

REPUBLIC OF KENYA



Enhancing Accountability

PAPERS	
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CLERK AT THE TABLE	Angela

REPORT

OF



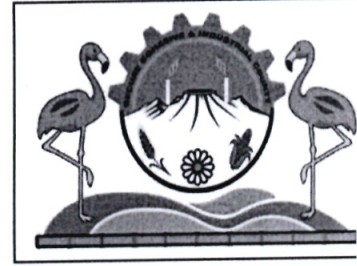
THE AUDITOR-GENERAL

ON

MUNICIPALITY OF GILGIL

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

COUNTY GOVERNMENT OF NAKURU



MUNICIPALITY OF GILGIL
County Government of Nakuru

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

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

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1. Acronyms and Definition of Key Terms

A. Acronyms

PSASB	Public Sector Accounting Standards Board
FY	Financial Year
OSHA	Occupational Safety & Health Act
ADP	Annual Development Plan
CG	County Government
CIDP	County Integrated Development Plan
CRF	County Revenue Fund
IFMIS	Integrated Financial Management Information Systems
PFM	Public Finance Management Act
PPDA	Public Procurement and Disposal Act
ICPAK	Institute of Public Accountants of Kenya
UACA	Urban Areas and Cities Act

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information and Management

a) Background information

Municipality of Gilgil is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011(amended 2019) and Municipal Charter on (6th July, 2022). The Municipality of Gilgil is under the County Government of *Nakuru* and is domiciled in Kenya.

b) Principal Activities

The principal activity/mission/ mandate of the Municipality of Gilgil is to enhance the well-being and standard of living of its inhabitants.

Vision

- ▶ *An inclusive, sustainable and prosperous Municipality*

Mission

- ▶ *To enhance the well-being of Gilgil residents through responsive, efficient, and inclusive governance.*

Objectives of the Municipality

The objectives of the Municipality of Gilgil are to:

- Provide for efficient and accountable management of the affairs of the Municipality;
- Provide for a governance mechanism that will enable the inhabitants of the Municipality to;
 - Participate in determining the social services and regulatory framework which will best satisfy their needs and expectations;
 - Verify whether public resources and authority are utilized or exercised, as the case may be, to their satisfaction;
 - Enjoy efficiency in service delivery;
- Vigorously pursue the developmental opportunities which are available in the Municipality and to institute such measures as are necessary for achieving public order and the provisions of civic amenities, so as to enhance the quality of life of the inhabitants of the Municipality;
- Provide a high standard of social services in a cost-effective manner to the inhabitants of the Municipality;
- Promote social cohesiveness and a sense of civic duty and responsibility among the inhabitants and stakeholders in the Municipality in order to facilitate collective action and commitment towards achieving the goal of a harmonious and stable community;

- (f) Provide for services, by laws and other matters for Municipality’s benefit;
- (g) Foster the economic, social and environmental well-being of its community.

c) Key Management

The *Municipality of Gilgil’s* management is under the following key organs:

- Department of Lands Planning, Housing and Urban Development
- Board of Management
- Accounting Officer/ Municipality of Gilgil Manager
- Sectional Heads of Departments

d) Fiduciary Management

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

Ref	Position	Name
1	Municipality of Gilgil Manager	Benson Maina Kipenju
2	CO Housing & Urban Planning	Kamau Kuria
3	Head of departments	Head of Accounting Unit – Kennedy Karanja Njoroge
4	Administrator	Fredrick Ngugi

e) Fiduciary Oversight Arrangements

i) Audit and Risk Management Committee

The committee is concerned with the Risk Oversight, internal Controls and is constantly seeking to keep the municipality compliant with relevant laws and regulations. The committee is worried about the municipality's compliance with laws and regulations. They are constantly checking to make sure everything is being done correctly. They are also watching the municipality's finances closely to find any problems like fraud or misconduct.

ii) County Assembly committees

The county assembly in discharging its mandate of oversight over the county entities takes the following steps:

- Form a dedicated oversight committee within the county assembly responsible for financial matters related to the municipality.
- Develop terms of reference outlining the committee's purpose, composition, responsibilities, authority, and reporting mechanisms.
- Ensure the oversight committee comprises members with financial expertise, legal knowledge, and a good understanding of municipal operations.
- Conduct regular reviews and audits of the municipality's financial statements, budgets, expenditures, and financial management practices.
- Scrutinize and approve the municipality's budget, ensuring alignment with the municipality's strategic goals and compliance with financial regulations.
- Monitor revenue collection processes, disbursements, and expenditures to ensure compliance with the approved budget and financial regulations.

iii) Committees of the Senate

The Senate receives the report of the auditor general and proceeds to take any further inquiry on raised issues and to recommend the matters to relevant agencies.

f) Registered Offices

P.O. Box 2870 - 20100

Nakuru, Kenya

g) Contacts

Telephone: (+051)2214142

E-mail: www.Nakuru.go.ke.

Website: www.Nakuru.go.ke

h) Bankers

Commercial Banks

...

...

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 County Attorney

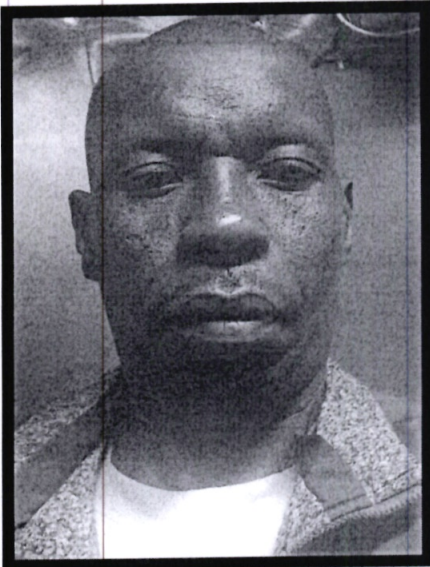

P.O. Box 2870 - 20100


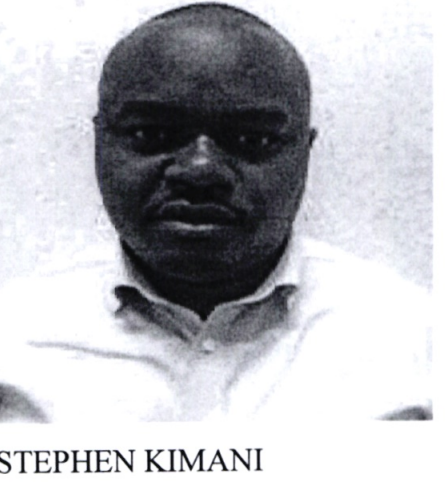

Nakuru, Kenya



3. Municipality of Gilgil Board

Serial No.	Name	Details of qualifications and experience
1	 <p>JOSEPH MAINA THEURI</p>	<p>Age: 58 Years</p> <p><i>Key academic and professional qualifications:</i></p> <p>Master's Degree in Project Planning & Management- (University of Nairobi)</p> <p>Bachelor's Degree in Business Administration Finance Major (Maseno University)</p> <p>College Diploma in Sales and Marketing- (University of Nairobi)</p> <p>Procurement (Government Training Institute)</p> <p>College Diploma in Dairy Technology (Egerton University).</p> <p><i>Work Experience:</i></p> <p>Assistant Centre Manager- - (Goodyear Tire and Rubber Company St. Louis United States)</p> <p>Managing Director – (Naivasha Water and Sewerage Company)</p> <p>Managing Director – (Nyahururu -Water Sanitation Company)</p> <p>Technical Sales Manager – (Auto Xpress)</p> <p>Senior Production Supervisor – (Firestone East Africa)</p> <p>Board Trustee – (Waumini Insurance Brokers)</p> <p>Nakuru Branch Committee Member – (Kenya Institute of Management)</p> <p>Board Member: Non-Executive Member Board Chairperson</p>



<p>2</p>	 <p>SHAMMA WANGUI NJUGUNA</p>	<p>Age: 45 Years <i>Key academic and professional qualifications:</i> Diploma in human resource – (Mount Kenya University) Diploma Pharmacological Technician – (Kabete Technical Training Institute) Diploma In Social Works And Project Management – (Mosop Institute Of Technology) <i>Work Experience:</i> Human resource consultancy – (Point A Agency) Project Management – (Multismart Limited) Pharmacist Assistance Project Management Valuer – (Midlands/ Supreme Chemist) Social Works Projector Shamma presence limited – (CEO)</p> <p>Board Member: Non-Executive Member Board Vice-Chairperson</p>
<p>3</p>	 <p>TERESIA KARUGI KURUMA</p>	<p>Age:49 Years <i>Key academic and professional qualifications:</i> Master’s Degree of Counselling – (New Life Bible College and Seminary) Bachelor of Business Management (Entrepreneurship) Second Class Honors - Upper Division – (Mount Kenya University) Diploma in Business Management Credit I – (Mount Kenya University) Counselling Certification (Ongoing) – (Kenya Counselling Psychological Association of Kenya) <i>Work Experience:</i> Nafuu Link Supermarket Limited- (Managing Director) Nafuu Cereals – (Managing Director)</p> <p>Board Member: Non-Executive Member Chairperson Finance Committee</p>

<p>4</p>	 <p>JOSPHAT KIARIE WAWERU</p>	<p>Age: 45 Years <i>Key academic and professional qualifications:</i> Diploma in Human Resource Management – (Kenya Methodist University) <i>Work Experience:</i> Businessperson</p> <p>Board Member: Non-Executive Member Chairperson Environment Committee Committee</p>
<p>5</p>	 <p>ARCH. MBOGO KIMANI</p>	<p>Age: 41 Years <i>Key academic and professional qualifications:</i> Bachelor of Architecture (Hons.) – (University of Nairobi) Bachelor of Architecture Studies, (Hons.) – (University of Nairobi) <i>Work Experience:</i> Decalogue International Ltd – (Director/Architect) Batiment Group Limited – (Architect) BGL – (Graduate Architect) Interior Designer – (Cornices and Interiors)</p> <p>Board Member: Non-Executive Member Chairperson Urban Planning and Infrastructure Development Committee</p>

6	 PAULINE NDUNGE MBUVA	<p>Age: 59 Years <i>Key academic and professional qualifications:</i> Bachelor of Education – (Kenyatta University) Diploma in Guidance and Counseling – (Migori Campus) P1 Certificate – (Highridge Teachers College) <i>Work Experience:</i> Teachers Service Commission – (Senior Teacher) The Hotel Ndumbu – (Director)</p> <p>Board Member: Non-Executive Member Board Member</p>
7	 STEPHEN KIMANI	<p>Age: 36 Years <i>Key academic and professional qualifications:</i> Pursing Master Degree in Leadership and Management – (Mount Kenya University) Bachelor holder in Education – (St. Paul University) Diploma in Education – (Foundation Institute of Africa) Certificate of Teachers Training – (Nyanchwa Teachers College) <i>Work Experience: Businessperson</i></p> <p>Board Member: Non-Executive Member Board Member</p>
8	 BENSON MAINA KIPENJU Professional Member; LSK/2024/12046 P105/19884/22 - Advocate	<p>Age: 34 Years <i>Key academic and professional qualifications:</i> Strategic Leadership and Management (enrolled and ongoing) Advocate of the High Court of Kenya Certificate of Completion from the Council of Legal Education (CLE) – (Kenya School of Law) Bachelor of Laws Hons. (L.L.B) – (The University of Nairobi) Certified mediator <i>Work Experience:</i> Legal Officer-office of the County Attorney Legal Advisor in various Departments and Taskforces Ag. Manager Municipality of Gilgil</p>

9	 <p>HON. JOHN KIHAGI</p>	<p>Mr John Karanja Kihagi is a graduate of the University of Nairobi with a Bachelor of Science in Surveying (1996) and a Master of Arts in Planning (2000). He is a registered and practicing Physical Planner, Licensed Surveyor and Environmental Impact Assessment/Audit Lead Expert. Previously, he served as the Principal Consultant at Geosurvey Engineering & Environmental Services Ltd, where he led consultancy work in Land Surveying, Physical Planning and Environmental Impact Assessment/ Audit. He has over 26 years' post-graduation experience gained from the public service, private practice, civil society and political arenas. Mr Kihagi served as the Member of National Assembly representing Naivasha Constituency (2013-2017). He has also served as a Land Surveyor at the Ministry of Public Works (1997-2005) and as a Lecturer at both Jomo Kenyatta University of Agriculture and Technology (JKUAT, 2003-2005) and Kenya Institute of Surveying and Mapping (KISM, 1998-2000). He is an ex officio to the Board</p>
10	 <p>ARCH. KAMAU KURIA</p>	<p>Age 55 Bachelors in Architecture Jomo Kenyatta University of Agriculture & Technology Chief Officer Housing and Urban Development Chief (2022 to Date) Board of directors' Geothermal Development Cooperation (2018-2022) Chair of Audit Committee of The Board Director Nakuru City Board (2019-2022) Chair Infrastructure Committee of The Board</p>

4. Key Management Team

S/No	Name	Details of qualifications and experience
1.	 <p data-bbox="272 1003 660 1037">BENSON MAINA KIPENJU</p>	<p data-bbox="810 477 1442 510">AG. MUNICIPALITY OF GILGIL MANAGER</p>
2.	 <p data-bbox="272 1525 587 1559">KENNEDY KARANJA</p>	<p data-bbox="810 1059 1257 1093">HEAD OF ACCOUNTING UNIT</p>

5. Municipality of Gilgil Board Chairperson's Report

In the year 2023/2024 Gilgil Municipality became operational, after the Municipal Board Members were appointed by the Government of Nakuru. The role of the Municipality is spelt out the Gilgil Municipality Charter and in the Urban Areas and Cities Act of 2019. The Municipality exists with the noble objective of enhancing the well-being and standard of living for the residents of Gilgil municipal area. The leadership of the Municipality within the hands of Board of Directors. They are mandated to develop and implement strategies for the growth of the Municipality area. They oversight a team of executive which is headed by a Municipality Manager.

The current Municipal Board is the inaugural Board. In the initial year, the Municipality was able to have the offices in Bondeni rehabilitated and furnished. A number of staff was seconded from the County Government to help in setting up and operationalizing the Municipality. Along the way a number of functions were gazetted for transfer to the Municipality. With the involvement of stakeholders, the Municipality has identified development priority areas that would be considered over the forthcoming next planning periods. These would include; construction of parking lots and installation of street lights, purchase and installation of litter bins, rehabilitation of parks / green spaces, construction of Jua Kali sheds / markets and rehabilitation of Municipal Social Hall.

The Board has faced the obvious challenges of establishing a new entity and we are gradually having them addressed. The Municipal leadership is working with the County Government to ensure that Municipality qualify for the World Bank Funding Facility. We have commenced the development of necessary policy documents that include the Strategic plan and the Municipality integrated development plan.

The Board of Directors, has approved the budget for the year 2024/2025. We intend to develop an enabling framework to attract development funding and the needed investment to enhance the social

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and economic wellbeing of the residents of Gilgil Municipality. The ultimate goal is to make Gilgil Municipality the best place to live in Kenya.



Joseph Theuri

Gilgil Municipality Board Chairman

6. Report Of the Municipality of Gilgil Manager

Introduction

This report provides a comprehensive overview of the Municipality of Gilgil's performance during the FY 2023-2024. It highlights key achievements, challenges, and future outlook, drawing on financial data, physical progress, and program implementation.

Financial Performance

The actual budget allocation for the Municipality in the FY 2023/24 was Ksh. **5,000,000**. At the end of the review period, the sub-sector's expenditure totalled Ksh. **1,877,325**, translating to a total budget execution rate of **38%**. The following table presents a comparison of budgeted and actual amounts for the current year:

Table 1: FY 2023/2024 Expenditure Performance by Programmes and Sub Programmes

Programme/Sub-programme	Revised Budgeted Estimates FY 2023/2024	Actual Q1 FY 2023/2024	Actual Q2 FY 2023/2024	Actual Q3 FY 2023/2024	Actual Q4 FY 2023/2024	Actual FY 2023/2024	Variance On Annual Target FY 2023/2024	Budget Execution Rate
Programme 1: Administration Planning and Support Services								
SP 1.1: Administration and Planning	3,675,000	-	-	-	1,877,325	1,877,325	1,797,675	51%
SP 1.2: Personnel Services	-	-	-	-	-	-	-	-
Total Expenditure of Programme 1	3,675,000	-	-	-	1,877,325	1,877,325	1,797,675	51%
Programme 2: Gilgil Municipal Services								
S.P 2.1: Planning and Infrastructure Development	667,650	-	-	-	-	-	667,650	0%
S.P 2.2: Environmental Management	223,200	-	-	-	-	-	223,200	0%
S.P 2.3: Trade and Tourism	223,200	-	-	-	-	-	223,200	0%
S.P 2.4: Social Services	210,950	-	-	-	-	-	210,950	0%
Total Expenditure of Programme 2	1,325,000	-	-	-	-	-	1,325,000	0%
Total Expenditure of Vote	5,000,000	-	-	-	1,877,325	1,877,325	3,122,675	38%

Physical Progress

Being a new entity, the Municipality of Gilgil has not made significant progress in achieving its strategic objectives as this is first financial year that the Municipality has a budgetary allocation. This notwithstanding, the Board of the Municipality has set the ball rolling by developing strategies that will enable it implement this year’s budget and achieve its key strategic objectives. Through stakeholder engagement, the Board has identified key priority areas for development. These range from improvement of roads network within the Municipality, provision of a business enabling environment within the CBD to improving. These priority areas lead towards the enactment of Gilgil Regeneration Plan. Besides, holding all its statutory meetings, various key documents such as the Integrated Development Plan have been prepared to guide development of the Municipality. The Board is currently drafting its service delivery charter and the Strategic Plan.

Table 2: Summary of Revised Expenditure

Expenditure Classification	Revised Estimates 2021/2022	Actual Expenditure 2021/2022	Baseline Estimates 2022/2023	Revised Estimates 2023/2024
Current Expenditure				
2100000 Compensation to Employees				
2200000 Use of goods and services				4,690,000
2400000 Interest Payments				
2600000 Current grants and other Transfers				
2700000 Social Benefits				
3100000 Acquisition of Non-Financial Assets				310,000
4100000 Acquisition of Financial Assets				
4500000 Disposal of Financial Assets				
Capital Expenditure				
Non-Financial Assets				
Capital Transfers Govt. Agencies				
Other development				
Total Expenditure of Vote	-	-	-	5,000,000

Program Implementation

The envisioned programmes for financial year 2024/2025 are as outlined below:

Table 3: Specific Programmes and actions for achieving annual objectives

Programme 1 : Administration, planning and support services		
Objective: To ensure efficient management and execution of Municipality functions		
Outcome: Efficient Management of Municipal Affairs		
Sub-program	Priority	Action
SP.1. Administration and planning	Improved service delivery	Rehabilitate Municipality offices
		Purchase of assorted office equipment
		Development and review of policy documents

		Purchase of motor vehicles for municipal operations
		Holding of board meetings and conferences
		Preparation of M&E quarterly reports
S.P 1.2 Personnel services		Recruitment and promotion of staff
		Training of staff and board members
		Successful Implementation of performance contracts (PC) and Performance Appraisal System (PAS)
Program 2: Gilgil Municipal Services		
Objective: To Improve and expand critical infrastructure and municipal services to meet the growing needs of the community.		
Outcome: Sustainable Environment for Municipality Residents		
Sub-program	Priority	strategies
S.P 2.1 Planning and Infrastructure Development	Improved infrastructural development	Construction of Parking lots
		Installation and rehabilitation of street lights
		Development of infrastructure master plan
S.P.2.2 Environmental Management	Improved environmental management	Purchase and installation of litter bins
		Rehabilitation of parks/green spaces
		Purchase and planting of trees
S.P.2.3 Trade and tourism	Improved business environment	Construction of markets
		Construction of Jua kali shades
S.P.2.4 Social services	Improved social services	Rehabilitation of social halls
		Marking of national events and celebrations
		Holding of public participation forums

Value for Money

The Municipality of Gilgil has prioritized value for money in all its activities. This has been achieved through efficient resource allocation and cost-effective procurement process. All projects planned for are undertaken through public participation to ensure the public enjoys realizable returns from the investments done.

Implementation Challenges and Future Outlook

Despite its achievements, the Municipality of Gilgil faces certain challenges in implementing its strategic objectives. These challenges include human resource constraints, limited office space, inadequate resources, and security concerns of the office space.

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To address these challenges and ensure a sustainable future, the Municipality of Gilgil has developed the following strategies:

- Invest in training and development for existing staff and recruit additional personnel;
- Allocate funds for further renovations and expansion of office space;
- Increase budgetary provisions for office furniture, equipment, and security measures;
- Implement security measures to protect the municipality's assets and personnel.

The Municipality of Gilgil's budget allocation for the coming year is 65,255,214. This will be used to in part to support the following key programs:

Table 4: Program Budget Allocation FY 2024-2025

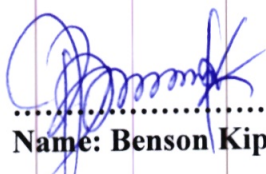
Planned Project/Programmes as outline in CADP 2024/25	Amount Allocated in CADP 2024/2025 (Ksh Millions)	Amount Allocated in the Approved budget 2024/2025 (Ksh. Millions)	Remarks**
Sector: Gilgil Municipality			
Construction of parking lots	-	30	Considered a priority during budget preparation and appropriation
Installation of solar streetlights	-	6	
Purchase and installation of litter bins	-	-	Limited resources resulted to prioritization of projects. Some to be addressed through KUSP II Funding.
Rehabilitation of parks/ green spaces	-	-	
Construction of Jua Kali sheds	-	-	
Construction of markets	-	-	
Rehabilitation of social halls	-	-	
Marking of events and celebrations	-	-	
Holding of public participation forums	-	-	

Highlights of KUSP II

It is worth noting that the Municipality is among very few new Municipalities that will benefit from the Kenya Urban Support Programme II courtesy of HE Governor Susan Kihika's efforts. Some of the Key priority areas identified by the Board include; Upgrade of various roads such as KCB Mathare Road, Rehabilitation of Gilgil Municipal Park, Development of a Disaster Management Center, Improvement of Drainage Network within the Municipality, among others.

Conclusion

The Municipality of Gilgil has demonstrated a strong commitment to delivering quality services to its community. Through effective financial management and program implementation, the entity has made significant progress in achieving its strategic objectives. Looking ahead, the Municipality of Gilgil is well-positioned to address future challenges and continue to build a sustainable and prosperous community.



.....
Name: Benson Kipenju

Municipality of Gilgil Manager

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

The key development objectives of the Municipality of Gilgil FY 2023-2024 plan are to:

- a) Administration and Planning
- b) Personnel Services
- c) Planning and Infrastructure Development
- d) Environmental Management
- e) Trade and Tourism

Below we provide the progress on attaining the stated objectives:

Table 5: Key Development Objectives of The Municipality Of Gilgil FY 2023-2024

PROGRAMME 1: Administration, Planning and Support Services				
Objective: To ensure efficient management and execution of Municipality functions				
Outcome: Efficient management of municipal affairs				
Program	Objective	Outcome	Indicators	Performance
Administration and Planning	Rehabilitated Municipality offices	Improved working conditions for municipal staff	Rate of implementation	Works in progress (Equipping needed to ensure full functioning of the office)
	Equipped municipality offices	Enhanced efficiency and effectiveness of municipal operations	Number Of office equipment purchased	Low budget allocation for the purchase of office equipment
	Vehicle purchased for municipal operations	Improved mobility and accessibility for municipal staff	Number of vehicles purchased	Not budgeted for
	Improved management of municipal affairs	Enhanced governance and transparency in municipal operations	Number of Board meetings held	Continuous throughout the FY as per statutory requirements.
Personnel Services	Improved human resource productivity	Increased efficiency and effectiveness of municipal staff	Number of staff Recruited	The proposal has been forwarded to equip the municipality.
			Number of staff and board members trained	To be trained in the subsequent FY.

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			Implementation rate of Performance contract and performance appraisal	To be achieved in the next planned period
PROGRAMME 2: GILGIL MUNICIPAL SERVICES				
Objective: Improve and expand critical infrastructure and municipal services to meet the growing needs of the community.				
Outcome: Sustainable Environment for Municipality Residents				
Program	Objective	Outcome	Indicators	Performance
Planning and Infrastructure Development	Improved infrastructural development	Enhanced quality of life for residents and improved economic development	Number of parking slots cabro paved	To be achieved in the next planned period
			Number of master plans developed.	To be achieved in the next planned period
			Number of solar streetlights installed	To be achieved in the next planned period
Environmental Management	Improved environmental management	Sustainable and healthy environment for residents	No. of Litter bins purchased and installed	To be achieved in the next planned period
			No. of parks/ green spaces rehabilitated	To be achieved in the next planned period
Trade and Tourism	Improved business environment	Increased economic activity and job creation	Number of Jua Kali sheds constructed	To be achieved in the next planned period
			Number of markets constructed	To be achieved in the next planned period
Social Services	Improved Social Services	Enhanced well-being of vulnerable populations	Number of social halls rehabilitated	To be achieved in the next planned period
			Number of events and Celebrations marked	To be achieved in the next planned period
			No. of public participation held	To be achieved in the next planned period

8. Corporate Governance Statement

a. Process of appointment and removal of Board members.

The appointment of Gilgil Municipality Board members is governed by the Urban Areas and Cities Act, 2011, and its subsequent amendments.

Process of Appointment of Gilgil Municipality Board Members

Three (3) members of the Board of the Municipality shall be appointed by the County Governor and approved by the County Assembly; four (4) members of the Board shall be nominated by the following association and appointed by the County Governor with approval of the County Assembly— (i) an umbrella body representing Professional Associations in the area; (ii) (iii) an association representing the private sector in the area; a cluster representing registered associations of the informal sector in the area; and (iv) a cluster representing registered neighbourhood associations in the area (v) an ordinary resident or has a permanent dwelling in the municipality; and (vi) carries on business in the municipality or has lived in the municipality for at least five years; The process typically involves the following steps:

- 1) *Vacancy Announcement:*** The County Government of Nakuru, which oversees Gilgil Municipality, announces the vacancies for board members. This announcement usually includes the qualifications required for the positions, application procedures, and deadlines.
- 2) *Application and Screening:*** Interested individuals submit their applications, which are then reviewed by a screening committee. The committee assesses the applicants' qualifications, experience, and suitability for the roles.
- 3) *Interviews:*** Shortlisted candidates are typically interviewed by the screening committee or a panel of experts. The interviews are designed to assess the candidates' knowledge, skills, and commitment to serving the municipality.
- 4) *Recommendation:*** The screening committee prepares a list of recommended candidates based on the interviews and other assessments.
- 5) *County Assembly Approval:*** The recommended candidates' names are submitted to the Nakuru County Assembly for approval. The assembly conducts hearings to vet the candidates and ensure their suitability for the positions.
- 6) *Appointment:*** If approved by the county assembly, the Governor of Nakuru appoints the recommended candidates to the Gilgil Municipality Board.

Process of Removal of Gilgil Municipality Board Members

Removal of members of the Board of the Municipality:

- (1) A member of the Board of the Municipality shall cease to hold office if the member—
 - (a) is unable to perform the functions of the office by reason of mental or physical infirmity;
 - (b) is declared or becomes bankrupt or insolvent;
 - (c) is convicted of a criminal offence and sentenced to a term of imprisonment of six months or more;
 - (d) resigns in writing to the County Governor;
 - (e) without reasonable cause, the member is absent from three consecutive meetings of the Board or Committee of the Board of the Municipality within one financial year;
 - (f) is found guilty of professional misconduct by the relevant professional body;
 - (g) is disqualified from holding a public office under the Constitution;
 - (h) fails to declare his or her interest in any matter being considered or to be considered by the Board or Board Committees;
 - (i) engages in any gross misconduct; or
 - (j) dies.
- (2) A member of the Board of the Municipality may be removed from office by—
 - (a) the County Governor subject to articles 17(3) of this Charter;
 - (b) a resolution of the Board of the Municipality supported by at least two-thirds of the members of the Board of the Municipality;
 - (c) petition by the residents of the Municipality to the County Assembly; or
 - (d) adverse recommendation by a Committee of the Assembly having taken into account the provisions of article 17(3).
- (3) The procedure for the removal or petition for removal of a member of the Board of the Municipality under 17(2) above shall be as may be provided by the Assembly Standing Orders, County legislation or regulations.
- (4) Any vacancy arising out of the removal of a member of the Board of the Municipality may be filled in the manner provided under Article 7 and 8 above.

b. Roles and functions of the Municipality of Gilgil Board members,

The Board of the Municipality shall perform the following functions—

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

(s) Performing such other functions as may be legislated or delegated by the County Government of Nakuru or as provided by article 5 of this Charter.

c. Induction and training, Municipality of Gilgil Board members and member's performance,

The Board Members were inducted December 2023 at Utalii Hotel. Training for the board members is a continuous endeavour, that is structured through workshops and seminars to compliment the performance of members.

d. Number of Municipality of Gilgil Board meetings held and the attendance to those meetings by members,

The municipality in the financial year 2023/2024 held three full board meetings and held committee meetings for its four respective committees as below:

1. Urban Planning and Infrastructure Development Committee – 2 meetings
2. Finance and Administration Committee – 2 meetings
3. Environment, Trade, Tourism and Social Services Committee – 2 meetings
4. Audit, Risk and Compliance Committee - 1 meetings

e. Succession plan,

Succession planning is a systematic process that ensures the continuity of leadership and operations within an organization. It involves identifying, developing, and preparing potential successors to fill critical roles when incumbents leave. Board members shall hold office for a term of five years, upon completion of their term the process of appointment as guided by UACA Act 2011 will be followed.

f. Existence of a service charter,

The municipality being a new entity is working on its service charter.

g. Conflict of interest,

The municipality has implemented strong internal controls to manage risks and protect the public's interests. These controls include mandatory disclosure of information, clear policies and procedures, independent oversight, and training for municipal employees to uphold ethical standards.

h. Board remuneration,

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

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

None has been undertaken as a result of the municipality being a new entity, yet to fully commence on its operations.

9. Management Discussion and Analysis

Under this section, the management shall give a report:

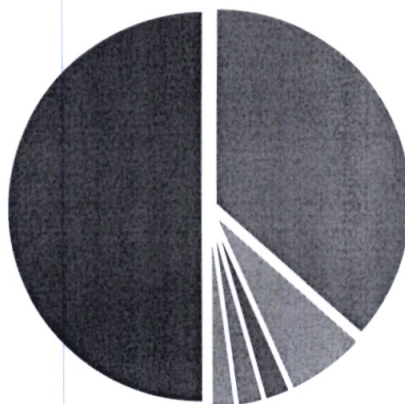
- a. On the operational and financial performance of the Municipality of Gilgil during the period,

Operational and Financial Performance

The Municipality of Gilgil experienced a good financial performance during the reporting period, primarily driven by receipt of capacity building funds from the Nakuru County Government. Total revenue amounted to **5,000,000.00/-**, representing the first-time allocation from the county government. Expenses for the period totalled **1,877,324.95/-**.

Programme/Sub-programme	Revised Estimates FY 2023/2024	Expenditure	Budget Execution Rate
SP 1.1: Administration and Planning	3,675,000	1,877,325	51%
SP 1.2: Personnel Services	-		-
S.P 2.1: Planning and Infrastructure Development	667,650		0%
S.P 2.2: Environmental Management	223,200		0%
S.P 2.3: Trade and Tourism	223,200		0%
S.P 2.4: Social Services	210,950		0%
Total Expenditure of Vote	5,000,000	1,877,325	38%

BUDGET ALLOCATION



- Administration and Planning
- Personnel Services
- Planning and Infrastructure
- Environment Management
- Trade and Tourism
- Social Services

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

Given that this is the first financial year that the municipality is implementing a budget, there is no much that has been undertaken on projects and investments as result limited budget allocation.

c. Municipality of Gilgil's compliance with statutory requirements,

The Municipality complies with the following statutory requirements;

- ❖ Composition of the Board; The board composition meets the necessary legal threshold for operation*
- ❖ Gender equity- The Composition of the board meets 1/3 gender rule*
- ❖ No of Board Meetings Held; The board has held 3 board meetings*
- ❖ Financial reporting; The management adheres to the PFM and PPDA Act requirements with respect to expenditure and reporting.*

d. Major risks facing the Municipality of Gilgil, material arrears in statutory and other financial obligations, and

The municipality being a new entity, has not encountered major risks but only a few financial obligations due limited budget allocation and teething challenges in system integration.

e. Any other information considered relevant to the users of the financial statements.)

Civic engagement with stakeholders and other development partners.

(The management should make use of tables, graphs, pie charts, and other descriptive tools to make the information as understandable as possible.)

10. Environmental And Sustainability Reporting

1. Sustainability strategy and profile

Gilgil Municipality is committed to sustainable development, ensuring that its operations and services meet the needs of the present without compromising the ability of future generations to meet their own needs. Our sustainability strategy focuses on environmental stewardship, social equity, and economic prosperity. We strive to balance economic growth with environmental protection and social well-being, creating a sustainable and resilient community.

Key Sustainability Priorities

- **Environmental Protection:** Preserving natural resources, reducing pollution, and mitigating climate change.
- **Social Equity:** Promoting inclusive development, ensuring access to essential services, and addressing social disparities.
- **Economic Prosperity:** Fostering sustainable economic growth, job creation, and poverty reduction.

Sustainability Initiatives

- **Renewable Energy:** Investing in solar and wind power projects to reduce dependence on fossil fuels.
- **Waste Management:** Implementing efficient waste collection and disposal systems, promoting recycling and composting.
- **Water Conservation:** Promoting water-saving practices and investing in water infrastructure.
- **Biodiversity Conservation:** Protecting natural habitats and promoting biodiversity through reforestation and conservation programs.
- **Community Development:** Supporting community-based initiatives, providing access to education and healthcare, and promoting social inclusion.

Challenges and Opportunities

Gilgil Municipality faces several challenges in achieving its sustainability goals, including limited resources, rapid urbanization, and climate change impacts. However, there are also significant opportunities to leverage sustainable practices to improve the quality of life for residents and create a more resilient community.

2. Environmental performance

Environmental Policy

Gilgil Municipality has a comprehensive environmental policy that outlines its commitment to sustainable practices and environmental protection. The policy covers areas such as waste management, pollution control, energy efficiency, and biodiversity conservation.

Key Performance Indicators

- ***Waste Reduction:*** Tracking the amount of waste generated and recycled.
- ***Energy Efficiency:*** Monitoring energy consumption and implementing energy-saving measures.
- ***Water Conservation:*** Measuring water usage and promoting water-saving practices.
- ***Air Quality:*** Monitoring air quality and implementing measures to reduce emissions.

Environmental Successes and Shortcomings

- ***Successes:*** Implementing successful waste management programs, promoting renewable energy, and conserving water resources.
- ***Shortcomings:*** Challenges in managing plastic waste, addressing industrial pollution, and mitigating the impacts of climate change.

Biodiversity Management

Gilgil Municipality recognizes the importance of biodiversity and has implemented initiatives to protect and conserve local ecosystems. These initiatives include:

Greening of Recreational Areas: Protecting natural areas and Planting trees to restore degraded ecosystems.

3. Employee welfare

Hiring and Recruitment

Gilgil Municipality's hiring process is designed to be fair, transparent, and inclusive. We consider gender diversity and strive to create a workplace that is free from discrimination.

Skills Development and Career Management

We invest in employee training and development to enhance their skills and career prospects. This includes providing opportunities for professional development, mentorship, and career planning.

Appraisal and Reward Systems

We have a performance appraisal system in place to evaluate employee performance and provide feedback. We also offer competitive compensation and benefits packages to reward our employees.

Occupational Safety and Health

Gilgil Municipality is committed to providing a safe and healthy workplace for its employees. We comply with all applicable labor laws and regulations, including the Occupational Safety and Health Act of 2007.

4. Market place practices

The organisation should outline its efforts to:

a) Responsible competition practice.

Gilgil Municipality strives to maintain fair and ethical competition practices. We adhere to anti-corruption laws and regulations and avoid engaging in unfair business practices.

b) Responsible Supply chain and supplier relations

We work with suppliers who share our commitment to sustainability and ethical business practices. We ensure that our suppliers comply with labor and environmental standards, also the suppliers are prequalified as per the PPDA.

c) Responsible marketing and advertisement

We adhere to ethical marketing practices and avoid misleading or deceptive advertising.

d) Product stewardship

We are committed to ensuring the safety and quality of our products and services. We take steps to protect consumer rights and interests.

5. Community Engagements

Gilgil Municipality is actively involved in community development and social initiatives. We support various community projects, including:

- ***Charitable Giving:*** Providing material assistance to local organizations and individuals in need. Participated in Christmas Tree Lighting and giving back to the community elderly and needy.

- **Community Social Investment:** Investing in projects that benefit the community, such as infrastructure development, social education, and healthcare.
- **Community Partnerships:** Collaborating with local organizations and stakeholders to address community challenges.

Through our community engagement efforts, we strive to create a positive impact on the lives of our residents and contribute to the overall development of Gilgil Municipality.

11. Report of the Municipality of Gilgil Board Members

The Board Members submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Municipality of Gilgil affairs.

Principal activities

The Municipality of Gilgil shall, within the boundaries of the Municipality, perform the following functions:

- (a) Promotion, regulation and provision of refuse collection and recycling, solid waste management service, general sanitation and controlling all forms of nuisance;
- (b) Subject to any written law or regulations, promotion and provision of water and sanitation services and infrastructure within the municipality;
- (c) Construction and maintenance of urban roads and associated infrastructure;
- (d) Construction and maintenance of storm drainage and flood controls;
- (e) Construction and maintenance of walkways and other non-motorized transport infrastructure;
- (f) Construction and maintenance of recreational parks, green spaces and public amenities and entertainments;
- (g) Construction and maintenance of street lighting;
- (h) Construction, maintenance and regulation of traffic controls, auto cycle transport, non-motorized transport and parking facilities;
- (i) Construction and maintenance of bus stands and taxi stands;
- (j) Regulation of outdoor advertising;
- (k) Construction, maintenance and regulation of urban commerce, municipal markets and abattoirs;
- (l) Construction and maintenance of fire stations; provision of fire-fighting services, emergency preparedness and disaster management;
- (m) Promotion, regulation and provision of municipal sports and cultural activities;
- (n) Promotion, regulation and provision of animal control and welfare;
- (o) Development and enforcement of municipal plans and development controls;
- (p) Provision of Municipal administration services including construction and maintenance of administrative offices;

- (q) Promoting and undertaking infrastructural development and services including housing and health facilities within the municipality;
- (r) Promotion and regulation of urban agriculture;
- (s) Promotion and regulation of pre-primary education, childcare facilities and county vocational institutions and centres;
- (t) Provision, maintenance and regulation of cemeteries, crematories and other burial places;
- (u) Control and regulation of alcoholic beverages;
- (v) And any other function as may be delegated by the County Executive Committee or County Assembly legislation.

Performance

The performance of the Municipality of Gilgil for the year ended June 30, 2024, are set out on page i & vi.

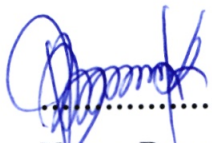
Board Members

The members of the Board who served during the year are shown on pages ix,x,xi,xii and xiii.

Auditors

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

By Order of the Board


.....
Name: Benson Kipenju
Secretary of the Board

12. Statement of Management's Responsibilities

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

The Municipality of Gilgil manager is responsible for the preparation and presentation of the Municipality of Gilgil's financial statements, which give a true and fair view of the state of affairs of the Municipality of Gilgil for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Municipality of Gilgil, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) Safeguarding the assets of the Municipality of Gilgil, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Municipality of Gilgil Manager accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *Urban Areas and Cities Act No. 13 of 2011*. The Municipality of Gilgil Manager is of the opinion that the financial statements give a true and fair view of the state of Municipality of Gilgil's transactions during the financial year ended June 30, 2024, and the financial position as at that date.

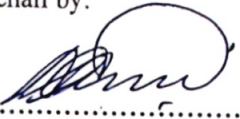
The Municipality of Gilgil Manager further confirms the completeness of the accounting records which have been relied upon in the preparation of financial statements as well as the adequacy of the systems of internal financial control.

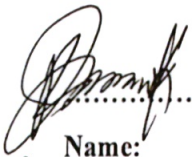
*County Government of Nakuru
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Annual Report and Financial Statements for the year ended June 30, 2024*

In preparing the financial statements, the Directors have assessed the municipality ability to continue as a going concern. Nothing has come to the attention of the Municipality of Gilgil Manager to indicate that the Municipality of Gilgil will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

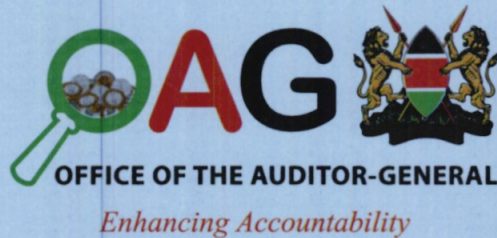
The City/Municipal/City's financial statements were approved by the Board on ^{16/7} ___ 2024 and signed on its behalf by:


.....
Name: JOSEPH THEURI
Chairperson of the Board


.....
Name: _____
Accounting officer of the Board

REPUBLIC OF KENYA

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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Municipality of Gilgil – County Government of Nakuru set out on pages 1 to 43, which comprise of the statement of financial position as at 30 June, 2024 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Municipality of Gilgil – County Government of Nakuru as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Urban Areas and Cities Act, 2011 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Lack of a Trial Balance

Management did not provide the trial balance for the Municipality. Consequently, the basis for the preparation and the accuracy of the financial statements could not be confirmed.

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

2. Variance in Transfers from the County Government

The statement of financial performance reflects transfers from the County Government amount of Kshs.2,844,115 as disclosed in Note 6 to the financial statements. However, review of supporting schedules provided for audit revealed a total amount of Kshs.1,877,325 resulting in an unexplained variance of Kshs.966,790.

In the circumstances, the accuracy and completeness of the of the transfers from the County Government amount of Kshs.2,844,115 could not be confirmed.

3. Unsupported Board Expenses

The statement of financial performance and as disclosed in Note 14 to the financial statements reflects Board expenses amount of Kshs.1,409,020. However the attendance register for meetings held during the year under review and the annual Board work plan that ought to inform the budgeting, risk assessment, financial management and Board evaluation were not provided for audit.

In the circumstances, the accuracy and completeness of Board expenses amount of Kshs.1,409,020 could not be confirmed.

4. Unsupported Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.55,240,742 which includes land with a balance of Kshs.51,533,237 as disclosed in Note 24 to the financial statements.. However, the title deed and the valuation report for the parcel (s) of land was not provided for audit verification.

In addition, the balance includes buildings valued at Kshs.3,000,000, furniture and fittings at a cost of Kshs.449,405 and computers valued at Kshs.258,100. However, Management did not provide for the depreciation of the assets or the depreciation policy for the assets of the Municipality. Further, assets register for the Municipality was not provided for audit review.

In the circumstances, the accuracy, completeness and valuation of property, plant and equipment balance of Kshs.55,240,742 could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable amount of Kshs.5,000,000 and Kshs.2,844,115 respectively resulting in underfunding of Kshs.2,155,885 or 43% of the budget. Similarly, the Municipality spent an amount of Kshs.2,844,115 against actual receipts amount of Kshs.2,844,115.

The underfunding affected the planned activities of the Municipality and may have adversely affected service delivery to the public.

My opinion is not modified in respect of this matter.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with the Law on Independence of Municipalities

The Municipality of Gilgil was granted a Municipality charter on 6 July, 2022 and was granted operational independence from the County Government of Nakuru. However, the County Government has continued to perform functions which were transferred to the Municipality as provided for through the Legal Notice No. 3 of 6 July, 2022 such as development controls, solid waste management, street parking and outdoor advertising among others.

During the year under review, the Municipality's expenditure amounting to Kshs.2,844,115 was processed through the County Executive.

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

2. Failure to Open a Bank Account for the Municipality

Management of the Municipality did not disclose bank details and balances in the financial statements. Further, no explanation was provided for the failure to open and operate a bank account for the Municipality. This is contrary to Section 40(1) of the Municipal Charter of the Municipality of Gilgil, 2022 which provides that the Board of the Municipality shall, with the approval of the County Executive Committee member for Finance, open and maintain a bank account in the name of the Municipality.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain

Report of the Auditor-General on Municipality of Gilgil for the year ended 30 June, 2024 – County Government of Nakuru

assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of an Approved Staff Establishment

Review of the key policy documents provided for audit revealed that Gilgil Municipality lacked an approved staff establishment that ought to determine the optimal number of staff, report on the staff in-post and the vacancies within the Municipality.

In the circumstances, the Municipality may be operating without the optimal number of staff and service delivery to the public may be affected.

2. Failure to Establish an Audit Committee

During the year under review, the Municipality did not establish an audit committee responsible for monitoring the Municipality's governance process, accountability process and control system of the entity and follow up on the implementation of the recommendations of internal and external audit. This was contrary to Regulation 155 (5) of the Public Finance Management Act, 2012.

In the circumstances, Management may not obtain assurance on risk management, control and governance and associated assurance.

3. Lack of Fraud Policy and Risk Management Strategies

The Municipality of Gilgil did not have in place a fraud management policy to assist in detecting and preventing fraud during the year under review. Further, Management did not have a risk management policy or strategy in place and therefore had no approved processes and guidelines on how to mitigate operational, legal and financial risks. This is contrary to Regulation 158 of the Public Finance Management (County Government Regulations) 2015.

In addition, it was observed that the Municipality lacks a disaster recovery plan or business continuity plan which outlines how it will continue operating during an unplanned

disruption in service. Management has not instituted its own policies and procedures to guide key financial processes and controls for the management of personnel and related expenditure. Further, the management did not perform formal risk assessments during the financial year audited.

In the circumstances, Management may not be in a position to evaluate, rank and prioritize critical risks and channel resources towards mitigating the identified risks.

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

Responsibilities of the Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit


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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

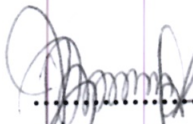
31 December, 2024


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

Description	Note	Current FY	Comparative FY
		2023/24	2022/23
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from the County Government	6	1,877,325	-
Public contributions and donations	7	-	-
Levies Fines and Penalties	8	-	-
Other revenues (<i>Specify</i>)	9	-	-
		1,877,325	-
Revenue from exchange transactions			
Interest income	10	-	-
Miscellaneous Income	11	-	-
		-	-
Total revenue		1,877,325	-
Expenditure			
Use of goods and services	12	1,435,095	-
Staff costs	13	-	-
Board expenses	14	1,409,020	-
Finance costs	15	-	-
Depreciation and amortization	16	-	-
Repairs and maintenance	17	-	-
Total expenses		2,844,115	-
Other gains/losses			
Gain/loss on disposal of assets	18	-	-
Surplus/(deficit) for the period		(966,790)	-

The notes set out on pages 21 to 42 form an integral part of these Financial Statements. The entity financial statements were approved on 30/12/2024 2024 and signed by:


 Name: Benson Kipenju
 Municipality of Gilgil Manager


 Name: Kennedy Karanja
 Head of Finance
 ICPAK M/No29215


15. Statement of Financial Position As At 30 June 2024

Description	Note	Current FY	Comparative FY
		2023/24	2022/23
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	19	-	-
Receivables from exchange transactions	20	-	-
Receivables from non-exchange transactions	21	-	-
Prepayments	22	-	-
Inventories	23	-	-
Total current assets		-	-
Non-current assets			
Property, plant, and equipment	24	55,240,742	-
Intangible assets	25	-	-
Total Non-current Assets		55,240,742	-
Total assets (A)		55,240,742	-
Liabilities			
Current liabilities			
Trade and other payables	26	966,790	-
Refundable deposits from customers	27	-	-
Provisions	28	-	-
Borrowings	29	-	-
Employee benefit obligations	30	-	-
Deferred Income	31	-	-
Social Benefits	32	-	-
Total current liabilities		966,790	-
Non-current liabilities			
Provisions	28	-	-
Borrowings	29	-	-
Non-current employee benefit obligation	30	-	-
Deferred Income	31	-	-
Social Benefits	32	-	-
Total liabilities (B)		966,790	-
Net Assets (A-B)		54,273,952	-
Represented by:			
Capital/Development Grants/Fund		55,240,742	-


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Reserves		-	-
Accumulated surplus		(966,790)	-
Net Assets/Equity		54,273,952	-

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 30/12/24 2024 and signed by:



Name: Benson Kipenju
Municipality of Gilgil Manager
Date:



Name: Kennedy Karanja
Head of Finance
ICPAK M/No29215
Date:

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

Description	Capital/ Development Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
Bal as at 1 July 2022 (previous year)	-	-	-	-
Surplus/(deficit) for the year		-	-	-
Funds received during the year	-	-	-	-
Revaluation gain/loss	-	-	-	-
Bal as at 30 Jun 2023	-	-	-	-
Bal as at 1 July 2023 (current year)	55,240,742	-	(966,790)	54,273,952
Surplus/(deficit) for the year		-	-	-
Funds received during the year	-	-	-	-
Revaluation gain/loss	-	-	-	-
Balance as at 30 June 2024	55,240,742	-	(966,790)	54,273,952

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

Description	Note	Current FY 2023/24	Comparative FY 2022/23
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government		1,877,325	-
Public contributions and donations		-	-
Interest received		-	-
Miscellaneous receipts (<i>Specify</i>)		-	-
Total Receipts		1,877,325	-
Payments			
Use of goods and services		1,435,095	-
Staff costs		-	-
Board expenses		1,409,020	-
Finance costs		-	-
Total Payments		2,844,115	-
Net cash flows from operating activities	33	(966,790)	-
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	-	-
Cash And Cash Equivalents At 30 June	19	-	-

(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting).

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
Revenue		Kshs.	Kshs.	Kshs.	DD	
Transfers from the County Government	5,000,000	-	5,000,000	1,877,325	3,122,675	38%
Public contributions and donations	-	-	-	-	-	%
Interest income	-	-	-	-	-	%
Miscellaneous income (<i>specify</i>)	-	-	-	-	-	%
Total Revenue	5,000,000	-	5,000,000	1,877,325	3,122,675	38%
Expenses						
Use of goods and services	3,190,000	-	3,190,000	1,435,095	1,754,905	45%
Board expenses	1,500,000	-	1,500,000	1,409,020	90,980	94%
Staff Costs	-	-	-	-	-	%
Finance costs	-	-	-	-	-	%
Total Expenditure	4,690,000	-	4,690,000	2,844,115	1,845,885	61%
Surplus for the period	310,000	-	310,000	(966,790)	-	
Capital Expenditure	310,000	-	310,000	-	310,000	0%

19. Notes to the Financial Statements

1. General Information

Municipality of Gilgil is established by and derives its authority and accountability from Urban Areas & Cities Act (No. 13 of 2011). The Municipality of Gilgil is under the Nakuru County Government and is domiciled in Kenya.

The *entity's* principal activity is to enhance the well-being and standard of living of its inhabitants.

2. Statement of Compliance and Basis of Preparation

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

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

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

3. Application of New and revised standards (IPSAS)

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

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and 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> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 45: Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 46:	<i>Applicable 1st January 2025</i>

**County Government of Nakuru
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Measurement	<p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></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 (state the standards, reason for early adoption and impact on entity's financial statements.)*

4. Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2023/24 was approved by the County Assembly on 3rd November, 2023 during supplementary I adjustments. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Municipality of Gilgil upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Municipality of Gilgil didn't record additional appropriations on 30th April, 2024 during the supplementary II adjustments.

The Municipality of Gilgil'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.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Municipality of Gilgil 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 Company's financial statements. (amend as appropriate).*

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

f) Inventories

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

Raw materials: purchase cost using the weighted average cost method

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

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

g) Provisions

Provisions are recognized when the Municipality of Gilgil has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Municipality of Gilgil 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 needs of society as a whole. The entity recognises a social benefit as an expense for the social benefits scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

i) Contingent liabilities

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

j) Contingent assets

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

reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs

k) Nature and purpose of reserves

The Municipality of Gilgil creates and maintains reserves in terms of specific requirements.
Municipality of Gilgil to state the reserves maintained and appropriate policies adopted

l) Changes in accounting policies and estimates

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

m) Employee benefits – Retirement benefit plans

The Municipality of Gilgil provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the Municipality of Gilgil pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the Municipality of Gilgil 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 Municipality of Gilgil regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Municipality of Gilgil, or vice versa. Members of key management are regarded as related parties and comprise the Board members, the Municipality of Gilgil Managers and Municipality of Gilgil 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.

r) Comparative figures

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

s) Events after the reporting period

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

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

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

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

t) Currency

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

5. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made.

Estimates and assumptions.

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

Useful lives and residual values

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

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

*County Government of Nakuru
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Notes to the Financial Statements

6. Transfers from the County Government

Description	Current FY 2023/24	Comparative FY 2022/23
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent		-
Payments by County on behalf of the entity	1,877,325	-
Unconditional development grants	-	-
Total	1,877,325	-

(a) Transfers from County Government entities (Categorized)

Name Of The Entity Sending The Grant	Amount recognized to Statement of financial performance* Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	Comparative FY 2022/23
			Kshs	Kshs	Kshs
xx State Department	-	-	-	-	-
XX Ministry	-	-	-	-	-
Total	-	-	-	-	-

7. Public Contributions and Donations

Description	Current FY 2023/24	Comparative FY 2022/23
	Kshs.	Kshs.
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

8. Levies, Fines and penalties

Description	Current FY 2023/24	Comparative FY 2022/23
	Kshs.	Kshs.
Levies	-	-
Fines	-	-
Penalties	-	-
Others (<i>indicate and specify</i>)	-	-
Total	-	-

9. Other Revenues from Non-Exchange Transactions

Description	Current FY 2023/24	Comparative FY 2022/23
	Kshs.	Kshs.
Transfers from other government entities	-	-
Others (<i>indicate and specify</i>)	-	-
Total	-	-

10. Interest income

Description	Current FY 2023/24	Comparative FY 2022/23
	Kshs.	Kshs.
Interest income from investments	-	-
Interest income on bank deposits	-	-
Others (<i>Specify</i>)	-	-
Total interest income	-	-

11. Miscellaneous income

Description	Current FY 2023/24	Comparative FY 2022/23
	Kshs.	Kshs.
Income from sale of tender documents	-	-
Others (<i>specify</i>)	-	-
Total other income	-	-

12. Use of Goods and Services

Description	Current FY 2023/24	Comparative FY 2022/23
	Kshs.	Kshs.
Utilities, supplies and services	-	-
Communication, supplies and services	398,385	-
Domestic travel and subsistence	478,700	-
Foreign travel and subsistence	-	-
Printing, advertising, supplies & services	172,000	-
Rent and rates	-	-
Training expenses	126,200	-
Hospitality supplies and services	50,000	-
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	177,050	-
Fuel, oil and lubricants	-	-
Other operating expenses - Membership Subscription	32,760	-
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	1,435,095	-

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

13. Staff costs

Description	Current FY 2023/24	Comparative FY 2022/23
	Kshs.	Kshs.
Salaries and wages	-	-
Staff gratuity	-	-
Social security contribution	-	-
Other staff costs (<i>Specify</i>)	-	-
Total	-	-

14. Board expenses

Description	Current FY 2023/24	Comparative FY 2022/23
	Kshs.	Kshs.
Chairman/Members' Honoraria	-	-
Sitting allowances	206,800	-
Medical Insurance	-	-
Induction and Training	-	-
Travel and accommodation	1,202,220	-
Conference Costs	-	-
Other allowances (<i>Specify</i>)	-	-
Total	1,409,020	-

15. Finance costs

Description	Current FY 2023/24	Comparative FY 2022/23
	Kshs.	Kshs.
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
Total	-	-

16. Depreciation and amortization

Description	Current FY 2023/24	Comparative FY 2022/23
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	-	-

17. Repairs and Maintenance

Description	Current FY 2023/24	Comparative FY 2022/23
	KShs	KShs
Property- Buildings	-	-
Office equipment	-	-
Furniture and fittings	-	-
Motor vehicle expenses	-	-
Maintenance of civil works	-	-
Total repairs and maintenance	-	-

18. Gain/(loss) on disposal of assets

Description	Current FY 2023/24	Comparative FY 2022/23
	Kshs.	Kshs.
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

19. Cash and cash equivalents

Description	Current FY 2023/24	Comparative FY 2022/23
	Kshs.	Kshs.
Fixed deposits account	-	-
On – call deposits	-	-
Current account	-	-
Others(<i>specify</i>)	-	-
Total cash and cash equivalents	-	-

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

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

Financial institution	Account number	Current FY 2023/24	Comparative FY 2022/23
		Kshs.	Kshs.
a) Fixed deposits account			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
Sub- total		-	-
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
Sub- total		-	-
c) Current account			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
Sub- total		-	-
d) Others(specify)			
Cash in transit		-	-
Cash in hand		-	-
Mobile Money		-	-
Sub- total		-	-
Grand total		-	-

20. Receivables from exchange transactions

Description	Current FY 2023/24	Comparative FY 2022/23
	Kshs.	Kshs.
Current Receivables		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total Current receivables (a)	-	-
Non-Current receivables		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total Non- current receivables (b)	-	-
Total	-	-

Ageing analysis for Receivables from exchange transactions

Description	Current FY 2023/24		Comparative FY 2022/23	
	Kshs		Kshs	
	Current FY 2023/24	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

21. Receivables from Non-Exchange transaction

Description	Current FY 2023/24	Comparative FY 2022/23
	Kshs.	Kshs.
Transfer from County Executive	-	-
Transfer from XXXX Fund	-	-
Total	-	-

Ageing analysis for Receivables from non-exchange transactions

Description	Current FY 2023/24		Comparative FY 2022/23	
	Kshs		Kshs	
	Current FY 2023/24	% 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	Current FY 2023/24	Comparative FY 2022/23
	Kshs.	Kshs.
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(<i>specify</i>)	-	-
Total	-	-

23. Inventories

Description	Current FY 2023/24	Comparative FY 2022/23
	Kshs.	Kshs.
Stationery	-	-
Consumables	-	-
Other inventories(<i>specify</i>)	-	-
Total inventories at the lower of cost and net realizable value	-	-

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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)	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
As at 30th June 2023	-	-	-	-	-	-	-	-
Additions for the year	-	-	-	-	-	-	-	-
Disposals for the year	-	-	-	-	-	-	-	-
Transfer/adjustments	51,533,237	3,000,000	-	449,405	258,100	-	-	55,240,742
As at 30th June 2024 (current year)	51,533,237	3,000,000	-	449,405	258,100	-	-	55,240,742
Depreciation and impairment								-
At 1 July 2022 (previous year)		-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-	-
As at 30 June 2023		-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-
Disposals for the year	-	-	-	-	-	-	-	-
Impairment for the year	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
As at 30th June 2024 (current year)	-	-	-	-	-	-	-	-
NBV as at 30th Jun 2023 (previous year)	-	-	-	-	-	-	-	-
NBV as at 30th Jun 2024 (current year)	51,533,237	3,000,000	-	449,405	258,100	-	-	55,240,742

25. Intangible assets

Description	Current FY 2023/24	Comparative FY 2022/23
	Kshs.	Kshs.
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

26. Trade and other payables from exchange transactions

Description	Current FY 2023/24		Comparative FY 2022/23	
	Kshs.		Kshs.	
Trade payables	535,990		-	
Retentions	-		-	
Accrued expenses	-		-	
Other payables (<i>Specify</i>)	430,800		-	
Total trade and other payables	966,790		-	
Ageing analysis:	Current FY 2023/24	% of the Total	Comparative FY 2022/23	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

27. Refundable deposits from customers

Description	Current FY 2023/24		Comparative FY 2022/23	
	KShs		KShs	
Rent deposits	-		-	
Others (<i>specify</i>)	-		-	
Total	-		-	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

28. Provisions

Description	Current FY 2023/24	Comparative FY 2022/23
	Kshs.	Kshs.
Balance at the beginning of the year	-	-
Additional Provisions (<i>Specify</i>)	-	-
Provision utilized	-	-
Balance at the end of the year	-	-
Current Portion of provision	-	-
Long term portion of provision	-	-
Total Provisions	-	-

29. Borrowings

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

Description	Current FY 2023/24	Comparative FY 2022/23
	Kshs.	Kshs.
Short term borrowings (current portion)	-	-
Long term borrowings	-	-
Total	-	-

(NB: the total of this statement should tie to note 29 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security, and interest rates should be disclosed)

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Description	Current FY 2023/24	Comparative FY 2022/23
	Kshs.	Kshs.
Balance at beginning of the period	-	-
Borrowings during the year	-	-
Repayments of borrowings during the period	-	-
Balance at end of the period	-	-

The table below shows the Distribution of borrowings:

Description	Current FY 2023/24	Comparative FY 2022/23
	Kshs.	Kshs.
Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
Total balance at end of the year	-	-

30. Employee Benefit Obligations

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

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31. Deferred Income

Description	Current FY 2023/24	Comparative FY 2022/23
	Kshs	Kshs
National/County Government	-	-
International Funding Bodies	-	-
Public Contributions and Donations	-	-
Total Deferred Income	-	-

The deferred income movement is as follows:

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

Include columns as needed for the various sources of income deferred

Analysed as:

Description	Amount
	Kshs
Current	-
Non- Current	-
Total	-

32. Social Benefit Liabilities

Description	Current FY 2023/24	Comparative FY 2022/23
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
PWD benefit scheme		
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

Social benefit schemes include benefits such as cash transfers for the unemployed or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g. poverty, age, unemployment among others.

33. Cash generated from operations

Description	Current FY 2023/24	Comparative FY 2022/23
	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax	(966,790)	-
Adjusted for:		
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
Net cash flow from operating activities	(966,790)	-

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

34. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	Current FY 2023/24	Comparative FY 2022/23
	Kshs.	Kshs.
Transfers from related parties'	1,877,325	-
Transfers to related parties	-	-

c) Key management remuneration

Description	Current FY 2023/24	Comparative FY 2022/23
	Kshs.	Kshs.
Board Members	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	Current FY 2023/24	Comparative FY 2022/23
	Kshs.	Kshs.
Due from parent Ministry	-	-
Due from County Government	966,790	-
Due from County Assembly	-	-
Total	966,790	-

e) Due to related parties

Description	Current FY 2023/24	Comparative FY 2022/23
	Kshs.	Kshs.
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Due to County Assembly	-	-
Total	-	-

35. Contingent liabilities

Contingent liabilities	Current FY 2023/24	Comparative FY 2022/23
	Kshs.	Kshs.
Court case 0 against the entity	-	-
Bank guarantees	-	-
Total	-	-

36. Contingent Assets

Contingent liabilities	Current FY 2023/24	Comparative FY 2022/23
	Kshs.	Kshs.
Court case 0 against the entity	-	-
Others Specify	-	-
Total	-	-

37. Financial risk management

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

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

I. Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience, and other factors. Individual risk limits are set based on internal or external assessments in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Municipality of Gilgil's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the Municipality of Gilgil's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
At 30 June 2024 (current year)				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2024 (previous year)				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

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

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

II. Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 Jun 20XX (current year)				
Trade payables	-	966,790	-	966,790
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	966,790	-	966,790
At 30 Jun 20XX (previous year)				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

III. Market risk

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

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

IV. Foreign currency risk

The Municipality of Gilgil 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 Municipality of Gilgil's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	Other currencies		Total
	Kshs.	Kshs.	Kshs.
At 30 June 20XX (current year)			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

(The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.)

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.
2024 (current year)			
Euro	10%	-	-
USD	10%	-	-
2024 (previous year)			
Euro	10%	-	-
USD	10%	-	-

V. Interest rate risk

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

Management of interest rate risk

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

VI. Capital risk management.

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

Description	Current FY 2023/24	Comparative FY 2022/23
	Kshs.	Kshs.
Revaluation reserve	-	-
Capital/Development Grants/Gilgil Municipality	55,240,742	-
Accumulated surplus	(966,790)	-
Total Funds	54,273,952	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	0%	0%

38. Program for Results (PforR) Disclosure

This disclosure note is for entities that are implementing Programs for Results (PforR). Implementing entities are required to make disclosures in accordance with their respective financing agreements. The disclosure should capture the program's goal and expenditures designated in the expenditure framework.

Name of the PforR: xxxxxxxx	
Financing Partners: xxxxxxxxxxxx	
Purpose of the PforR: xxxxx	
Expenditure Details	Amount in Kshs
Cumulative actual expenditures for the previous years	-
Actual expenditure in the current financial year.	
1. Employee Cost	-
2. Use of goods and Services	-
3. Grants and Subsidies	-
4. Building of ECDE facilities	-
5. Others (specify)	-
Sub-total	-
Cumulative Actual Expenditures to date	-

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)

Guidance Notes:

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

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To be Signed by the Accounting officer of the Entity

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Appendix 2: Inter-Entity Transfers

MUNICIPALITY OF GILGIL NAME:			
Breakdown of Transfers from the County Executive of xxx County			
FY 2024/2024	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate
a. Recurrent Grants		xx	
		xx	
Total		XXX	
b. Development Grants		Amount (Kshs.)	Indicate the FY to which the amounts relate
		xx	
		xx	
		xx	
Total		XXX	
c. Direct Payments		Amount (Kshs.)	Indicate the FY to which the amounts relate
		xx	
		xx	
Total		XXX	

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

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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		

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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