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REPORT

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OF

THE AUDITOR-GENERAL

ON

NAKURU CITY

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

COUNTY GOVERNMENT OF NAKURU



29 SEP 2023



NAKURU CITY

County Government of Nakuru

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2023

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

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1. Acronyms & Glossary of Terms

PSASB	Public Sector Accounting Standards Board
FY	Financial Year
OSHA	Occupational Safety & Health Act
UACA	Urban Areas and Cities Act
PFMA	Public Finance and Management Act
PPADA	Public Procurement and Asset Disposal Act
IDeP	Integrated Development Plan
CIDP	County Integrated Development Plan
ISUDP	Integrated Strategic Urban Development Plan
SRC	Salaries and Remuneration Commission
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

2. Key Entity Information and Management

a) Background information

Nakuru City is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011(amended 2019) and City Charter on 1st December, 2021. The City is under the County Government of Nakuru and is domiciled in Kenya.

b) Principal Activities

The principal activity/mission/ mandate of the City is to oversee the affairs of the City. The City's Vision is to be a model City that enhances quality of life and fosters economic prosperity. Its mission is to formulate and implement citizen-oriented policies, foster sustainable development and innovation and deliver quality services.

The City derives its objectives from Section 20 of the UACA, 2011. Its objectives include:

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

c) Key Management

The City management is under the following key organs:

- County department of Land, Physical Planning, Housing and Urban Development (DLPPHUD)
- Board of Management
- City Manager
- Management staff
- State Department for Housing and Urban Development

d) Fiduciary Management

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

Ref	Position	Name
1	City Manager	Gitau Thabanja
2	Head of departments	City Planner-Macharia Thang'wa Header of Accounts-Judith Kerubo Head of Procurement-Arbe Barshuna Human Resources-Fridah Mogoi Economist-Lorna Mubichi Head of ICT- James Ndungu

e) Fiduciary Oversight Arrangements

- i. Finance and administration Committee
- ii. Urban Planning and Infrastructure Development
- iii. Water, Sanitation and Environment,
- iv. Trade Tourism and Investment Committee

f) Registered Offices

P.O. Box 2870-20100

Nakuru City, County Government of Nakuru

Nakuru City Disaster and Rescue Centre

Court Road,

Nakuru, KENYA

g) Contacts

Telephone: (051) 2214142

E-mail: nakurumunicipalboard@nakuru.go.ke

Website: www.nakuru.go.ke

h) Bankers

Commercial Banks

I&M Bank, Kenyatta Avenue Nakuru

i) Independent Auditor

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

j) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

5. City Board Chairperson's Report

Nakuru City Board aims at having being a model City that enhances quality of life and fosters economic prosperity. This a is a guiding principle with four key pillars of; Socio-Cultural Development, Urban Planning, Mobility and Spaces, Urban Environment, Resilience, Energy and Climate Change, Urban Economic, Development and Livelihoods Improvement.

The City's Vision is in line with the Board's mandate as stipulated in the UACA, 2011 and has been an on course to realizing the County's Urban Agenda.

Nakuru's positioning economically, geographically, politically and its vibrancy puts it at a competitive level. Its tourist attractions, diverse culture and creative industry enhances visibility in the regional, national and global contexts.

Upon conferment of the City status, the City Board took keen measures to meeting the standards and expectations in terms of service deliver, functions and infrastructure provisions. This required heavy investment on structures and mechanisms of Board's operations, policy interventions and physical infrastructure development. The Integrated Strategic Urban Development Plan (ISUDP), Integrated Development Plan (IDeP), Regeneration Plan and County Integrated Plan (CIDP) formed key guiding policies to implantation of the projects and programs.

Independent allocation from the equitable share within the County's budget is a demonstration of a good will to the City and urban boards from the County leadership. KUSP funding from World Bank in coordination with the State Department for Housing and Urban Development has also been a major boost to the City's capacity. These financial allocations have seen the City implement many infrastructural projects within its boundary.

The City's emerging issues including climate change, rapid population growth and financing requires holistic approaches to ensuring sustainable development. The Urban Agenda, resilience strategies, and partnership comes in handy in addressing the current and future City needs. Collaboration with all the sector players both in public and private sector ensures inclusion and smooth implementation of programs and projects.

Here below are key highlights of the City of over the period.

- **Successes made**
 - i. Successful implementation of KUSP Projects
 - ii. Partnerships and collaborative programs/projects
 - iii. Capacity building and training for Board members and staff

- iv. Successful implementation of annual Events
- v. Initiation of Nakuru City's Vision 2050
- vi. Inclusion of the City in the County CIDP
- vii. Delegation of functions to the City

- **Review of the City Board's performance**

Over the period the City's performance improved to great extent given that the City had an allocation from the equitable share and KUSP funding. The board's ability to effectively manage and allocate the resources was exemplary. The board was able to implement a series of transformative infrastructural development changing the physical outlook of the City. The projects implemented include: Refurbishment of Afraha Stadium Phase I, construction of Non-Motorized Transport facilities and tarmacking of key access roads within the City.

Service delivery and accountability has improved tremendously over the period. Through regular reporting and information sharing both to the relevant County Departments, entities and general public has improved transparency and accountability. The City has improved citizen engagement through partnerships, stakeholder engagement and compliance to the statutory requirements.

- **Challenges faced**

Governance

- i. Unclear/non-streamlined the functions of the Board
- ii. Understaffing and inadequate capacity
- iii. Statutory compliance
- iv. Composition of the Board
- v. Lack of transitional framework on delegation of functions

Financing

- i. Major reliance on KUSP funding which had limited menu of expenditure
- ii. Inadequate budget from equitable share
- iii. Delay of disbursement of funds from the exchequer to the County Government
- iv. Delay in initiating the lengthy procurement process slowing the uptake of projects
- v. Downtime and slow system in procurement and accounts

- vi. Inflation of materials e.g steel affecting procured quantities and prices in some projects

Operational challenges

- i. Mobility challenges emanating from inadequate vehicles hindering effective monitoring and evaluation of projects
- ii. Unfavourable weather conditions in some specific projects
- iii. Inadequate office space and equipment
- iv. Inadequate key technical personnel
- v. Covid-19 effects affecting implementation of some projects and public participation
- vi. Inadequate data to inform decision making
- vii. Inefficient coordination between government agencies e.g KPLC, NAWASCO, KURA, KeNHA
- viii. Lack of information sharing and attendant sharing framework

• **Changes in the City Board during the year**

During the year, there were changes in the constitution of the Board informed by the City status needs to transition to increase the number from 9 to 11 as stipulated by the UACA, 2011 guiding Municipality and City board requirements.

In addition, there was a reduction in the initial members due to appointment to leadership, political and other engagements. In this context, the County leadership initiated and finalized the appointment of other Board members to the City and Municipalities within Nakuru County.

During the period, there was also secondment of key staff to the City to further strengthen the technical capacity of the management.

• **Future outlook of the City Board**

The Board, envisions to be a model City that enhances quality of life and fosters economic prosperity.



.....
Name: Stella Wanjiru

Chairperson of the Board

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

6. Report Of the City Manager

Nakuru City's performance in terms of finance and overall delivery on its mandate and functions have over the recent past improved. Being a young entity and transitioning to City status, there has been an incredible growth and support from the relevant County departments and entities. Its budget has been allocated and implemented smoothly. Long- and short-term priorities have also been captured in the CIDP and key policy documents to the guide subsequent budgeting.

The City's budget implementation framework falls under two programs; Program 1 Administration and planning and program 2 Nakuru City Services. Program 1 deals with administration issues such as recurrent expenditures, employee's compensation among other administration and planning activities. Program 2 deals with development priorities including infrastructure and installation of facilities.

The programs and sub-programmes are categorized as follows:

Program	Sub-program
1. Administration, planning and support Services	i. Administration and planning
	ii. Personnel services
	iii. Financial Services
2. Nakuru City services	i. Infrastructure development and planning
	ii. Nakuru Municipality Environmental management
	iii. Trade Markets and Investments
	iv. Nakuru City Social services

The City's budget performance against actual amount for the period in terms of budget execution rate was 70.5%. This was a major improvement from the previous year which stood at 40% as shown below:

Programme/Sub-programme	REVISED ESTIMATES FY 2022/2023 (SUPP. II)	ACTUAL FY 2022/2023	VARIANCE ON ANNUAL TARGET	Budget Execution Rate
Programme 1:				
SP 1.1 Administration and Planning	21,014,897.00	12,730,193.00	8,284,704.00	60.6%
SP 1.2 Personnel Services	13,392,333.00	11,523,132.26	1,869,200.74	86.0%

SP 1.3 Financial Services	600,000.00	556,700.00	43,300.00	92.8%
Total Expenditure of Programme 1	35,007,230.00	24,810,025.26	10,197,204.74	70.9%
Programme 2:				
SP 2.1 Infrastructure Development and Urban Planning	811,827,602.00	571,469,213.10	240,358,388.90	70.4%
SP 2.2 Nakuru City Environmental Management	1,712,512.00	1,558,900.00	153,612.00	91.0%
SP 2.3 Trade Markets and Investments	950,016.00	869,794.00	80,222.00	91.6%
SP 2.4 Nakuru City Social Services	1,231,845.00	1,131,506.00	100,339.00	91.9%
Total Expenditure of Programme 2	815,721,975.00	575,029,413.10	240,692,561.90	70.5%
Total Expenditure of Vote	850,729,205.00	599,839,438.36	250,889,766.64	70.5%

Over the period the City's physical progress and performance based on outputs, outcomes, and impacts of the programmes are as shown below:

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target FY 2022/23	Actual FY 2022/23
Programme 1: Administration, planning and support Services					
Programme Outcome: Effective administration, planning and management					
SP1.1 Administration and planning	Nakuru City Board	Strategic plan developed	No. of strategic plan developed	1	-
		Performance Contract developed	No. of Performance contract developed	1	1
SP1.2 Personnel services	Nakuru City Board	Improved human resource productivity	No. of staff trained	5	14
			No. of staff seconded	7	4

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

The City's key goals and objectives, priorities and strategies of the 2022/2023 City plan were as follows:

Strategic Objectives

- i. Efficient service delivery to the residents of Nakuru City
- ii. To provide framework to guide land use planning and development
- iii. To protect the environment and enhance ecosystem conservation
- iv. To develop and promote cultural diversity and socio-economic empowerment.
- v. To provide care, support and build capacities of the vulnerable groups and
- vi. Communities for equity and self-reliance.
- vii. To promote civic education, citizen participation in governance, policy formulation and implementation for good governance and creation of a conducive business environment.

City Priorities and Strategies

Priorities	Strategies
Improve service delivery	<ul style="list-style-type: none"> • Building institutional capacity • Recruitment of key staff • Capacity building of staff • Digitization of City services and collection of revenue • Delegation of functions to the City Board. • Strengthening collaborations with other agencies, partners, County Departments, other Counties and National Entities • Improve monitoring and evaluation • Development of strategic plan, policies and by laws.
Enhance environmental protection	<ul style="list-style-type: none"> • Rehabilitation of parks and gardens • Greening and beautification • Enhancement of integrated solid waste management • Sensitization and awareness campaigns on environmental issues • Promotion of climate change adaptation and mitigation measures
Improve infrastructure	<ul style="list-style-type: none"> • Rehabilitation of storm water drains • Installation of road complementary facilities e.g., streetlights, CCTV, Street benches, traffic lights, road signages • Adoption of research and innovation to inform infrastructure development. Development of sanitation facilities.

Below is the progress on attaining the stated objectives:

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target FY 2022/23	Actual FY 2022/23
Programme 1: Administration, planning and support Services					
Programme Outcome: Effective administration, planning and management					
SP1.1 Administration and planning	Nakuru City Board	Strategic plan developed	No. of strategic plan developed	1	-
		Performance Contract developed	No. of Performance contract developed	1	1
SP1.2 Personnel services	Nakuru City Board	Improved human resource productivity	No. of staff trained	5	14
			No. of staff seconded	7	4
SP1.3 Financial Services	Nakuru City Board	Financial reports developed	No. of Financial reports developed	4	4
Programme 2: Nakuru City services					
Programme Outcome: Sustainable Environment for City residents					
SP2.1 Infrastructure development and planning	Nakuru City Board	Nakuru city Roads Improvement	Length in km of roads constructed	7.02	2.8
		Nakuru City sector plans	No. of Sector plans developed	1	1
SP2.2 Nakuru Municipality Environmental management	Nakuru City Board	Urban Greening and beautification	No. of trees and flowers purchased and planted	1000	0
		Improved Urban solid waste management	No. of litter bins installed	50	40
			Municipal solid waste management Policy	1	0
SP2.3 Trade Markets and Investments	Nakuru City Board	Improved tourism and sports	No. of Trade Exhibitions, sports events and workshops organized	3	3
			No. of public participation held	5	8

8. Corporate Governance Statement

a. Process of appointment and removal of Board members.

Process of appointment of Board members

Appointment of the Board members is provided for under Section 13 of the UACA,2011. According to the Act, a board of a city shall consist of not more than eleven members, six of whom shall be appointed through a competitive process by the county executive committee, with the approval of the county assembly.

Out of the eleven members at least five shall be nominated by:

- i. An umbrella body representing professional associations in the area
- ii. An association representing the private sector in the area
- iii. A cluster representing registered associations of the informal sector in the area
- iv. A cluster representing registered neighbourhood associations in the area
- v. An association of urban areas and cities,

They shall be appointed by the county executive committee with the approval of the county assembly.

The act further requires the executive committee, while appointing members of the board to ensure gender equity, representation of persons with disability, youth and marginalised groups.

A person shall not be appointed a member of the board unless that person; is a citizen of Kenya, is an ordinarily resident or has a permanent dwelling in the city, carries on business in the city and has lived in the city for at least five years.

Process of removal of Board members

As provided for by Section 18 of the UACA,2011, a person may be removed from the office of chairperson, vice chairperson or a member of the board on any of the grounds provided under section 16.

As per section 16 of the Act, 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
- (k) dies.

According to section 18 a person may be removed by:

- i. The county governor
- ii. The board, supported by the vote of at least two-thirds of the members of the board
- iii. The residents of the city upon petition

A resident of a city or municipality may file a writing petition with a board for the removal of a chairperson or vice chairperson.

b. Roles and functions of the City Board members

Subject to the provisions of the section 20 of the UACA,2011, a board of a city or municipality shall:

- (a) Oversee the affairs of the city or municipality
- (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 municipality 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 municipality

(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

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

Nakuru City regularly undertakes training and capacity building exercise to the Board members and staff. Plans are in place to continuously capacity build and train the Board members and staff on need basis.

d. Number of City Board meetings held and the attendance to those meetings by members

According to the UACA, 2011 the Board is required to hold full board meetings every quarter in a financial year. The Act also provides for special full board meetings to address special or urgent City issues. Committee meetings are also provided for in every quarter to deliberate on day to day running of city issues. The City has developed a Board charter to ease smooth running of the board meetings. A calendar of activities that stipulates that dates, activities and actors have been prepared by the Board.

e. Succession plan

The UACA, 2011 guides the operations, establishment and succession of the Board. The Act provides for appointment of the Board, removal of the Board members transitioning to from municipality to city status and other governance issues. Board charter clearly outlines the process requirements for governance and transitioning issues.

f. Existence of a service charter

A City Charter was developed before conferment of city status to guide operation, functions and establishment management framework.

g. Conflict of interest

The Board members declare conflicts of interest to matters in board's agenda every during every meeting. To this effect the board members sign a conflict-of-interest declaration during the meetings.

h. Board remuneration

The Board members are remunerated based on the SRC requirements and the PFMA, 2012. Based on these requirements the members are remunerated sitting allowances, night outs, among other benefits as guided by the SRC by the County Department of Finance and Economic planning.

i. Ethics and conduct as well as governance audit undertaken

The County Government requires that all staff members sign code of conduct to ensure compliance with ethic and conduct provisions as required for all public servants. The City staff have signed the same to ensure compliance with the provisions. The board members sign non-disclosure agreements to guide their conduct with regard to information sharing.

9. Management Discussion and Analysis

a. Operational and financial performance of the City during the period

The City's operations are guided by the functions stipulated under the UACA, 2011. The Board has been the senior decision maker and overseer of the functions while the management has been implementing the decisions under the City Manager.

Over the period the City received financial support from World Bank under KUSP and allocation from the equitable share. Implementation KUSP in coordination with the State Department of Housing and Urban Development and the County departments has been a boost to the City's financial performance. Through this, the City implemented a series of infrastructure projects including roads upgrade, Non-Motorised Transport, refurbishment of Afraha Stadium, Fire Station, fire engines and storm water drains.

Financial performance with regard to budget execution rate of the period increased approximately by 30% from the previous year. Despite the short period since its establishment from a municipality to a City, there has been huge developments and growth with regard to its performance.

b. Entity's key projects or investments decision implemented or ongoing

During the period, the City implemented the following projects under KUSP and Equitable share allocations:

KUSP projects

1. Proposed construction of Kipchoge Keino, Matundu Road and part of Crater Climb
2. Refurbishment of Afraha Stadium Phase I
3. Construction of NMT along Kenyatta Avenue and Moi Road in Nakuru CBD
4. Proposed construction of Free Area Loop Road
5. Proposed construction of the road behind Gilanis to KPLC and Lower Tom Mboya Road
6. Proposed construction of Chui and Mashindano Roads

Equitable share projects progress status

1. Emergency improvement to electrical lighting at KFA and Jack mortuary matatu stage and improvement of security lighting in the Nakuru Business District

2. Recarpeting and drainage maintenance of Kakamega Road
3. Rehabilitation of top market floor
4. Recarpeting of Bargain Road
5. Construction of municipal drains in Menengai and Kaptembwo Ward

c. City's compliance with statutory requirements

The Urban Areas and Cities Act, 2011, stipulates statutory requirements with regard to governance, operationalization, constitution of members and functions. These provisions and processes have been complied with as far as the establishment and management of the City is concerned. The Act above it is an implementation of Constitution ,2010 of Kenya particularly Article 187 (2)(a) that provides for the transfer of functions. The Board therefore on behalf of the County Government, deliver services as delegated.

The City also complies with all relevant laws and regulations with regard to public service and running of government entities. The PFMA, 2012 provide for the effective management of public finances by the national and county governments; the oversight responsibility of parliament and county assemblies; the different responsibilities of government entities and other bodies, and for connected purposes. This guides the City's financial statutory requirements including quarterly reporting, management of its allocated resources and processes.

The Public Procurement and Asset Disposal Act provides for the City's procurement of the services and supplies. This has been complied with in al the projects and services outsourced and undertaken by the City.

The EMCA, 1999 provides for protection of the environment and conservation of its resources. In accordance to the provisions of this Act, the City has been able to comply through Environmental Impact Assessments, Audit and monitoring of compliance in its projects.

Other legal statutory requirements cut across all sectors which the City interacts with in day-to-day activities and are complied with. Policies and operation manuals such as the Project Operation Manual (POM) in KUSP projects have also been complied with during implementation of City projects.

d. Major risks facing the City, material arrears in statutory and other financial obligations

Statutory risks exist particularly on the UACA regulations which are supposed to further clear the gaps with regard to management and functions of the urban boards. The draft UACA regulations are yet to be passed so as to be enacted. The missing links include lack of a clear transitional framework guiding delegation of functions, confliction provision with other laws especially on physical planning, financing of the urban boards, establishment of neighbourhood associations on citizen engagement among others. There is need to collectively streamline the statutory issues to avoid or reduce the risks.

Sustainable and adequate financing mechanisms also but the City at a risk of exhaustively delivering on its functions. This also affects all urban boards in Kenya. Section 20 provides a long list of functions of the board yet the resources allocated to the boards do to meet them. The KUSP I program comes to an end and that means funds allocated to the urban boards will go down by far. This is not sustainable and but the City at a risk of unable finish up on the planned subsequent phases of the projects and inadequate operation and maintenance of the capital intensive projects.

10. Environmental And Sustainability Reporting

1. Sustainability strategy and profile

Nakuru City aims at ensuring sustainable urban development to take care of the present and future needs. The City's rapid urbanization, urban sprawl and climate change requires critical deliberate actions to build resilient strategies.

The City has projected the future needs of the to ensure continued and uninterrupted offering of critical services to the City residents. Forward planning through prioritization of budgetary allocations to projects and programs have been projected in the CIDP. The City has also prepared a regeneration plan, ISUDP, IDeP and vision 2050.

Operation and maintenance costs to the City's projects have also been put into consideration to ensure their sustainability. Policy interventions and manuals to running of the City's affairs are also in place. This address governance sustainability issues and smooth transitioning at all levels.

Record keeping is also a sustainability measure to ensure institutional memory and reference when delivering services and running the affairs of the City. Nakuru City does regular reporting and archiving of reports to ensure information is stored and shared when necessary. Public participation, citizen engagement and feedback through records also ensures sustainability of City's programs and projects.

2. Environmental performance

Nakuru City's environmental performance relies heavily on the underlying policy and legal framework. The City is keen in ensuring a clean and healthy environment for all. A clean and healthy environment is a preamble constitutional provision guaranteed to the citizens of Kenya as stipulated Article 42. Environment Management and Coordination Act (EMCA) of 1999, and its regulations aim at bringing harmony in the management of the country's environment to ensure its protection and conservation.

The City has ensured compliance to these frameworks by ensuring all projects with significant impact have been subjected to Environmental and Social Impact Assessment (ESIA). This was also a requirement by the Kenya Urban Support Program (KUSP) projects being implemented by Nakuru City.

The primary objective of ESIA was to assess and evaluate the potential environmental and social implications of these projects, taking into consideration their scope, scale, and

geographic context. Following the completion of the ESIA's, subsequent Environmental Audits (EA) have been done for all these projects to ensure strict adherence to the established Environmental and Social Management Plan (ESMP) derived from the findings of the ESIA.

In addition the County Government of Nakuru Enacted the Climate Change Act, 2021 upon precedent approval of the Climate Change policy. This framework encourages adoption of clean and green energy sources, waste recycling, nature-based solutions and climate resilient action plans. To this effect, Nakuru City has installed solar powered street lights of all road projects. The City installed Non-Motorized transport facility to encourage walking and cycling which is a major climate change initiative.

This holistic approach underscores the City's commitment to sustainable development practices and ensures that projects align with the regulatory frameworks while managing biodiversity, managing waste, encouraging circular economy and mitigating climate change.

3. Employee welfare

A bigger percent of the City employees are seconded by various departments. Their recruit is done under the County public service board and all processes are done in accordance to the law. To ensure improvement of skills, and managing of their careers, regular trainings and workshops are done to equip them with necessary skills and human resource needs. The City has a human resource officer who assist the staff on all human resource issues affecting the board. The staff are also entitled to allowances based on the SCR guidelines. Appraisals are also done by the County public service board to seek needs for promotions and address human resource gaps. The City's workplace is also compliant to the Occupational Safety and Health Act of 2007, (OSHA) to ensure safety of employees and provide a healthy working environment.

4. Market place practices

a) Responsible competition practice.

The City takes cognizance of the public service requirements on ethics and code of conduct of its members and staff. To this effect all the County staff are required to sign a code of conduct agreement to ensure responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for

competitors. The board members also sign the conflict of interest and non-disclosure agreement forms to ensure fair deliberations and decision making.

b) Responsible Supply chain and supplier relations

The City's supply chain and suppliers are based on the provisions of the Public Procurement and Asset Disposal Act, 2015.

c) Responsible marketing and advertisement

Advertisements including projects and supplies and advertisement in circulating newspapers as required by the law. The public is also entitled to information upon request and available in the County website.

d) Product stewardship

Consumer rights and interests are taken care of other policy and legal frameworks.

5. Community Engagements

The City prioritize community engagement and public participation as required by the Constitution and other policy and legal frameworks including the UACA. The City regularly conducts public participation for a in collaboration with the County Departments, the city residents, interested groups and project affected persons in case of projects implementation.

The City has also been able to organise a series of City events and sports activities including the City Marathon, Cultural festivals and other initiatives including tree planting to ring the general public on board and celebrate with them.

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, 2023 which show the state of the City affairs.

Principal activities

The principal activities of the City are provided for in the Urban Areas and Cities Act of 2011, Section 20 (1). According to the Act, a board of a city or municipality shall-

- (a) oversee the affairs of the city or municipality;
- (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 municipality as may be delegated by the county government;
- (a) as may be delegated by the county government, promote and undertake infrastructural development and services within the city or municipality;
- (b) develop and manage schemes, including site development in collaboration with the relevant national and county agencies;
- (c) 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;
- (d) administer and regulate its internal affairs;
- (e) implement applicable national and county legislation;
- (f) 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;
- (g) 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 municipality;
- (h) prepare its budget for approval by the county executive committee and administer the budget as approved;

- (i) as may be delegated by the county government, collect rates, taxes levies, duties, fees and surcharges on fees;
- (j) settle and implement tariff, rates and tax and debt collection policies as delegated by the county government;
monitor the impact and effectiveness
- (k) monitor the impact and effectiveness of any services, policies, programmes or plans;
- (l) establish, implement and monitor performance management systems;
- (m) promote a safe and healthy environment;
- (n) facilitate and regulate public transport; and
- (o) Perform such other functions as may be delegated to it by the county government or as may be provided for by any written law.

Performance

The performance of the City/Municipality for the year ended June 30, 2023 are set out on page xvi.


Board Members

The members of the Board who served during the year are shown on page viii. The changes in the Board during the financial year are as shown below:

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. Certified Public Accountants were nominated by the Auditor General to carry out the audit of the entity for the year/period ended June 30, 2023, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



Name: Gitau Thabanja

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/Municipality established by Urban Areas and Cities Act No. 13 of 2011 shall prepare financial statements in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The City manager is responsible for the preparation and presentation of the City's 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 financial year ended on June 30, 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, and (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 financial year ended June 30, 2023, 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.

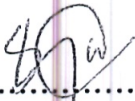
In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern

OR

Nothing has come to the attention of the City/Municipality 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 28th September, 2023 and signed on its behalf by:



.....
Name: Stella Wanjiru
Chairperson of the Board



.....
Name: Gitau Thabanja
Accounting officer of the Board

13. Report of the Independent Auditor

Office of the Auditor General carried out the audit of the entity for the period ended June 30, 2023, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf and is yet to release the reports.

REPUBLIC OF KENYA

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



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON NAKURU CITY FOR THE YEAR ENDED 30 JUNE, 2023 - COUNTY GOVERNMENT OF NAKURU

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Nakuru City set out on pages 1 to 43, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other

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

In my opinion, because of the significance of the matters discussed in the basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Nakuru City - County Government of Nakuru as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Cities and Urban Areas Act, 2019 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Presentation and Accuracy Financial Statements

The annual report and financial statements presented for audit for year ended 30 June, 2023 had the following errors:

- i. The table of content on page I indicated the statement of financial as ended 20xx instead of 2023.
- ii. The financial statements provided for audit omitted to include City Board Members, details, qualification and experience as required by the financial reporting template.
- iii. Key Management team complete with passport size photographs, name, and area of responsibility was also not indicated contrary to the financial reporting template.
- iv. The financial statements are not sequentially page numbered from page v onwards
- v. The report of the City Manager on page xiv indicated that the budget execution rate was 70.5%. However, the statement of comparison of budget and actual amounts when computed reflects budget execution rate of 58.58%. The City Manager's report further indicated total expenditure of Kshs.599,839,438 which differs with the statement of comparison of budget and actual amounts figure of Kshs.542,070,566 resulting in a variance of Kshs.57,768,871 which has not been explained or reconciled.
- vi. The financial statements provided for audit was not prepared in accordance with the Government of Kenya budget classification and standard chart of accounts issued by the National Treasury. It was established that all the payments were classified as other operating expenses under the use of goods and services.
- vii. The statement of changes in net assets for the year ended 30 June, 2023 reflects surplus for the year amount of Kshs.514,520,541 under capital development column instead of accumulated surplus column.

- viii. The statement of changes in net assets for the year ended 30 June, 2023 reflects funds received during the year amount of Kshs.381,673,424. However, the statement of financial performance reflects Nil balance.
- ix. The statement of cash flow indicates Nil balances for use of goods and services and total payments. However, the statement of financial performance reflects Kshs.542,070,566 and Kshs.542,070,566 respectively. Further, the net cash flow from operating activities reflect Nil balance which vary from the computed balance of Kshs.(514,520,541.40). In addition, Note 30 to the financial statements was left blank.
- x. The statement of comparison of budget and actual amount reflects Nil actual on comparable basis interest income amount. However, the statement of financial performance reflects Kshs.27,550,025.
- xi. The statement of comparison of budget and actual amounts reflect original budget and final budget amounts of Kshs.543,663,693 and Kshs.925,337,117 respectively. However, the approved budget provided for audit indicated original budget of Kshs.109,829,916 and final supplementary II budget of Kshs.850,729,206.
- xii. The statement of comparison of budget and actual amounts reflect budget adjustment of Kshs.381,673,424 which was not supported. Further, the percent (%) of budget utilization was not computed.

In the circumstances, the financial statements presented for audit did not comply with International Public Sector Accounting Standards (Accrual Basis) reporting framework.

2. Non-Disclosure of Property, Plant and Equipment

Examination of records provided indicated that the Nakuru City Board implemented the following eight projects during the year under review:

No.	Description	Amount (Kshs.)
	Construction of Afraha Stadium	235,180,417
2	Proposed Construction of Non-Motorized Traffic Facilities and Streetlighting in Nakuru CBD	8,161,507
3	Proposed Construction of Kipchoge Keino Road, Part of Matundu Road and Part of Climb Road	78,975,918
4	Construction of Free Area Loop Road in Nakuru Municipality	27,562,691
5	Proposed Construction of Mashindano and Chui Road, Drainage Works and Streetlighting	40,038,203
6	Proposed Construction of the Road behind Gilanis to KPLC Road and Lower Tom Mboya	36,249,885
7	Proposed Construction of Mbugua Road and Drainage	43,542,061
8	Proposed Construction of Drainage from Stadium Road, Flamingo Road and Mumias Road	36,044,617
Total		505,755,299

However, all the above expenditures were expensed under use of goods and services instead of being capitalized in line with Management assertion under significant accounting policy Paragraph 4(c) which states that all property, plant and equipment that are stated at cost less accumulated depreciation and impairment losses.

In the circumstances, the accuracy of the Nil balance for property, plant and equipment could not be confirmed. Further, the financial statements presented for audit did not comply with International Public Sector Accounting Standards (Accrual Basis) reporting framework.

3. Non-Disclosure of Equitable Share Expenditure

The statement of financial performance reflects use of goods and services amount of Kshs.542,070,566 as disclosed in Note 12 to the financial statements. This expenditure however relates to Urban Development Grant (UDG) and does not include expenditure paid from equitable Funds of Kshs.71,257,120.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

4. Failure to Prepare Trial Balance

The trial balance in support of the balances in the Board's financial statements for the year ended 30 June, 2023 was not submitted for audit and therefore the basis upon which the amounts reflected in the statements were arrived at could not be confirmed. This is contrary to Paragraph 27 of the International Public Sector Accounting Standards (IPSAS) 1 which states that financial statements shall present fairly the financial position, financial performance and cash flows of the Board.

In the circumstances, the reliability of the balances reflected in the financial statements could not be confirmed.

5. Interest Income

The statement of financial performance reflects interest income balance of Kshs.27,550,025 being interest received on funds held in the Bank during the year as disclosed in Note 10 to the financial statements. However, no documentary evidence was provided to confirm that the City Board caused estimates of revenue to be prepared and that the estimates were submitted to the County Assembly for approval. Further, the source of funds that gage the said interest was not disclosed in the financial statements.

In the circumstances, the accuracy and completeness of the interest income amount of Kshs.27,550,025 could not be confirmed.

6. Misclassification of Expenditures

The statement of financial performance reflects expenditure of Kshs.542,070,566 on use of goods and services as disclosed in Note 12 to the financial statements which varies with the schedule amount of Kshs.535,641,811 resulting into a variance of

Kshs.6,428,755. Further, verification of the schedules provided for audit revealed that the money was spent on various expenditure votes as shown below and were not disclosed therefore, contravening the law.

Economic Item	Amount (Kshs.)
Domestic Travel and Subsistence	13,803,900
Board Expenses	6,890,800
Conferencing Facilities	3,187,520
Consultancy	56,594
Advertising	1,107,800
Capital Development	510,595,197
Total	535,641,811

In the circumstances, the financial statements do not represent a true and fair position of the transactions of the City.

7. Irregular and Unsupported Domestic Travel and Subsistence Expenditure

The statement of financial performance reflects expenditure use of goods and services amount of Kshs.542,070,566 as disclosed in Note 12 to the financial statements. The expenditure includes domestic travel and subsistence expenditure of Kshs.13,509,800 incurred on Members of the County Assembly and County Executive of Nakuru despite the Assembly and Executive having an independent vote. Further, the expenditure was not supported by way of daily attendance register, work ticket, program, back to office report and Board approval to utilize the interest incurred on capacity building.

In the circumstances, validity and regularity of domestic travel and subsistence expenditure of Kshs.13,509,800 incurred on Members of the County Assembly and County Executive could not be confirmed.

8. Unconfirmed Comparative Balances

The statements of cash flows for the year ended 30 June, 2023 reflects cash and cash equivalents as at 01 July, 2022 of Kshs.543,663.694 which relates to financial year 2021-2022, however, documentation supporting the balance was not presented for audit.

In the circumstances, the accuracy and completeness of the comparative balance of Kshs.543,663,694 could not be confirmed.

9. Unsupported Cash and Bank Balances

The statement of financial position reflects bank and cash equivalent balances of Kshs.410,816,576 as disclosed in Note 19 to the financial statements. However, the bank balances were no supported by monthly bank reconciliation statements for the month of July, 2022 up to May, 2023. Further, no board of survey report was provided for audit review in support of the balances. In addition, the County Government of Nakuru UIG Nakuru Account Number 0100006628677 held at Stanbic Bank was not disclosed under cash and cash equivalents.

In the circumstances, the accuracy, completeness and fair statement of the reported cash and bank balance of Kshs.410,816,576 could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion, I confirm that that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-Compliance with the Grant Conditions

The statement of financial performance reflects Nil balance for staff costs. However, records provided for audit revealed that Nakuru City draft staff establishment had a total staff population of 105 comprising of Division of Administrative services 46, Division of Urban Planning and Infrastructure 26, Division of Trade Tourism and Investment 10, Division of Water Environment and Sanitation 11 Technical and 13 Non-Technical Officers. However, as at the time of audit only one (1) Technical Officer had been recruited with effect from 2nd November, 2020, despite the Municipality having had budgeted for Kshs.12,982,868 annually as employee cost. The Management explained that the recruited officers were drawing their salary from the County Executive.

No satisfactory explanation was given as to why recruitment of staff was not carried out and why the recruited officer was drawing salary from the County Executive instead of the Fund's budgetary allocation.

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

2. Failure to Develop and Implement the Nakuru City Integrated Development Plan

The Board of Nakuru City failed to develop an Integrated Development Plan for the City contrary to Section 20(1) of the Urban Areas and Cities Act, 2011 which states that subject

to the provisions of this Act, a Board of any City or Municipality shall (c) formulate and implement an Integrated Development Plan.

Further, the City did not perform all its functions as envisioned by the objectives of Integrated Development Plan. Review of the statement of financial performance reveals that the City failed to demonstrate its ability in overall delivery of service including provision of water, electricity, health, telecommunications and Solid Waste Management. Most City functions were being undertaken by the County Executive contrary to Section 36(2) of the Urban Areas and Cities Act, 2011 which states that in addition to the objectives set out in Sub-Section (1), an Integrated Urban or City Development Plan shall bind, guide and inform all planning development and decisions and ensure comprehensive inclusion of all functions.

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

3. Independence of Nakuru City

Nakuru City was granted City Charter on 01 December, 2021 which granted operational independence from the County Government of Nakuru. However, review of the operations of the City revealed lack of autonomy as detailed below: -

- i. The City's budget was prepared and controlled by the County Executive and there was no budget approval by the City Board.
- ii. The County Government has continued to perform functions which were transferred to the City as provided for through Gazette Notice No.3844 dated 16 March, 2023 such as (a) Development Controls (i) Development Approvals (ii) Development Compliance Surveillance, (iii) Enforcement and Control of Outdoor Advertisement, (b) Solid Waste Management, (c) On Street Parking

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

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

4. Non-Operationalization of Delegated Powers

Review of records maintained at Nakuru City Board revealed that the Board did not take up the delegated roles as it has not disclosed revenue raised from the delegated functions for the period ended 30 June, 2023.

The City Board has not been fully formed and mandated to discharge its functions as provided under Section 12 of the Urban Areas and Cities Act, 2011.

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

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 because of the significance of the matters discussed in the Basis for Adverse Opinion, I confirm that, internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Performance Review of the Integrated Development Plan

Management of Nakuru City Board did not provide audit evidence for verification showing that the Board conducted annual Performance monitoring and evaluation of Integrated Development Plan as required by section of the Urban Areas and Cities Act, 2011. Lack of performance monitoring and measurement will result in ineffective measurement of impact of the development plan hence affecting corrective actions.

2. Non-Establishment of an Audit Committee

During the year under review the Nakuru City Board did not have an Audit Committee in place. This was contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires each County Government entity to establish an audit committee. In addition to this, the head of internal audit reports directly to the Accounting Officer hence the operational independence of the internal audit unit could not be guaranteed. As a result, there was no support to the Accounting Officers with regard to their responsibilities for issues of risk, control and governance and associated assurance.

Further, there was no follow-up on the implementation of the recommendations of internal and external auditors.

3. Lack of a Risk Management Policy

The City Manager had not put in place a risk management policy, strategies and a risk register to mitigate against risk. This is in contravention of Regulation 158 (1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer to ensure that the County Government entity develops risk management strategies, which include fraud prevention mechanism; and a system of

risk management and internal control that builds robust business operations.

In the circumstances, the City Board is exposed to possible loss of funds and interruption of business operations.

4. Lack of IT Strategy Committee

Review of Information Technology in use revealed that the Nakuru City has not established an IT strategy committee and also lacked approved IT strategic plan which should provide governance on information technology matters, IT strategic plan and IT security policy.

In addition, there is no back-up retention strategy, if no backups exist and a disaster occurs, the organization may not be able to continue services.

There were also no formal documented and approved processes to manage upgrades which means that unauthorized changes can be made without change request documentation.

It lacks a formal emergency procedure whereby in case of an emergency the personnel involved might not be aware of the protocols to follow or what is expected of them which will lead to business interference.

No explanation was given for failure to have IT strategy committee and an approved strategic plan in place.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

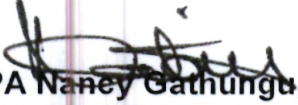
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

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

- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

26 March, 2024


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

14. Statement of Financial Performance for The Year Ended 30 June 2023.

Description	Note	Insert Current FY	Insert Comparative FY
		Ksh.	Kshs.
Revenue from non-exchange transactions			
Transfers from the County Government	6		-
Public contributions and donations	7	0	-
Levies Fines and Penalties	8	0	-
Other revenues (<i>Specify</i>)	9	0	-
			-
Revenue from exchange transactions			-
Interest income	10	27,550,025.38	-
Miscellaneous Income	11	0	-
		-	-
Total revenue		27,550,025.38	-
Expenditure			-
Use of goods and services	12	542,070,566.81	-
Staff costs	13	0	-
Board expenses	14	0.00	-
Finance costs	15	0	-
Depreciation and amortization	16	0	-
Repairs and maintenance	17	0.00	-
Total expenses		542,070,566.81	-
Other gains/losses			-
Gain/loss on disposal of assets	18	0	-
Surplus/(deficit) for the period		(514,520,541.43)	-

The notes set out on pages xxx to xxx form an integral part of these Financial Statements. The entity financial statements were approved on 29th September 2023 and signed by:

.....
Name: Gitau Thabanja
City Manager

.....

Name: Judith Kerubo
Head of Finance
ICPAK M/No

15. Statement of Financial Position As At 30 June 2023

Description	Note	Insert Current FY	Insert Comparative FY
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	19	410,816,576.00	-
Receivables from exchange transactions	20	0	-
Receivables from Non- exchange transactions	21	0	-
Prepayments	22	0	-
Inventories	23	0	-
Total current assets		410,816,576.00	-
			-
Non-current assets			
Property, plant, and equipment	24	0	-
Intangible assets	25	0	-
Total Non-current Assets		0	-
			-
Total assets		410,816,576.00	-
			-
Liabilities			
Current liabilities			
Trade and other payables	26	0	-
Refundable deposits from customers	27	0	-
Provisions	28	0	-
Borrowings	29	0	-
Employee benefit obligations	30	0	-
Deferred Income	31	0	-
Social Benefits	32	0	-
Total current liabilities		0	-
			-
Non-current liabilities			
Provisions	28	0	-
Borrowings	29	0	-
Non-current employee benefit obligation	30	0	-
Deferred Income	31	0	-
Social Benefits	32	0	-
Total liabilities		0	-
			-

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

Description	Note	Insert Current FY	Insert Comparative FY
		Kshs.	Kshs.
Net assets			
Capital/Development Grants/Fund		0	-
Reserves		0	-
Accumulated surplus		0	-
Total net assets and liabilities		410,816,576.00	-

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 29th September, 2023 and signed by:



.....

Name: Gitau Thabanja
 City Manager
 Date:



.....

Name: Judith Kerubo
 Head of Finance
 ICPAK M/No
 Date:

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

Description	Capital/ Development Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
Bal as at 1 July 20XX (previous year)	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Bal as at 30 Jun 20XX	-	-	-	-
Bal as at 1 July 20XX (current year)	543,663,693.68	-	-	543,663,693.68
Surplus/(deficit) for the year	(514,520,541.43)	-	-	(514,520,541.43)
Funds received during the year	381,673,424.00	-	-	381,673,424.00
Revaluation gain	-	-	-	-
Balance as at 30 June 20XX	410,816,576.25	-	-	410,816,576.25

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

Description	Note	Insert Current	Insert
		FY	Comparative
		Kshs.	FY
			Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government		-	-
Public contributions and donations		-	-
Interest received		27,550,025.38	-
Miscellaneous receipts (<i>Specify</i>)		-	-
Total Receipts		27,550,025.38	-
Payments			
Use of goods and services			-
Staff costs			-
Board expenses			-
Finance costs		-	-
Total Payments			-
Net cash flows from operating activities	33	-	-
Cash flows from investing activities			
Purchase of PPE & intangible assets		-	-
Proceeds from sale of PPE		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Receipts from Capital grants		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash equivalents		-	-
Cash And Cash Equivalents At 1 July	19	543,663,694.00	-
Cash And Cash Equivalents At 30 June	19	410,816,576.00	-

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
Revenue		Kshs.	Kshs.	Kshs.	Kshs.	
Transfers from the County Government	-	-	-	-	-	%
Public contributions and donations	-	-	-	-	-	%
Interest income	27,550,025.38	-	27,550,025.38	-	-	%
Miscellaneous income (<i>specify</i>)	-	-	-	-	-	%
Total Revenue	27,550,025.38	-	27,550,025.38	-	-	%
Expenses						
Use of goods and services	543,663,693.68	381,673,424.00	925,337,117.68	542,070,566.81	383,266,550.87	%
Board expenses	-	-	-	-	-	%
Staff Costs	-	-	-	-	-	%
Finance costs	-	-	-	-	-	%
Total Expenditure						%
Surplus for the period		-	-	-	-	
Capital Expenditure	543,663,693.68	381,673,424.00	925,337,117.68	542,070,566.81	383,266,550.87	%

19. Notes to the Financial Statements

1. General Information

Nakuru City is established by and derives its authority and accountability from Urban Areas and Cities Act, 2011. The City is under the Nakuru County Government and is domiciled in Kenya.

The City's principal activity is to oversee the affairs of the City and deliver functions as stipulated in Section 20 of the Act.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts, and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the entity's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the entity.

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

3. Application of New and revised standards (IPSAS)

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

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

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Standard	Effective date and impact:
	(b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	Applicable 1st January 2023 <ul style="list-style-type: none"> • IPSAS 22 Disclosure of Financial Information about the General Government Sector. Amendments to refer to the latest System of National Accounts (SNA 2008). • IPSAS 39: Employee Benefits Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

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

iii. Early adoption of standards

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

4. Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2022/23 was approved by the County Assembly on 8th June, 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the City upon receiving the respective approvals in order to conclude the final budget.

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 under section xxx of these financial statements.

e) 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.

d) Intangible assets

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

e) Financial instruments

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

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

Financial assets

Classification of financial assets

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

(Significant accounting policies continued)

Impairment

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

Financial liabilities

Classification

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

f) Inventories

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

Raw materials: purchase cost using the weighted average cost method

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

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

g) 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.

h) Social Benefits

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

i) Contingent liabilities

The 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.

j) 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

k) Nature and purpose of reserves

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

l) 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.

m) Employee benefits – Retirement benefit plans

The City/Municipality 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.

n) Foreign currency transactions

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

o) Borrowing costs

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

p) Related parties

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

q) Cash and cash equivalents

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

r) Comparative figures

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

s) Events after the reporting period

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

Two types of events can be identified:

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

(b) Those that are indicative of conditions that arose after the reporting date

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

t) Currency

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

5. Significant judgments and sources of estimation uncertainty

The preparation of the City 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/Municipality. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

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

- i) The condition of the asset based on the assessment of experts employed by the 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.

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6. Transfers from the County Government

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	0	0
Payments by County on behalf of the entity	0	0
Unconditional development grants	0	0
Total	0	0

(a) Transfers from County Government entities (Categorized)

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

7. Public Contributions and Donations

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Donation from development partners	0	0
Contributions from the public	0	0
Total	0	0

*Notes to the Financial Statements***8. Levies, Fines and penalties**

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Levies	0	0
Fines	0	0
Penalties	0	0
Others (<i>indicate and specify</i>)	0	0
Total	0	0

9. Other Revenues from Non-Exchange Transactions

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Transfers from other government entities	0	0
Others (<i>indicate and specify</i>)	0	0
Total	0	0

10. Interest income

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Interest income from investments	-	-
Interest income on bank deposits	27,550,025.38	-
Others (<i>Specify</i>)	-	-
Total interest income	27,550,025.38	-

11. Miscellaneous income

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Income from sale of tender documents	0	0
Others (<i>specify</i>)	0	0
Total other income	0	0

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12. Use of Goods and Services

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Utilities, supplies and services	-	-
Communication, supplies and services	-	-
Domestic travel and subsistence	-	-
Foreign travel and subsistence	-	-
Printing, advertising, supplies & services	-	-
Rent and rates	-	-
Training expenses	-	-
Hospitality supplies and services	-	-
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	-	-
Fuel, oil and lubricants	-	-
Other operating expenses (<i>Specify</i>)	542,070,566.81	-
Routine maintenance – vehicles and other equipment	-	-
Routine maintenance – other assets	-	-
Contracted Professional Services	-	-
Audit fees	-	-
Hire of Transport, equipment etc	-	-
Bank Charges	-	-
Social Benefit expenses*	-	-
Total	542,070,566.81	-

13. Staff costs

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Salaries and wages	0	0
Staff gratuity	0	0
Social security contribution	0	0
Other staff costs (<i>Specify</i>)	0	0
Total	0	0

14. Board expenses

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Chairman/Members' Honoraria	0	0
Sitting allowances	0	0
Medical Insurance	0	0
Induction and Training	0	0
Travel and accommodation	0	0
Conference Costs	0	0
Other allowances (<i>Specify</i>)	0	0
Total	0	0

15. Finance costs

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Interest on Bank overdrafts	0	0
Interest on loans from banks	0	0
Total	0	0

16. Depreciation and amortization

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Property, plant and equipment	0	0
Intangible assets	0	0
Investment property carried at cost	0	0
Total depreciation and amortization	0	0

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17. Repairs and Maintenance

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Property- Buildings	0	0
Office equipment	0	0
Furniture and fittings	0	0
Motor vehicle expenses	0	0
Maintenance of civil works	0	0
Total repairs and maintenance	0	0

18. Gain/(loss) on disposal of assets

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Property, plant and equipment	0	0
Intangible assets	0	0
Total	0	0

19. Cash and cash equivalents

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Fixed deposits account	0	0
On – call deposits	0	0
Current account	0	0
Others(<i>specify</i>)	0	0
Total cash and cash equivalents	0	0

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

Financial institution	Account number	Insert Current FY	Insert Comparative FY
		Kshs.	Kshs.
a) Fixed deposits account			
Kenya Commercial bank		0	0
Equity Bank, etc		0	0
Sub- total		0	0
b) On - call deposits			
Kenya Commercial bank		0	0
Equity Bank - etc		0	0
Sub- total		0	0
c) Current account			
Kenya Commercial bank		0	0
I \$M BANK		410,816,576.00	0
Sub- total		410,816,576.00	0
d) Others(specify)		0	0
Cash in transit		0	0
Cash in hand		0	0
Mobile Money		0	0
Sub- total		0	0
Grand total		410,816,576.00	0

20. Receivables from exchange transactions

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Current Receivables		
Service, water and electricity debtors	0	0
Other exchange debtors	0	0
Less: impairment allowance	0	0
Total Current receivables (a)	0	
Non-Current receivables		
Service, water and electricity debtors	0	0
Other exchange debtors	0	0
Less: impairment allowance	0	0
Total Non- current receivables (b)	0	
Total receivables from exchange transactions	0	0

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Ageing analysis for Receivables from exchange transactions

Description	Insert Current FY		Insert Comparative FY	
	Kshs.		Kshs.	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	0	0%	xxx	%
Between 1- 2 years	0	0%	xxx	%
Between 2-3 years	0	0%	xxx	%
Over 3 years	0	0%	xxx	%
Total (a+b)	0	0%	xxx	%

21. Receivables from Non-Exchange transaction

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Transfer from County Executive	0	0
Transfer from XXXX Fund	0	0
Total receivables from non-exchange transactions	0	0

Ageing analysis for Receivables from non-exchange transactions

Description	Insert Current FY		Insert Comparative FY	
	Kshs.		Kshs.	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	-	-	-
Between 1- 2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	-	-	-	-

22. Prepayments

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Prepaid rent	0	0
Prepaid insurance	0	0
Prepaid electricity costs	0	0
Other prepayments(<i>specify</i>)	0	0
Total	0	0

23. Inventories

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Stationery	0	0
Consumables	0	0
Other inventories(<i>specify</i>)	0	0
Total inventories at the lower of cost and net realizable value	0	0

24. Property, Plant and Equipment

Description	Land	Building	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 1 July 2022 (previous year)	0	0	-	-	-	-	-	-
Additions	0	0	-	-	-	-	-	-
Disposals	0	0	-	-	-	-	-	-
Transfers/adjustments	0	-	-	-	-	-	-	-
As at 30 th June 2022	0	0	0	0	0	0	0	0
Additions for the year	0	0	-	-	-	-	-	-
Disposals for the year	0	0	-	-	-	-	-	-
Transfer/adjustments	0	-	-	-	-	-	-	-
As at 30 th June 2023 (current year)	0	0	0	0	0	0	0	0
Depreciation and impairment			-	-	-	-	-	-
At 1 July 2022 (previous year)	0	0	-	-	-	-	-	-
Depreciation	0	0	-	-	-	-	-	-
Impairment	0	-	-	-	-	-	-	-
Transfers/ Adjustments	0	-	-	-	-	-	-	-
As at 30 June 2023	0	0	0	0	0	0	0	0

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Description	Land	Building	Motor Vehicles	Furniture and fittings	Computers	Other Assets (specify)	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Depreciation for the year	0	0	0	0	0	0	0	0
Disposals for the year	0	0	0	0	0	0	0	0
Impairment for the year								
Transfer/adjustment	0	0	0	0	0	0	0	0
As at 30 th June 2023 (current year)	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
NBV as at 30 th Jun 2022 (previous year)	0	0	0	0	0	0	0	0
NBV as at 30 th Jun 2023(current year)	0	0	0	0	0	0	0	0

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25. Intangible assets

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Cost		
At beginning of the year	0	0
Additions	0	0
At end of the year	0	0
Amortization and impairment		
At beginning of the year	0	0
Amortization	0	0
At end of the year	0	0
Impairment loss	0	0
At end of the year	0	0
NBV	0	0

26. Trade and other payables from exchange transactions

Description	Insert Current FY		Insert Comparative FY	
	Kshs.		Kshs.	
Trade payables	0			
Retentions	0			
Accrued expenses	0			
Other payables (<i>Specify</i>)	0			
Total trade and other payables	0			
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	0	0%	0	0%
1-2 years	0	0%	0	0%
2-3 years	0	0%	0	0%
Over 3 years	0	0%	0	0%
Total	0	0%	0	0%

27. Refundable deposits from customers

Description	Insert Current FY		Insert Comparative FY	
	KShs		KShs	
Rent deposits	0			
Others (<i>specify</i>)	0			
Total	0			
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	0	0%	0	0%
1-2 years	0	0%	0	0%
2-3 years	0	0%	0	0%
Over 3 years	0	0%	0	0%
Total	0	0%	0	0%

28. Provisions

Description	Insert Current FY		Insert Comparative FY	
	Kshs.		Kshs.	
Balance at the beginning of the year	0		0	
Additional Provisions (<i>Specify</i>)	0		0	
Provision utilised	0		0	
Balance at the end of the year	0		0	
Current Portion of provision	0		0	
Long term portion of provision	0		0	
Total Provisions	0		0	

29. Borrowings

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

Description	Insert Current FY		Insert Comparative FY	
	Kshs.		Kshs.	
Short term borrowings (current portion)	0		0	
Long term borrowings	0		0	
Total	0		0	

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Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Balance at beginning of the period	0	0
Borrowings during the year	0	0
Repayments of borrowings during the period	0	0
Balance at end of the period	0	0

The table below shows the Distribution of borrowings:

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Borrowings		
Kenya Shilling loan from KCB	0	0
Kenya Shilling loan from Barclays Bank	0	0
Kenya Shilling loan from Consolidated Bank	0	0
Borrowings from other government institutions	0	0
Total balance at end of the year	0	0

30. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	Total
	Kshs.	Kshs.	Kshs.	Kshs.
Current benefit obligation	0	0	0	0
Non-current benefit obligation	0	0	0	0
Total employee benefits obligation	0	0	0	0

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31. Deferred Income

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
National/County Government	0	0
International Funding Bodies	0	0
Public Contributions and Donations	0	0
Total Deferred Income	0	0

The deferred income movement is as follows:

Description	County government	International funders/donors	Public contributions and donations	Total
	Kshs	Kshs	Kshs	Kshs
Balance brought forward	0	0	0	0
Additions during the year	0	0	0	0
Transfers to capital fund	0	0	0	0
Transfers to income statement	0	0	0	0
Other transfers	0	0	0	0
Balance carried forward	0	0	0	0

Analysed as:

Description	Amount
	Kshs
Current	0
Non- Current	0
Total	0

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32. Social Benefit Liabilities

Description	Insert Current FY	Insert previous FY
	Kshs	Kshs
Health social benefit scheme	0	0
Unemployment social benefit scheme	0	0
Orphaned and vulnerable benefit scheme	0	0
People Living with disabilities benefit scheme	0	0
Elderly social benefit scheme	0	0
Bursary social benefits	0	0
Total	0	0
	0	0
Current social benefits	0	0
Non- current social benefits	0	0
Total (tie to totals above)	0	0

33. Cash generated from operations

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax	0	0
Adjusted for:	0	0
Depreciation	0	0
Amortisation	0	0
Gains/ losses on disposal of assets	0	0
Working Capital adjustments	0	0
Increase in inventory	0	0
Increase in receivables	0	0
Increase in payables	0	0
Net cash flow from operating activities	0	0

34. 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:

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- a) The County Government.
- b) The Parent County Government Department of Land Physical Planning Housing and Urban Development.
- c) County Assembly.
- d) Key management.
- e) City Board
- f) State Department for Housing and Urban Development

b) Related party transactions

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Transfers from related parties'	0	0
Transfers to related parties	0	0

c) Key management remuneration

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Board Members	0	0
Key Management Compensation	0	0
Total	0	0

d) Due from related parties

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Due from parent Ministry	0	0
Due from County Government	0	0
Due from County Assembly	0	0
Total	0	0

e) Due to related parties

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Due to parent Ministry	0	0

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Due to County Government	0	0
Due to Key management personnel	0	0
Due to County Assembly	0	0
Total	0	0

35. Contingent liabilities

Contingent liabilities	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Court case xxx against the entity	0	0
Bank guarantees	0	0
Total	0	0

36. Contingent Assets

Contingent liabilities	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Court case xxx against the entity	0	0
Others Specify	0	0
Total	0	0

37. 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 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 assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the City'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 20XX (current year)				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0
	0	0	0	0
At 30 June 20XX (previous year)	0	0	0	0
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0

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

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

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	Between 1-	Over 5	Total
	month	3 months	months	
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 Jun 20XX (current year)				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0
At 30 Jun 20XX (previous year)				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0

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 Section is responsible for the development of detailed risk management policies 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. Foreign currency risk

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 Jun 20XX (current year)				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0
At 30 Jun 20XX (previous year)	0	0	0	0
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0

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Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs.	Kshs.	Kshs.
20XX (current year)			
Euro	10%	0	0
USD	10%	0	0
20XX (previous year)		0	0
Euro	10%	0	0
USD	10%	0	0

V. Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements

VI. Capital risk management.

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

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Revaluation reserve	0	0
Capital/Development Grants/City/Municipality	0	0
Accumulated surplus	0	0
Total Funds	0	0
	0	0
Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/(excess cash and cash equivalents)	0	0
Gearing	0%	0%

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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)

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Appendix 2: Inter Entity Transfers

CITY/MUNICIPALITY NAME:				
Breakdown of Transfers from the County Executive of xxx County				
	FY 20xx/20xx			
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			0	
			0	
		Total	0	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			0	
			0	
			0	
		Total	XXX	
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			0	
			0	
		Total	0	

.....

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

Appendix 3: Reporting of Climate Relevant Expenditures

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

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

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

Appendix 4: Disaster Expenditure Reporting Template

Date:

Entity

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