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REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

OAG/KRO/BOMET MCP/2023/2024/ (20) **30 December, 2024**

Mr. Isaac K Kitur
Clerk of the Bomet County Assembly,
P. O. Box 590-20400
BOMET

BOMET COUNTY ASSEMBLY
REGISTRY OFFICE
24 JAN 2025
P.O. Box 590 - 20400, BOMET

Dear Sir,

REPORT OF THE AUDITOR-GENERAL ON BOMET MUNICIPALITY FOR THE YEAR ENDED 30 JUNE, 2024

I transmit the report on the examination and audit of **Bomet Municipality** for the year ended 30 June, 2024 in accordance with the provisions of Article 229(7) of the Constitution of Kenya for the necessary action as required by Article 229(8) of the Constitution.

Yours sincerely

CPA H.M. Onyango
For: AUDITOR-GENERAL

Table Office
12/2/25

Copy to:

Hon. Rosa Chepngetich Bett
C.E.C.M. Finance and Economic Planning
County Government of Bomet
P. O Box 19-20400
BOMET

Mr. Richard Kirui
Municipality Manager
Bomet Municipality
P.O. Box 19-20400
BOMET - KENYA

Tabled on 12/2/2025

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

BOMET MUNICIPALITY

FOR THE YEAR ENDED 30 JUNE, 2024

HARAMBEE

BOMET MUNICIPALITY

County Government of Bomet

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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2. Acronyms and Definition of Key Terms

A. Acronyms

PSASB	Public Sector Accounting Standards Board
FY	Financial Year
OSHA	Occupational Safety & Heath 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.

PSASB	Public Sector Accounting Standards Board
IPSAS	Public Sector Accounting Standards
PFM	Public financial management
IDEP	Integrated Development Plan
NIUPLAN	Nairobi Integrated Urban Development Master Plan
SDGs	Sustainable Development Goals
MTP III	Third Medium Term Plan

3. Key Entity Information and Management

a) Background information

Bomet Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011 and Cities and Municipal Charter on *26th May 2018*.The Municipality is an entity of the County Government of Bomet.

b.) Principal Activities

The principal activity of the Municipality is to facilitate urbanization process in Bomet County through integrated urban and regional planning management framework of Kenya urban centres and towns.

Mission

To deliver quality and sustainable services in fiscally responsible manner that promotes social, economic and environmental prosperity

Mandate of Bomet Municipality

1) To improve cleanliness of the Municipality and promote liveable urban spaces by efficiently collecting and managing solid waste through sustainable waste management practices both at the community and Municipality wide level
2) To improve sanitation in the Municipality through provision of adequate and proper storm water drainage facilities, adequate water supply to households and effective liquid waste disposal in all the urban areas within the Municipality
3) To improve liveability in residential areas through provision of adequate and accessible basic services and amenities
4) To promote local economic development by providing adequate and appropriate spaces and facilities for industrial development, wholesale and retail traders, Jua kali artisans, transport operators, tourism activities, talent development and inclusion of marginalized communities in economic activities
5) To enhance the capacity of the Municipality in delivering its mandate to the people of Bomet through establishing necessary structures and increasing its financial resources
6) To increase revenue for the Municipality through optimal utilization of existing sources, enhanced revenue collection measures and promotion of local investments
7) Embracing climate change, green energies and providing street lighting within Municipality

h.) Bankers

1. Central Bank of Kenya
   Haile Selassie Avenue
   i) UIG Account number 1000385747
   P.0 Box 60000
   City Square 00200
   Nairobi, Kenya

   ii) Central Bank of Kenya
   Haile Selassie Avenue
   UDG Account number 1000385758
   P.O. Box 60000
   City Square 00200
   Nairobi, Kenya

2. Equity Bank of Kenya
   Bomet Branch
   i) UDG Account number 1220278947148
   P.O Box 75104-00200
   Nairobi.

   ii) UIG Account number 1220278947204
   P.O Box 75104-00200
   Nairobi.
   iii) Retention Account
   Account number 1220284039609
   P.O Box 75104-00200
   Nairobi.

i.) Independent Auditor

The Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

j.) Principal Legal Advisers

i.) The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

ii.) County Attorney
P.O Box 19
Bomet – 20400

4. Municipality Board

Municipality Board

Name	Details of qualifications and experience
 Rev. Philex Korir	**D.O.B**: 1967 **Academic /Professional qualification:** • Bachelors of Theology • Diploma in Guidance and Counselling • Diploma in Pastoral Ministry **Work experience:** • Chairman, Pastor's Interdenominational Fellowship (2014-2019) • Senior Pastor, Imani Fellowship A.G.C Bomet (2004 to dat • Chairman of the board, Bomet Municipality (2018 to date)
 Ms. Cherono Kosgei	**D.O.B**: 24/08/1982 **Academic /Professional qualification:** • Doctor of Philosophy in Business Administration (ongoing • Master's in Business Administration • Bachelors in Business Management **Work experience:** • Chief Executive Officer, KNCCI Bomet Chapter • Part-time lecturer, Maasai Mara and University of Kabiang (2019 to date) • Deputy Director of Cooperative, Bomet County (2016-201 • Credit Officer, KIE (2014-2015) • Vice chairperson of the Board, Bomet Municipality (2018 t date)
 Mr. Jonah Rotich	**D.O.B**: 1958 **Academic /Professional qualification:** • Diploma in Water Technology • Diploma in building construction **Work experience:** • Chairman, Bomet Jua Kali Association (2001 to date) • Board member, Bomet Municipality (2018 to date) • Draughtsman II, Ministry of Water Nyamira District (1989-2000)
 Mrs. Flavian Kenduiwo	**D.O.B**: 16/03/1987 **Academic /Professional qualification:** • Bachelors in Science in Natural Resource Management • Certificate in Environmental Impact Assessment **Work experience:** • Finance Chairperson, Nyongores Water Resource Users Association (2016 to date) • Registration Assistant, Ministry of Interior and Coordinatio

	National Government (2019) • Board member, Bomet Municipality (2018 to date)
 Hon.Joseph Kirui	**D.O.B**: 05.12.1963 **Academic /Professional qualification** • BBM Enterprise Management • MBA Entrepreneurship **Work experience:** • 15 YRS Banking • 10 YRS CDF Projects Management • 4 YRS Civic Education Work in County • 9 MONTHS County Executive Committee Member • Member of the Board, Bomet Municipality
Issa Yarrow kahn 	D.O.B 1978 **Academic /Professional qualification:** **Phd Ongoing** MPPA. Masters in Public Policy And Administration **Work experience** • OOp. Aridlands Resource Management Project 2003 …20 • Kres… Emergency Operations Manager 2007..2012 • Garisa County. Sub County Administrator 2014..2017 • Garisa County. Sub County CECM Road And Agri. 2018..2022 • Bomet County. CO Lands 2023 To Date
 Joseph Langat	**D.O.B**: 09/11/1973 **Academic /Professional qualification:** • BED (Arts)- Kiswahili & C.R.E • Primary Teachers Certificate, P1 Certificate • Leadership MLM Certicate – International Christian Ministries • Certificate in Principles of Good Primary Practice **Work experience:** • Member, Bomet County Education Board (2014 to date) • Examiner KCPE, Kiswahili Insha KNEC (2000 to date) • Executive Secretary, KNUT Bomet Branch (2013 to date) • Board member, Bomet Municipality (2018 to date)

 Charlotte Chelangat	**D.OB**: 29/05/1980 **Academic/Professional qualification:** • Master of Business Administration (Ongoing) • Bachelor of Business Information Technology **Work Experience:** • Director Chebomuren Solutions LTD 2018-date • Head of Administration Bomet TTC- 2008-2019 • Member of the board, Bomet Municipality
 Kipkononden David	**D.O.B**: 24/12/1960 **Academic /Professional qualification:** • Bachelors of Education **Work experience:** • Secondary school teacher • Principal of secondary school • Community water officer • Principal Siwot Polytechnic • BOM chair Chepkitwal Secondary School • Member of the board, Bomet Municipality

Key Management Team

Name	Details of qualifications and experience
 Richard Kirui	D.O.B 25TH DEC 1974 • BED (Arts)- Kiswahili & History • Senior Management Course Certificate • Certificate in Environmental and Social Safeguards • Certificate in Principles of Good Primary Practice **Work experience:** • A.g Assistant Director Urban Planning (2016 -2020) • Sub county administrator Sotik (2015-2016) • Ward administrator Chemagel ward (2013 2015) • Teacher kagasik Girls (2011-2013) • Ndanai division registrar of persons (1997-2000) • Municipal Manager, Bomet Municipality • Secretary of the Board, Bomet Municipality 2020 to date

5. Municipality Board Chairperson's Report

Kenya Urban Support Program (KUSP) has played a significant role in actualizing the Urban Entities under the Urban Areas and Cities Act (UACA), 2011 UACA though enacted in 2011, its implementation delayed. Majority of counties for example began the process of establishing Municipalities in the year, 2018 and 2019. The process to establish these Municipalities were attributed to the stringent guidelines set by the World Bank to Counties and Municipalities to qualify for Urban Development Grant and Urban Institutional Grant funding. We appreciate the World Bank and National Program Coordination team for the immense support through which Bomet Municipality was established and is participating in the program

Notable achievements in Bomet municipality under Kenya urban Support Program includes but not limited to:

i. Transformational infrastructure projects implemented in each Municipality such as Markets, NMT corridors, transport termini, paving of roads etc.
ii. Urban residents experiencing enhanced and efficient social amenities in numerous Municipal entities
iii. Peer review and learnings has been enhanced among the Urban entities
iv. Although a work in progress, Municipal establishment has created a convergence point for various government institutions & Agencies, development partners and other stake holders to synergize for an effective and efficient urban service delivery charter.

- **Successes made.**

Bomet municipality has witnessed transformation of basic urban infrastructure as a result of upgrading of Longisa and Silibwet roads to bitumen standards; construction of a fire station, Development and maintenance of Bomet market are among the priority projects which have successfully been completed. A skip loader which was acquired has made a significant improvement in the management of solid waste management

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

Bomet municipality managed to carry out all the programs and projects which had been budgeted for during the year under review. However due to inflation, prices of construction materials continued to climb up, there was a general felling by the contractors and suppliers that there should have been price variation. This wasn't possible sine most of the projects were funded by Kenya Urban Support program which doesn't anticipate variations of contract values.

- **Challenges faced**

The major challenge faced was delay in completion of projects; this has led to payment bills, which are likely to affect the execution of the subsequent years projects; the other challenge is inadequate budgetary allocation to develop the basic policies and regulations

- **Future outlook of the Municipality Board**

The municipal board will continue to develop basic infrastructure, which befits an urban area. We expect phase two of Kenya Urban Support Program to help us to better address the challenges of Bomet backstreet roads which requires to be improved to bitumen standards; more extension of sewer line especially in the western part of Bomet town.

COUNTY GOVERNMENT OF BOMET
BOMET MUNICIPALITY
....

Name: Rev Philex Korir

Chairperson of the Board

P. O. Box 19-220400, BOMET, KENYA

6. Report of the Municipality Manager

The process to establish these Municipalities were attributed to the stringent guidelines set by the World Bank to Counties and Municipalities to qualify for Urban Development Grant and Urban Institutional Grant funding. We appreciate the World Bank and National Program Coordination team for the immense support through which Bomet Municipality was established and is participating in the program.

There are notable achievements in Bomet municipality under Kenya urban Support Program which played a key role in the establishment and operationalization of Bomet Municipality as an urban institution as highlighted below.

- **Successes made.**

Bomet Municipality has witnessed transformation of basic urban infrastructure as a result of upgrading of Longisa and Silibwet roads to bitumen standards; construction of a fire station, Development and maintenance of Bomet market are among the priority projects which have successfully been completed. A skip loader which was acquired has made a significant improvement in the solid waste management

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

Bomet municipality managed to carry out all the programs and projects which had been budgeted for during the year under review. However due to inflation, prices of construction materials have continued to rise prompting the contractors and suppliers to request for price variation. This wasn't possible sine most of the projects were funded by Kenya Urban Support program which doesn't anticipate variations of contract values.

- **Challenges faced**

The major challenge faced was delay in completion of projects; this has led to payment bills, which are likely to affect the execution of the subsequent years projects; the other challenge is inadequate budgetary allocation to develop the basic policies and regulations.

- **Future outlook of the Municipality Board**

The municipal board will continue to develop basic infrastructure, which befits an urban area. We expect phase two of Kenya Urban Support Program to help us to better address the challenges of

Bomet backstreet roads which requires to be improved to bitumen standards; more extension of sewer lines especially in the western part of Bomet town.

Implementation challenges of strategic objectives for the Municipality and the entity's outlook
Inadequate prerequisite technical staff and substantive development budget is the greatest impediment to the overall performance of Bomet Municipality.

The county assembly has not yet enacted criteria for allocation of funds to the urban areas as envisaged in the section 1783 of PFM Act. We believe that the development and eventual implementation of the criteria will boost the funding for the entity hence an improvement on service delivery.

Risk management strategies
Regular capacity building for financial and procurement plan to enable them adopt the latest strategies on statutory procedures' checks and balances for optimum utilization of resources

Budget performance against actual amounts for the current year and cumulative to date:
The budgetary allocations to the municipality are inadequate to meet the development and recurrent needs for the municipality. Appeals to the cabinet and county assembly are being made to imrove the budgetary allocation for the subsequent years

Key Risk Management strategies
There are internal controls by the Risk and audit committee, the internal by County treasury, internal audit by the county, office of the Auditor General, Oversight by the County Assembly and the Senate

COUNTY GOVERNMENT OF BOMET
BOMET MUNICIPALITY

....

Name: Mr. Richard K Kirui
Bomet Municipality Manager

P. O. Box 19-20400, BOMET, KENYA

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

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a County Government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board including a statement of the county government entity's performance against predetermined objectives. The key development objectives of the Bomet Municipality integrated development plan 2020- 2025 are;

Strategic development objectives

The Bomet municipal IDEP 2020-2025 has identified key strategic development objectives. Broadly, these objectives have been identified through a participatory process that reviewed the development priorities of the Governor's Manifesto, the National Government's "Big Four", NIUPLAN, SDGs and the MTP III.

The strategic objectives are a synthesised product of the afore-mentioned planning frameworks that amalgamate the thematic focus and development aspirations in these policy frameworks.

The key development objectives of the Reviewed Bomet municipal IDEP 2020-2025 are to:

1) To improve cleanliness of the Municipality and promote liveable urban spaces by efficiently collecting and managing solid waste through sustainable waste management practices both at the community and Municipality wide level

2) To improve sanitation in the Municipality through provision of adequate and proper storm water drainage facilities, adequate water supply to households and effective liquid waste disposal in all the urban areas within the Municipality

3) To increase accessibility to affordable and quality health care by constructing 3 dispensaries, upgrading two dispensaries to health centres, constructing 4 new health centres and upgrading one health centre to a level 4 (Sub-County) hospital

4) To improve liveability in residential areas through provision of adequate and accessible basic services and amenities

5) To promote local economic development by providing adequate and appropriate spaces and facilities for industrial development, wholesale and retail traders, jua kali artisans, transport operators, tourism activities, talent development and inclusion of marginalized communities in economic activities

6) To promote investments in the Municipality by providing appropriate and adequate water, sewer and road infrastructural facilities

7) To enhance the capacity of the Municipality in delivering its mandate to the people of Bomet through establishing necessary structures and increasing its financial resources

8) To increase revenue for the Municipality through optimal utilization of existing sources, enhanced revenue collection measures and promotion of local investments

Below we present the progress made in attaining the objectives of the reviewed IDEP 2020-2025 for Bomet municipality.

Program	**Objectives**	**Outcome**	**Indicator**	**Performance FY 2023/2024**
Urban Connectivity	To ease human and vehicular movement	To improve mobility in urban areas	Length of the road improved to bitumen standards	In Fy 2023/2024 we increased roads under bitumen standards by 5%
Improved sanitation	To enhance solid and liquid waste management	To have a healthy liveable environment	Length of sewer line constructed Number of solid waste equipment's aquired	Solid waste equipments required cover increased by 25 % Sewer line cover increased by 5%
Improvement of basic services and amenities	To minimise risks on life and property	To boost support services eg response to fire disaster	Number of basic services and amenities provided	0
Develop and maintain recreational facilities	Promote investments and urban tourism	For psycho-social wellbeing of residents	Number of recreational facilities developed	0
Enhancing the capacity of the municipality to provide services	To improve service delivery	To effectively and efficiently provide municipal services	Number of staff engaged as per staff establishment and trainings	Basic staff increased by 20%
Improvement in revenue	To improve sustainability	To make the municipal sustainable	Number of revenue streams developed / percentage of revenue collected	0

The achievements of the strategic Development Objectives as documented in the Bomet Municipal Integrated Development Plan 2020- 2025

1. Construction of 4.2 Km of roads to bitumen standard. These are in Longisa. Chebirir, Silibwet and Longisa
2. Construction of Bomet Market and rehabilitation of old stalls
3. Construction of Bomet Fire station
4. Acquisition of solid waste handling equipment

8. Corporate Governance Statement

According to Bomet Municipality Charter and Urban Cities Act

a.) Appointment as member of the board of the Municipality
A person shall be qualified for appointment as a member of the board if that person:

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

A person shall not be appointed as a member of the Board if that person;
(a) is an undischarged bankrupt;
(b) has been removed from office for contravening the Constitution or any other law;

(c) is not a citizen of Kenya; or
(d) has in the conduct of his or her affairs not met any statutory obligations.

Removal of members of the Board of the Municipality

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

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

A member of the Board of the Municipality may be removed from office by;the County Governor;

(a) a resolution of the Board of the Municipality supported by at least two-thirds of the members of the Board of the Municipality; or
(b) petition by the residents of the Municipality.

The procedure for the removal or petition for removal of a member of the Board of the Municipality under above shall be provided by Regulations under the Urban Areas and Cities Act.

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 above.

b.) Roles and functions of the Municipality 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 programmes and set targets for service delivery;
(c) formulate and implement an integrated development plan;
(d) control land, land sub-division, land development and zoning by public and private sectors for any purpose, including industry, commerce, markets, shopping and other employment centres, residential areas, recreational areas, parks, entertainment, passenger transport, agriculture, and freight and transit stations within the framework of the spatial and master plans for the Municipality as delegated by the County Government of Bomet;
(e) promoting and undertaking infrastructural development and services within Municipality as delegated by the County Government of Bomet;
(f) developing and managing schemes, including site development in collaboration with the relevant national and county agencies;
(g) maintaining a comprehensive database and information system of the administration;
(h) administering and regulating its internal affairs;
(i) implementing applicable national and county legislation;
(j) entering into contracts, partnerships or joint ventures as it may consider necessary for the discharge of its functions;
(k) monitoring and, where appropriate, regulating municipal services where those services are provided by service providers other than the Board of the Municipality;
(l) preparing and submitting its annual budget estimates to the 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 Bomet;
(n) settling and implementing tariff, rates and tax and debt collection policies as delegated by the County Government of Bomet;
(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 delegated by the County Government of Bomet.

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

The members of the Municipality have undergone Induction training in which they were Provided core information to enable them to understand the organization and their roles and to also Provide all relevant governance documents e.g. role descriptions, terms of reference of committees

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

The Board of the Municipality shall hold its sittings to transact the business of the Board once every three months.

Notwithstanding Article 3.12.1, the Chairperson of the Board of the Municipality may, and upon request in writing by at least one-third of the members of the Board of the Municipality shall, convene a special meeting to transaction any urgent business of the Board of the Municipality.

All regular meetings of the Board of the Municipality called for the purpose of transacting public business, where a majority of the members elected are present, shall be open to the public.

The Board shall have the privilege of holding executive sessions from which the public is excluded, however, no by-laws, resolution, rule or regulation shall be finally adopted at such an executive session.
The board held Four statutory meeting during the fiscal year and several committee meetings of the board

e.) Succession plan,

The procedure for the succession of a member of the Board of the Municipality are stipulated in the Urban Areas and Cities Act 2011.

f.) Existence of a service charter,

Bomet Municipality has a signed charted granted by the Governor

g.) Conflict of interest,

Board members have assigned a declaration form on Conflicts of Interests

h.) Board remuneration,

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

A total of Ksh 303, 000 was paid out for the board as sitting allowances during the financial year

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

Professional ethics is to be upheld by all municipality staff as provided for by the law.

9. Management Discussion and Analysis

During the financial year 2023/2024, Bomet Municipality had an approved budget of kshs 5,565,000 for recurrent

Financial performance of the Municipality during the year.

There has been inadequate budgetary allocation to the municipal entity during the year under review.

Operational Performance. The municipal programs and activities were affected by underfunding

Compliance with the statutory requirement

The statutory requirements like quarterly meetings, procurement procedures were complied with.

Major risks facing the municipality- inadequate budgetary allocation and inadequate technical staff is a major risk facing the municipality

9. Environmental and Sustainability Reporting

The Board of the Municipality of Bomet and the County Government of Bomet will work towards implementing municipal plans that are prepared and implemented as per the County Governments Act of 2012 and the Urban areas and Cities Act of 2011 (amended 2019). The Integrated Urban Development Plan of Bomet will ensure the municipality is able to deal with the effects of urbanization such as urban sprawl, rise of informal settlements and uncontrolled developments. Below are the specific objectives:

1) To provide a framework to facilitate security of land tenure
2) To identify and analyse planning issues and challenges, harness existing opportunities and propose intervention measures for mitigating the planning issues and challenges
3) To propose appropriate land uses, locations and permissible densities
4) To provide a policy framework for socio-economic investments, economic use of space, infrastructure services and public facilities
5) To facilitate the implementation of County Urban Institutional Development Strategy

The municipal board and staff will ensure proper planning through the control of development, provide services to the residents and provide proper Governance structures. It will also develop adequate policies and regulations that will govern the Municipality.

1. Sustainability strategy and profile

Adequate public participation is carried out so that people present their views prior to the implementation of the projects. This minimizes politicization during its implementation

2. Environmental performance

An environmental and impact assessment report is carried out before the commencement of any project; to examine the extent to which the implementation of the project affects flora and fauna.

3. Employee welfare

Bomet municipality gives equal opportunity to all, without discriminating in terms or gender or tribe. The Bomet municipal is compliant with policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA.

4. **Market place practices**

The Bomet Municipality outline its efforts to:

a) **Responsible competition practice.**

Every tender is advertised for competitive bidding as per Procurement and disposal act 2015 and other guidelines issued by PPRA.

b) **Responsible Supply chain and supplier relations**

All bids are evaluated based on merit and reasons for bidders' success or unsuccessful are communicated to the bidders as per Procurement act 2015

5. **Community Engagements**

There were no CSR activities carried out during the month under review

10. Report of the Municipality Board Members

The Board Members submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Municipality affairs.

Principal activities

The principal activity/mission/ mandate of the Municipality is to facilitate urbanization process in Kenya through integrated urban and regional planning management framework of Kenya urban centres and towns

Performance

The performance of the Municipality for the year ended June 30, 2023 are set out on page 1-42

Board Members

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

Auditors

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

By Order of the Board

COUNTY GOVERNMENT OF BOMET
BOMET MUNICIPALITY
....

Name: Richard Kirui
Secretary of the Board

P. O. Box 19-220400, BOMET KENYA

11. Statement of Management's Responsibilities

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

The Municipality manager is responsible for the preparation and presentation of the Municipality financial statements, which give a true and fair view of the state of affairs of the Municipality for and as at the end of the financial year ended on June 30, 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,
(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 Bomet Municipality,
(v) Selecting and applying appropriate accounting policies, and
(vi) Making accounting estimates that are reasonable in the circumstances.

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

The Municipality Manager further confirms the completeness of the accounting records which have been relied upon in the preparation of financial statements as well as the adequacy of the systems of internal financial control. In preparing the financial statements, the Municipality Manager has assessed the Municipality's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

Nothing has come to the attention of the Municipality Manager to indicate that the Municipality will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Municipal's financial statements were approved by the Board on 29th September 2024 and signed on its behalf by:

………………………………	………………………………
Name: Rev. Philex Korir	**Name: Richard Kirui**
Chairperson of the Board	**Accounting officer of the Board**

COUNTY GOVERNMENT OF BOMET
BOMET MUNICIPALITY
P. O. Box 19-220400, BOMET, KENYA

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON BOMET MUNICIPALITY FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;

B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Bomet Municipality set out on pages 1 to 43, which comprise 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 Bomet Municipality 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. Unsupported Transfers from the County Government

The statement of financial performance reflects transfers from the County Government amounting to Kshs.5,528,806 as further disclosed in Note 6 to the financial statements. The transfers relate to expenditure incurred by the County Government of Bomet on behalf of the Municipality. However, expenditure approval by the Manager, expenditure returns, Authority to Incur Expenditure, request for funds and transfer of funds approvals from the County Treasury indicating specific uses of the transfers were not provided for audit review.

In the circumstances, the accuracy and completeness of transfers from the County Government amounting to Kshs.5,528,806 could not be confirmed.

2. Unsupported Use of Goods and Services

The statement of financial performance reflects use of goods and services amounting to Kshs.5,212,806. The amount includes domestic travel and subsistence, and training expenses amounting to Kshs.3,682,700 and Kshs.1,432,800, respectively, as disclosed in Note 12 to the financial statements which was incurred in the form of imprest. However, the payments were not supported with imprest warrants, authority to travel, receipts, motor vehicle work tickets or bus tickets, signed payment schedules, attendance registers, reports of the meetings attended and the purpose of the travel.

Further, payments totalling Kshs.1,432,800 were made to various members of staff as refunds or claims of expenditure spent on training. However, the payments were not supported by training needs assessment and prior approvals for the trainings.

In the circumstances, the accuracy, completeness and propriety of the use of goods and services amounting to Kshs.5,115,500 could not be confirmed.

3. Inaccuracy of Depreciation and Amortization

The statement of financial performance reflects Nil depreciation and amortization. However, the Nil amount differs with depreciation charge for the year amounting to

Kshs.48,272,905 reflected in Note 24 to the financial statements resulting in unexplained variance of Kshs.48,272,905. Further, the depreciation policy has not been disclosed in the financial statements.

In the circumstances, the accuracy and completeness Nil depreciation and amortization could not be confirmed.

4. Unsupported Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents totalling Kshs.12,258 as further disclosed in Note 19 to the financial statements. Review of records revealed that the Municipality maintains five bank accounts including two (2) special purpose accounts at the Central Bank of Kenya in respect of Urban Development Grant (UDG) and Urban Institutional Grant (UIG). However, cash books, bank statements, certificates of bank balances, and bank reconciliations for the two (2) special purpose accounts were not provided for audit review.

In the circumstances, the accuracy and completeness of cash and cash equivalents of Kshs.12,258 could not be confirmed.

5. Unsupported Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment totalling Kshs.56,896,368. However, the amount includes transfers/adjustments totalling Kshs.58,196,011 as disclosed in Note 24 to the financial statements for which no documentary evidence in support of the transfers was provided for audit review.

Further, the amount is net of depreciation on other assets amounting to Kshs.48,272,905. However, the rate of depreciation has not been disclosed.

In addition, ownership documents for the assets and fixed asset register were not provided for audit review.

In the circumstances, the accuracy and completeness of property, plant and equipment totalling Kshs.56,896,368 could not be confirmed.

6. Unsupported Capital / Development Grants/ Fund

The statement of financial position reflects negative capital / development grants/ fund amounting to Kshs.35,342,201. The amount includes negative opening capital fund and development grants and revaluation loss of Kshs.34,747,000 and Kshs.595,201, respectively, as disclosed in the statement of changes in net assets. However, the opening balance of Kshs.34,747,000 differs with the previous year audited balance of Kshs.30,567,876 resulting to an unexplained variance o Kshs.4,179,124.

Further, details of the assets and the valuation report in support of revaluation loss amounting to Kshs.595,201 was not provided for audit for audit review.

In the circumstance, the accuracy and completeness of negative capital / development grants/ fund amounting to Kshs.35,342,201 could not be confirmed.

7. Inaccuracy of Cash Flows from Operating Activities

The statement of cash flows reflects Nil cash flows from operating activities. However, the Nil amount differs with the negative cash flows from operating activities amounting to Kshs.4,774,200 reflected in Note 33 to the financial statements giving rise to unexplained variance of Kshs.4,774,200.

Further, the statement reflects cash and cash equivalents at 30 June, 2024 of Kshs.12,258 as further reflected in the statement of financial position. However, the amount differs with the recomputed cash and cash equivalents at 30 June, 2024 of Kshs.4,786,458 resulting in unexplained variance of Kshs.4,774,200.

In the circumstance, the accuracy and completeness of the statement of cash flows could not be confirmed.

8. Inaccuracies in the Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects total use of goods and services on comparable basis amounting to Kshs.4,765,000. However, the amount differs with the use of goods and services amounting to Kshs.5,212,806 reflected in the statement of financial performance resulting in unexplained variance of Kshs.447,806.

Similarly, the statement reflects board expenses on comparable basis amounting to Kshs.800,000. However, the amount differs with the board expenses of Kshs.316,000 reflected in the statement of financial performance resulting in unexplained variance of Kshs.484,000.

Further, the statement reflects Nil total revenue performance difference. However, the Nil difference differs with the recomputed total revenue performance difference amounting to Kshs.36,194 resulting in unexplained variance of Kshs.36,194. The expenditure performance differences has not been disclosed in the statement of comparison of budget and actual amount.

In the circumstances, the accuracy and completeness of the statement of comparison of budget and actual amounts could not be confirmed.

9. Unsupported Prior Adjustments

The statement of financial position reflects cash and cash equivalents, net assets and capital/ development grants amounting to Kshs.66,519,910, Kshs.57,503,701 and Kshs.34,747,000, respectively, which were restated from the previous year 2022/2023 audited financial statements of Kshs.4,786,459, Kshs.61,682,827 and Kshs.30,567,876, respectively. However, journal vouchers in support of the adjustments were not provided for audit review.

In the circumstances, the accuracy and completeness of prior year adjustments could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final total revenue budget and actual on comparable basis amounting to Kshs.5,565,000 and Kshs.5,528,806, respectively, resulting in underfunding of Kshs.36,194 or one percent (1%) of budget. Further, the statement reflects total expenditure actual on comparable basis amounting to Kshs.5,528,806 resulting in under expenditure of Kshs.36,194 or one percent (1%) of budget of budget.

The underfunding and under expenditure affected the planned activities and may have impacted negatively on the delivery of services to the Public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, twenty (20) issues were raised under the Report on Financial Statements, Emphasis of Matter, Other Matter, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues or given any explanation for failure to do so.

Other Information

Management is responsible for the Other Information set out on page iii to xxvii which comprise of Key Entity Information and Management, the Municipality Board, Key Management Team, Municipality Board Chairperson's Report, Report of the Municipality Manager, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Municipality 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. Lack of an Approved Annual Budget

Review of records revealed the Municipality operated without an approved budget for the year under review contrary to Section 45 of Urban Areas and Cities Act, 2011 which requires the Board or Town Committee to cause to be prepared estimates of the revenue and expenditure of a Board or Town Committee for that year. The annual estimates shall be tabled before the board or town committee for adoption and approval. The annual estimates approved by the Board or Town Committee are submitted to the County Governor for submission to the County Assembly for its approval.
In the circumstances, Management was in breach of the law.

2. Lack of Independence of the Municipality

The Municipality was granted Municipal Charter on 28 May, 2018 which was supposed to grant operational independence from the County Government of Bomet. However, review of the operations of the Municipality revealed lack of autonomy as the Municipality's budget is prepared and controlled by the County Executive. The budget was not approved by the Municipality Board.

Further, the County Government had continued to perform functions which had been transferred to the Municipality as provided for under Paragraph 2.3.1 of the Bomet Municipal Charter contrary to Section 12(1) of the Urban Areas and Cities Act, 2011, which states that the Management of a municipality shall be vested in the County Government and administered on its behalf by a Board, a Manager and staff constituted and appointed in accordance with the Act.

In the circumstances, Management was in breach of law.

3. Lack of an Approved Staff Establishment

Review of the employee records revealed that the Municipality had eight (8) employees who were deployed from the County Executive without specific terms of engagement and conditions of service. This was contrary to Section 8.1.1 of the Bomet Municipal Charter, 2023 which mandates the Board of the Municipality, subject to the approval by the County Public Service Board, to employ such officers and employees as it deems necessary to execute the powers and duties provided by the Charter or other any other law.

Further, the Municipality did not have an approved staff establishment. This was contrary to Policy B.2 (1) of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which requires every public entity to prepare Human Resource Plans based on comprehensive job analysis to support achievement of goals and objectives in their Strategic Plans. It was therefore not possible to determine whether the Municipality operated with an optimal number of staff.

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

4. Lack of Training Needs Assessment

The statement of financial performance reflects use of goods and services amounting to Kshs.5,212,8066. The amount includes training expenses totalling Kshs.1,432,800 as disclosed in Note 12 to the financial statements . However, the expenditure was not supported by training need assessments contrary to Policy H.3 (1) of the Public Service Commission Human Resource manual of May, 2016 which states that training in the Public Service shall be based on training needs assessment.

Further, the criteria for identifying those who were trained was not provided for audit review in the absence of training needs assessment. This was contrary to Section H.3 (3) states that selection of trainees for all training programmes will be based on identified needs and will emphasize on training for performance improvement that address individual, organizational and national goals. It is therefore not clear how Management identified those who were to be trained and the areas which they were to be trained on.

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

5. Failure to Review the Municipality's Integrated Development Plan

The Municipal Board had not designed a Performance Management Plan to evaluate performance of the Municipality and review its Integrated Development Plan contrary to Section 42 of the Urban Areas and Cities Act, 2011 which states that a City or Municipal Board shall review its integrated development plan annually to assess its performance in accordance with performance management tools set by it and may amend the plan where it considers it necessary.

Further, the Board did not conduct any citizen forum during the year under review to invite petitions and representations from the residents with regard to the administration and management of the affairs within the Municipality. This was contrary to Section 22(2) of the Urban Areas and Cities Act, 2011 which states that A board shall invite petitions and representations from the Citizen Fora with regard to the administration and management of the affairs within an Urban Area or City under its jurisdiction.

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

6. Lack of Policies and By-laws

During the year under review, the Municipal Board operated without by laws passed by the Board of the Municipality. This was contrary to Paragraph 4.1 of Bomet Municipal Charter which requires the Board to exercise its legislative authority by passing Municipality By-laws.

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

7. Unconfirmed Recruitment and Meetings of the Municipality Board

The Municipal Board is composed of nine (9) members. However, Management did not provide recruitment documents for six (6) Board Members to confirm that the members were recruited through a competitive process. This was contrary to Section 14 of the Urban Areas and Cities Act, 2011 which states that The Board of a Municipality shall comprise nine members of whom four shall be appointed and five elected in the prescribed manner.

Further, Management did not provide work plans and minutes as proof that the Board met and executed its mandate as required by Section 23(1) of the Urban Areas and Cities Act, 2011 which requires the Board to meet at least once in every three months.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

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 a Fixed Asset Register and Ownership Documents

The statement of financial position reflects property, plant and equipment totalling Kshs.56,896,368 as disclosed in note 24 to the financial statements. However, the assets were not recorded in a fixed asset register of the Board.

Further, the Municipality did not have an approved asset management policy and ownership documents for the assets were not was provided for audit review. The assets were also not tagged as property of the Municipality to prevent theft of the assets.

In the circumstances, the ownership of the Board's assets totalling Kshs.56,896,368 could not be confirmed.

2. Lack of Internal Audit Review and Audit Committee

During the year under review, it was noted that there was no internal audit review of the Municipality's activities. This was contrary to Regulation 153(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires Internal Auditor to review and evaluate budgetary performance, financial management, transparency and accountability mechanisms and processes in County Government entities, and review the effectiveness of the financial and non-financial performance management systems of the entities.

Further, the Board had not constituted an audit committee since its establishment , This was contrary to Regulation 167 (1) of the Public Finance Management (County Governments) Regulations, 2015 which requires each County Government entity to establish an audit committee.

In addition, there was no evidence or proof that audit reports of both internal and external auditors had been discussed by the audit committee.

In the circumstance, internal control mechanisms that could have an impact on achievement of the strategic objectives of the Municipality may be undetected and hence not rectified in good time.

3. Lack of Risk Management Strategies

The Municipality 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 was contrary to Regulation 158 of the Public Finance Management (County Government Regulations) 2015 which requires the Accounting Officer to ensure that the County Government entity develops risk management strategies, which include fraud prevention mechanism, and the County Government entity develops a system of risk management and internal control that builds robust business operations. A risk register to mitigate against risks was also not maintained and no formal risk assessments was performed during the financial year audited.

Further, it was noted that the management had 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
Lack of risk register which is a central repository of identified risks and their associated management actions, implies that the Municipality might not be effectively tracking and addressing its risk profile.

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

Responsibilities of Management and the Municipality Board

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.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 December, 2024

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

Description	Note	2023/2024	2022/2023
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from the County Government	6	5,528,806	1,756,300
Public contributions and donations	7	-	2,339,915
Levies Fines and Penalties	8	-	-
Other revenues	9	-	-
Revenue from exchange transactions			
Interest income	10		-
Miscellaneous Income	11	-	-
Total revenue		**5,528,806**	**4,096,215**
Expenditure			
Use of goods and services	12	5,212,806	2,146,840
Staff costs	13		-
Board expenses	14	316,000	2,000,000
Finance costs	15	-	
Depreciation and amortization	16	-	-
Repairs and maintenance	17		-
Total expenses		**5,528,806**	**4,146,840**
Other gains/losses			-
Gain/loss on disposal of assets	18	-	-
Surplus/(deficit) for the period		-	**(50,625)**

The notes set out on pages 7 to 43 form an integral part of these Financial Statements. The entity financial statements were approved on 27/09/2024 and signed by:

COUNTY GOVERNMENT OF BOMET
BOMET MUNICIPALITY

....

Name: Richard Kirui
Municipality Manager

Name: Chritopher Kibet
Head of Finance
ICPAK M/No 11543

14. Statement of Financial Position As At 30 June 2024

Description	Note	2023/2024	Restated FY 2022/2023	2022/2023
		Kshs.	Kshs.	Kshs.
Assets				
Current assets				
Cash and cash equivalents	19	**12,258**	66,519,910	4,786,459
Receivables from exchange transactions	20	-		-
Receivables from non-exchange transactions	21	-		-
Prepayments	22	-		-
Inventories	23	-		-
Total current assets		**12,258**		**4,786,459**
Non-current assets				
Property, plant, and equipment	24	56,896,368		56,896,368
Intangible assets	25	-		-
Total Non-current Assets		**56,896,368**		**56,896,368**
Total assets (A)		**56,908,626**		**61,682,827**
Liabilities				
Current liabilities				
Trade and other payables	26	126		4,179,126
Refundable deposits from customers	27	-		-
Provisions	28	-		-
Borrowings	29	-		-
Employee benefit obligations	30	-		-
Deferred Income	31	-		-
Social Benefits	32			
Total current liabilities		**126**		**4,179,126**
Non-current liabilities		-		-
Provisions	28	-		-
Borrowings	29	-		-
Non-current employee benefit obligation	30	-		-

Description	Note	2023/2024	Restated FY 2022/2023	2022/2023
		Kshs.	Kshs.	Kshs.
Deferred Income	31	-		-
Social Benefits	32			
Total liabilities (B)		**126**		**4,179,126**
Net Assets (A-B)		**56,908,500**	**57,503,701**	**61,682,827**
Represented by:				
Capital/Development Grants/Fund		**(35,342,201)**	**(34,747,000)**	**(30,567,876)**
Reserves				
Accumulated surplus		92,250,701		92,250,701
Net Assets/Equity		**56,908,500**	**57,503,701**	**61,682,827**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on27/09/2024 and signed by:

COUNTY GOVERNMENT OF BOMET
BOMET MUNICIPALITY

……………………………

Name: Richard Kirui
Municipality Manager

P. O. Box 19-20400, BOMET, KENYA

……………………………………

Name: Chritopher Kibet
Head of Finance
ICPAK M/No 11543

15. 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 2023 (previous year)	**15,365,114**	-	**92,301,326**	**107,666,440**
Surplus/(deficit) for the year	-	-	**(50,625)**	**(50,625)**
Funds received during the year	2,339,915	-	-	2,339,915
Revaluation gain/loss	(52,452,029)	-	-	(52,452,029)
Bal as at 30 Jun 2023	**(34,747,000)**	-	**92,250,701**	**57,503,701**
Bal as at 1 July 2024 (current year)	**(34,747,000)**	-	**92,250,701**	**57,503,701**
Surplus/(deficit) for the year	-	-	-	-
Funds received during the year	-	-	-	-
Revaluation gain/loss	(595,201)	-	-	(595,201)
Balance as at 30 June 2024	**(35,342,201)**	-	**92,250,701**	**56,908,500**

(Provide details on the nature and purpose of reserves)

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

Description	Note	2023/2024	Restated FY 2022/2023	2022/2023
		Kshs.	Kshs.	Kshs.
Cash flows from operating activities				
Receipts				
Transfers from the County Government		5,528,806		1,756,300
Public contributions and donations		-		2,339,915
Interest received		-		-
Miscellaneous receipts *(Specify)*		-		
Total Receipts		5,528,806		**4,096,215**
Payments		-		
Use of goods and services		5,212,806		(2,146,840)
Staff costs		-		-
Board expenses		316,000		2,000,000
Finance costs		-		-
Total Payments		-		**4,146,840**
Net cash flows from operating activities	33	-		**(50,625)**
Cash flows from investing activities				
Purchase of PPE & intangible assets		-		56,896,368
Proceeds from sale of PPE		-	-	-
Net cash flows used in investing activities		-	**(56,896,368)**	**(56,896,368)**
		-		
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		-	**(56,946,993)**	**(56,946,99)**
Cash And Cash Equivalents At 1 July	19	4,786,458	61,733,451	61,733,451
Cash And Cash Equivalents At 30 June	19	**12,258**	**4,786,458**	**4,786,458**

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

Comparative z refers to the financial year preceding the current year.

17. 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.**	**Kshs.**	
Transfers from the County Government	5,565,000	-	5,565,000	5,528,806	36,194	99%
Public contributions and donations	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Miscellaneous income (*specify*)	-	-	-	-	-	-
Total Revenue	5,565,000	-	5,565,000	5,528,806	-	-
Expenses		-		-	-	-
Use of goods and services	4,765,000	-	4,765,000	4,765,000	-	100%
Board expenses	800,000	-	800,000	800,000	-	100%
Staff Costs	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-
Total Expenditure	5,565,000	-	5,565,000	5,528,806	-	-
Surplus for the period	-		-	-		-
Capital Expenditure	-	-	-	-	-	-

Budget notes

[Provide an explanation of differences between actual and budgeted amounts (any over-utilisation and underutilisation of below 90%)]
(Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. Where the total of actual on a comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.)

18. Notes to the Financial Statements

1. General Information

Bomet Municipality is established by and derives its authority and accountability from PFM Act. The Municipality is under the Bomet County Government and is domiciled in Kenya.

The principal activity of the Municipality is to facilitate urbanization process in Bomet County through integrated urban and regional planning management framework of Kenya urban centres and towns

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, Municipality charter 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.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	**Applicable: 1st January 2023:** The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	**Applicable: 1st January 2023** The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes;

Standard	Effective date and impact:
	and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	**Applicable: 1st January 2023:** a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	***Applicable 1st January 2023*** • *IPSAS 22 Disclosure of Financial Information about the General Government Sector.* Amendments to refer to the latest System of National Accounts (SNA 2008). • *IPSAS 39: Employee Benefits* Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • *IPSAS 29: Financial instruments: Recognition and Measurement* Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

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

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

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.*

(Notes to financial statements continued)

4. Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2023/2024 was approved by the County Assembly on April 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Municipality upon receiving the respective approvals in order to conclude the final budget.

The Municipality's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the

financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts,
prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. 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 6 of these financial statements.

c) Property, plant and equipment

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

d) Intangible assets

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

(Significant accounting policies continued)

e) Financial instruments

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

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

Financial assets

Classification of financial assets

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

(Significant accounting policies continued)

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

(Significant accounting policies continued)

Impairment

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

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.

(Significant accounting policies continued)

g) Provisions

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

h) Social Benefits

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

i) Contingent liabilities

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

(Significant accounting policies continued)

j) Contingent assets

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

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits – Retirement benefit plans

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

(Significant accounting policies continued)

n) Foreign currency transactions

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

o) Borrowing costs

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

p) Related parties

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

q) Cash and cash equivalents

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

(Significant accounting policies continued)

r) Comparative figures

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

s) Events after the reporting period

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

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

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

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

t) Currency

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

5. Significant judgments and sources of estimation uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Notes to the Financial Statements

6. Transfers from the County Government

Description	2023/2024	Restated FY 2022/2023	2022/2023
	Kshs.	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	-		-
Payments by County on behalf of the entity	5,528,806		1,756,300
Unconditional development grants	-		-
Total	5,528,806		**1,756,300**

(Provide brief explanation for this revenue)

(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	Insert Comparative FY
			Kshs	Kshs	Kshs
-	-	-	-	-	-
-	-	-	-	-	-
Total	-	-	-	-	-

7. Public Contributions and Donations

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Donation from development partners	-	2,339,915
Contributions from the public	-	-
Total	-	**2,339,915**

8. Levies, Fines and penalties

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Levies	-	-
Fines	-	-
Penalties	-	-
Others *(indicate and specify)*	-	-
Total	-	-

9. Other Revenues from Non-Exchange Transactions

Description	2022/2023	2023/2024
	Kshs.	Kshs.
Transfers from other government entities	-	-
Others *(indicate and specify)*	-	-
Total	-	-

(*Provide a brief explanation for this revenue*)

10. Interest income

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Interest income from investments	-	-
Interest income on bank deposits	-	-
Others *(Specify)*	-	-
Total interest income	-	-

(Provide brief explanation for this revenue)

11. Miscellaneous income

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Income from sale of tender documents	-	-
Others *(specify)*	-	-
Total other income	-	-

12. Use of Goods and Services

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Utilities, supplies and services	-	-
Communication, supplies and services	-	-
Domestic travel and subsistence	3,682,700	1,049,600
Foreign travel and subsistence	-	949,300
Printing, advertising, supplies & services	-	-
Rent and rates	-	-
Training expenses	1,432,800	-
Hospitality supplies and services	-	137,000
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	-	2,000
Fuel, oil and lubricants	-	-
Other operating expenses (*Specify*)	97,306	
Routine maintenance – vehicles and other equipment	-	-
Routine maintenance – other assets	-	-
Contracted Professional Services	-	-
Audit fees	-	-
Hire of Transport, equipment etc	-	-
Bank Charges	-	8,940
Social Benefit expenses*	-	-
Total	**5,212,806**	**2,146,840**

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

13. Staff costs

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Salaries and wages	-	-
Staff gratuity	-	-
Social security contribution	-	-
Other staff costs *(Specify)*	-	-
Total	-	-

14. Board expenses

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Chairman/Members' Honoraria	-	-
Sitting allowances		303,000
Medical Insurance	-	-
Induction and Training		425,000
Travel and accommodation	316,000	1,272,000
Conference Costs	-	-
Other allowances (*Specify*)	-	-
Total	**316,000**	**2,000,000**

15. Finance costs8

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
Total	-	-

16. Depreciation and amortization

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Property, plant and equipment	-	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	-	-

17. Repairs and Maintenance

Description	2023/2024	2022/2023
	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	2023/2024	2022/2023
	Kshs.	Kshs.
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

19. Cash and cash equivalents

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Fixed deposits account		4,179,126
On – call deposits	-	-
Current account	12,258	607,332
Others(*specify*)	-	-
Total cash and cash equivalents	**12,258**	**4,786,458**

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

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

Financial institution	Account number	2023/2024	2022/2023
		Kshs.	Kshs.
a) **Fixed deposits account**			
Equity Bank -UDG RETENTION ACCOUNT	1220284039609	126	4,179,126
Sub- total		-	
Current account		-	
b) Equity Bank	1220278947148	12,085	607,285
Equity Bank	1220278947204	47	47
CBK UDG Account	1000385758	0	0
CBK UIG Account	1000385747	0	0
Sub- total		**12,132**	**607,332**
Grand total		**12,258**	**4,786,458**

20. Receivables from exchange transactions

Description	2023/2024	2022/2023
	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	2023/2024	2022/2023
	Kshs	Kshs.

	Current FY	% of the total	Current FY	% of the total
Less than 1 year	-	-	-	-
Between 1- 2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total (a+b)	-	-	-	-

21. Receivables from Non-Exchange transaction

Description	2023/2024	2022/2023
	Kshs	Kshs.
Transfer from County Executive	-	-
Transfer from XXXX Fund	-	-
Total	-	-

Ageing analysis for Receivables from non-exchange transactions

Description	2023/2024		2022/2023	
	Kshs		Kshs.	
	Current FY	% of the total	Current FY	% of the total
Less than 1 year	-	-	-	-
Between 1- 2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	-	-	-	-

22. Prepayments

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments*(specify)*	-	-
Total	-	-

23. Inventories

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Stationery	-	-
Consumables	-	-
Other inventories(*specify*)	-	-
Total inventories at the lower of cost and net realizable value	-	-

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 2023 (previous year)	-	-	-	-	-	45,932,989	-	45,932,989
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(48,272,905)	-	(48,272,905)
Transfers/adjustments	-	-	-	-	-	-	-	-
As at 30TH JUNE 2024	-	11,196,011	9,500,000	-	2,339,915	35,160,085	-	58,196,011
Additions for the year	-	11,196,011	9,500,000	-	2,339,915	32,820,169	-	**56,896,368**
Disposals for the year	-			-	-	-	-	-
Transfer/adjustments	-		**45,932,989**	-	**45,932,989**	**45,932,989**	-	**45,932,989**
As at 30TH JUNE 2024 (current year)	-	**11,196,011**	**9,500,000**	-	**2,339,915**	**31,520,526**	-	**56,896,368**
Depreciation and impairment		-	-	-	-	45,932,989	-	45,932,989
At 1July 2023 (previous year)		-	-	-	-	-	-	-
Depreciation		-	-	-	-	(48,272,905)	-	(48,272,905)
Impairment		-	-	-	-	-	-	-

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
Transfers/ Adjustments		11,196,011	9,500,000	-	2,339,915	35,160,085	-	58,196,011
As at 30 June 2024		11,196,011	9,500,000	-	2,339,915	32,820,169	-	**56,896,368**
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 20XX (previous year)	-	-	-	-	-	-	-	-
NBV as at 30th Jun 20XX (current year)	-	-	-	-	-	-	-	-

(Include a brief description of WIP as a footer.)

25. Intangible assets

Description	2023/2024	2021/2022
	Kshs.	Kshs.
Cost	-	-
At beginning of the year	-	-
Additions	-	-
At end of the year		
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

26. Trade and other payables from exchange transactions

Description	2023/2024		2021/2022	
	Kshs.		Kshs.	
Trade payables	-		-	
Retentions	126		4,179,126	
Accrued expenses	-		-	
Other payables *(Specify)*				
Total trade and other payables	**126**		**4,179,126**	
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	-	-	-	-

27. Refundable deposits from customers

Description	2023/2024		2021/2022	
	Kshs.		Kshs.	
Rent deposits	-		-	
Others (*specify*)	-		-	
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	2023/2024	2021/2022
	Kshs.	Kshs.
Balance at the beginning of the year	-	-
Additional Provisions (*Specify*)	-	-
Provision utilised	-	-
Balance at the end of the year	-	-
Current Portion of provision	-	-
Long term portion of provision	-	-
Total Provisions	-	-

29. Borrowings

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

Description	2023/2024	2021/2022
	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)

Description	Insert Current FY	Insert Comparative FY
	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	2023/2024	2021/2022
	Kshs.	Kshs.
Borrowings	-	-
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
Total balance at end of the year	-	-

30. Employee Benefit Obligations

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

31. Deferred Income

Description	2023/2024	2021/2022
	Kshs.	Kshs.
National/County Government	-	-
International Funding Bodies	-	-
Public Contributions and Donations	-	-
Total Deferred Income	-	-

The deferred income movement is as follows:

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

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	2023/2024	2021/2022
	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	2023/2024	2022/2023
	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax	-	**(50,625)**
Adjusted for:		
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Decrease in payables	(4,774,200)	(56,896,368)
Net cash flow from operating activities	**(4,774,200)**	**56,997,618**

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

a) The County Government.

b) The Parent County Government Ministry.

c) County Assembly.

d) Key management.

e) City/Municipality Board; etc.

b) Related party transactions

Description	2023/2024	2021/2022
	Kshs.	Kshs.
Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

Description	2023/2024	2021/2022
	Kshs.	Kshs.
Board Members	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	2023/2024	2021/2022
	Kshs.	Kshs.
Due from parent Ministry	-	-
Due from County Government	-	-
Due from County Assembly	-	-
Total	-	-

e) Due to related parties

Description	2023/2024	2021/2022
	Kshs.	Kshs.
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Due to County Assembly	-	-
Total	-	-

35. Contingent liabilities

Contingent liabilities	2023/2024	2021/2022
	Kshs.	Kshs.
Court case xxx against the entity	-	-
Bank guarantees	-	-
Total	-	-

(Give details)

36. Contingent Assets

Contingent liabilities	2023/2024	2021/2022
	Kshs.	Kshs.
Court case xxx against the entity	-	-
Others Specify	-	-
Total	-	-

37. Financial risk management

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

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

I. Credit risk

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

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

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
At 30 June 2024 (current year)				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2023 (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 City/Municipality has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The City/Municipality has significant concentration of credit risk on amounts due from *xxx*.

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

II. Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 Jun 2024 (current year)				
Trade payables	-	126	-	126
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	**126**	-	**126**
At 30 Jun 2023 (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 City/Municipality on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

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

IV. Foreign currency risk

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

Description		Other currencies	Total
	Kshs.	Kshs.	Kshs.
At 30 June 2024 (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 form 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%	-	-
2023 (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 City/Municipality's capital risk management is to safeguard the City/Municipality's ability to continue as a going concern. The City/Municipality capital structure comprises of the following City/Municipality:

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Revaluation reserve	-	-
Capital/Development Grants/City/Municipality	-	-
Accumulated surplus	-	-
Total Funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

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: xxxxxxxxxx

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	-

19. Appendices

Appendix 1. Progress on Follow up of Auditors Recommendations.

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

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

Guidance Notes:

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

……………………………..

To be Signed by the Accounting officer of the Entity

Appendix 2: Inter-Entity Transfers

	CITY/MUNICIPALITY NAME:			
	Breakdown of Transfers from the County Executive of xxx County			
	FY 2023/2024			
a.	Recurrent Grants	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate
			-	
			-	
		Total	-	
b.	Development Grants	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate
			-	
			-	
			-	
		Total	-	
c.	Direct Payments	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate
	Payment Made By The Treasury On Behalf Of The Entity		5,528,806	2023/2024
		Total		

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

……………………………………………. ……………………………………….

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

Appendix 3: Reporting of Climate Relevant Expenditures

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

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

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

Appendix 4: Disaster Expenditure Reporting Template

Date:

Entity

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