, the project had been partially completed and was in use. It should be noted that due to funding challenges, the scope of the project was revised to accommodate all the essential works required for operationalization of the park. To date the City has taken over the park in accordance with Clause 10.1 (Taking over of the Works and Sections) of the condition of contract, opened up for use by the public and a management firm put in place. The non-critical items have been packaged to be implemented in the next phase.</p> <p>The revised final statement of account is KES 105,959,233.85. This is 94.8% of the original contract but representing 100% of completed works as per the revised scope</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		Annexed 1.3(a) Completion certificate, 1.3(b) Summary of the signed Final Statement of account		
1.4	Construction of Nyamasaria Bus Park	<p>It is true that at the time of audit, the project had not been completed due to funding challenges. The contractor resumed work on site and completed the works. The project practically completed on the 16/2/2024. To date the process of operationalization of the park is ongoing with the stake holders.</p> <p>The revised final statement of account is KES 104,400,481.40.</p> <p>Annexed 1.4(a) Summary of the signed Final Statement of account and 1.4(b) Contract Addendum No. 3.</p>	Resolved	
1.5	Construction of Kaloleni Community Centre	<p>It is true that at the time of audit the contractor had officially suspended the works due to non-payment of the pending Certificates in accordance with Clause 16.1 & 16.2 of the condition of contract. The City has since prepare a final accounts for completed works due for</p>	Not Resolved	June 2025

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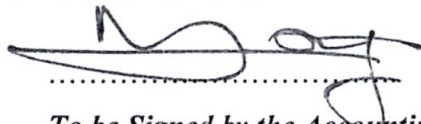
Reference No. / Issue on the external audit Report	Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>payment and repack the outstanding works to be implemented in the subsequent budgets.</p> <p>The final statement of account "AS IS" is KES 85,272,222.76. This is 56.3% of the original contract for actual verified and certified works. The amount paid to date is KES 52,094,647.32 exclusive of Taxes and retentions to be released. The outstanding payment due to the contractor is KES 29,149,198.02 (inclusive taxes after recovery of the outstanding advance payments) Annexed 1.5(a) Summary of the signed Final Statement of account, 1.5(b) Suspension letter.</p>		
1	<p>Lack of Autonomy for the Board of Management</p>	<p>It is true that City of Kisumu has not gained full autonomy by the time of audit as envisaged in the Urban Areas and Cities Act, 2011. However, transfer of functions to City Of Kisumu was done vide Gazette notice no 6298 of 24th May 2024 which is a big milestone towards attaining full autonomy.</p> <p>The city management is working in collaboration with the executive through the cabinet on key areas such as gazzetelement, transfer of function</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		and staff to ensure completion of the process as per attached documents		

Guidance Notes:

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



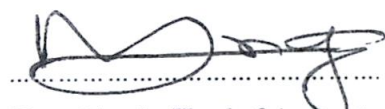
To be Signed by the Accounting officer of the Entity

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Appendix 2: Inter-Entity Transfers

CITY/MUNICIPALITY NAME: CITY OF KISUMU				
Breakdown of Transfers from the County Executive of County Government of Kisumu				
FY 2023/2024				
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
		Total	-	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
		Total	-	
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
	County Government		411,094,893	2023-2024
	Transfers to operations account		15,500,000	2023-2024
		Total	426,594,893	

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



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



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CITY OF KISUMU		
TRIAL BALANCE FOR THE YEAR ENDED 30TH JUNE 2024		
Details	DR.	CR.
	Ksh.	Ksh.
Cash and cash equivalents	154,638	
Accumulated deficit	284,768,871	
Funds received during the year		24,435,508
Capital/Development Grant/Fund		306,435,679
Transfers from the County Government		402,159,385
Trade and other payables		550,387,609
Receivables from No-Exchange transactions	175,277,817	
Property, Plant and Equipment	432,608,059	
Expenses		
Use of goods and services	141,707,607	
Staff costs	238,422,534	
Depreciation & Amortization	10,478,668	
Board expenses	-	
TOTAL	1,283,418,180	1,283,418,180