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# **KAPENGURIA MUNICIPALITY**

*County Government of West Pokot*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2025**

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



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## 1. Acronyms and Definition of Key Terms

### A. Acronyms

PSASB	Public Sector Accounting Standards Board
FY	Financial Year
OSHA	Occupational Safety & Health Act
KUSP	Kenya Urban Support Programme
SDG	Sustainable Development Goals
MTP	Medium Term Programme
IDeP	Integrated Development Plan
C.I.D.P	County Integrated Development Plan
IFMIS	Integrated Financial Management System
ADP	Annual Development Plan
LPLUDP	Local Physical Planning & Land Use Development Plan
NMT	Non-Motorized Transport
UDG	Urban Development Grant
UIG	Urban Institutional Grant
SDHUD	State Department of Housing & Urban Development
SCMO	Supply Chain Management officer

### B. Definition of Key Terms

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

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

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

### **a) Background information**

Kapenguria Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011 and Cities and Municipal Charter of 29<sup>th</sup> June 2018. The Municipality is under the County Government of West Pokot and is domiciled in Kenya.

### **b) Principal Activities**

#### **Vision**

- To be a model Municipality in service delivery in Kenya.

#### **Mission**

- Provision of Effective, Efficient and Sustainable Development

#### **Core Functions**

- (a) Promotion, regulation and provision of refuse collection and solid waste management services;
- (b) Promotion and provision of water and sanitation services and infrastructure (in areas within the Municipality not served by the Water and Sanitation Provider);
- (c) Construction and maintenance of urban roads and associated infrastructure;
- (d) Construction and maintenance of storm water drainage and flood controls;
- (e) Construction and maintenance of walkways and other non-motorized transport infrastructure;
- (f) Construction and maintenance of recreational parks and green spaces;
- (g) Construction and maintenance of street lighting;
- (h) Construction, maintenance and regulation of traffic controls and parking facilities;
- (i) Construction and maintenance of bus stands and taxi stands;
- (j) Regulation and control of outdoor advertising;
- (k) Construction, maintenance, management and regulation of municipal markets and abattoirs;

- (l) Construction and maintenance of fire stations; provision of fire-fighting services, emergency preparedness and disaster management;
- (m) Promotion, regulation and provision of municipal sports and cultural activities;
- (n) Promotion, regulation and provision of animal control and welfare;
- (o) Development and enforcement of municipal plans and development controls;
- (p) Municipal administration services (including construction and maintenance of administrative offices);
- (q) Promoting and undertaking infrastructural development and services within municipality;

**Core values**

Integrity, Excellence, Client Care, Innovativeness, Accountability, People-centeredness, Equity, Professionalism, Passion

**c) Key Management**

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

- County Department of Housing and Urban development
- Board of Management
- Accounting Officer-Municipal Manager

**d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2025 and who had direct fiduciary responsibility were:

1.	Municipality Manager	Donato Long’al
2.	Deputy Manager	Lydia Tabot
3.	Deputy Director Finance	CPA Geoffrey Lokong
4.	Head of Physical Planning	Plan. Hamilton Bett
5.	Municipal Engineer	Elias Pyego Mukenyang
6.	Municipal Environmentalist	Emily Cheyech Liman
7.	Supply Chain Management Officer	Scholar Cherop

**e) Fiduciary Oversight Arrangements**

- i) Audit and Risk Management Committee

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

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

ii) County Assembly committees

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

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

iii) Committees of the Senate

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

**f) Registered Offices**

Kapenguria Municipality  
P.O Box 222 – 30600  
Kapenguria County Hospital Road  
Kapenguria, Kenya.

**g) Contacts**

Telephone: (+254) 713611146

E-mail: [kapenguriamunicipaliy@gmail.com](mailto:kapenguriamunicipaliy@gmail.com), [info@kapenguriamunicipality.co.ke](mailto:info@kapenguriamunicipality.co.ke)

Website: [kapenguriamunicipality.go.ke](http://kapenguriamunicipality.go.ke)

**h) Bankers**

**1. Central Bank of Kenya**

Haile Selassie Avenue  
P.O. Box 60000  
City Square 002Nairobi, Kenya

**2. Kenya Commercial Bank**

Kapenguria Branch,  
P.O. Box 66 - 30600  
Kapenguria, Kenya

**i) Independent Auditor**

Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**j) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya



**k) The County Attorney**




West Pokot County



P.O. Box 222-30600

Kapenguria


**3. Municipality Board**

<b>Serial No.</b>	<b>Name</b>	<b>Details of qualifications and experience</b>
1	 <p><b>DAVID YATOR KIPTUM BOARD CHAIRMAN</b></p>	<p>Mr. David is 59 years old. He holds Bachelor of Science in Animal Production from Egerton University and has attended several Short Trainings both in Kenya and outside Kenya.</p> <p>Mr. Kiptum has worked with Kenya Seed Company, Bayer East Africa, Sengwer Cultural Centre and Ward Administrator in Trans-Nzoia County and Currently the Secretary of Sengwer Indigenous Peoples Programme Community Based Organization.</p>
2	 <p><b>DORCAS CHEPKEMEI ENDOO VICE CHAIRPERSON</b></p>	<p>Ms. Endoo is 33 years and holds Master of Laws from University of Nairobi, Post-graduate Diploma from Kenya School of Law and Bachelors of laws from Kenyatta University. She also holds a Diploma in Human Resource Management from University of Nairobi. Ms. Endoo is a Candidate for the award of Master of Arts (Diplomacy and International Relations) from Kenyatta University. She is currently writing her proposal for the consideration of admission for Doctor of Laws.</p> <p>.Currently she is the Resident Magistrate and Mediation Deputy Registrar - Embu Law Courts.</p> <p>Ms. Endoo is the Chair, Audit Risk and Compliance Committee</p>



<p>3</p>	 <p><b>ROSELYNE LOPISTO- BOARD MEMBER,</b></p>	<p>Madam Lopistosto 35 years old. She holds Diploma in Social Work and Community Development from Mt.Kenya University Ms.Lopisto has worked with UwezoKenya,Sikom PeaceNetwork for Development, Justice &amp; Peace Centre</p>
<p>4</p>	 <p><b>MARTIN LOKITE KORWA BOARD MEMBER</b></p>	<p>Mr. Martin Korwa is 56 years old. He holds Diploma in Pharmacy from Kenya Medical Training College, Nairobi Mr. Korwa has worked with Pharmaceutical Technologist as in-Charge in the then Naivasha District. Managing Director, Kape Health Limited. He is the Chair Finance and General Purpose Committee</p>
<p>5</p>		<p>Mr. Maklap is 53 years old He holds Bachelor of Theology from Kenya Highlands Evangelical University, Diploma in Pastoral Ministries from Kaboson Pastors School and is currently Pursuing Master in Public Administration from Kisii University. Mr. Maklap has worked as Part-time Lecturer with Kisii University, Principal Kapenguria Ministry Institute, World Vision and</p>


	<b>MOSES ARUPE MAKLAP BOARD MEMBER</b>	Currently North Rift Regional Bishop for AGC
6	 <p><b>LOMONG'O P. SAMUEL BOARD MEMBER</b></p>	<p>Mr. Lomong'o is 51 years and holds Bachelor of Education in Special Needs from Mount Kenya University, Diploma in Special Needs Education from Mosoriot Teachers Training College and Primary Teacher Education from Eregi Teachers Training College.</p> <p>Mr. Lomomgo has been in Teaching Profession for over 22 years and is currently the Head teacher Simitei Primary School.</p>
7	 <p><b>JUSTUS KIBOR RUTTO BOARD MEMBER</b></p>	<p>Mr. Rutto is 56 years and holds Bachelor of Education in Early Childhood Education from Moi University, Diploma in Education Management from Kenya Education Management Institute, Diploma in Early Childhood Education from Kapenguria ECDE TTC and Kenya Primary Teachers Education from Mosoriot Teachers Training College.</p> <p>Mr. Rutto has been in teaching Profession for over 29 years and is currently the Head teacher Cheptuya Primary School</p>
8		<p>Ms. Esther Chelimo Loukotum is 40 years old and she is currently pursuing her Master degree in Business administration. She also a holder of Bachelor degree in Management, Diploma in Education Management and Senior Management Course from Kenya School of Government.</p>



	 <p><b>ESTHER CHELIMO</b>  <b>BOARD MEMBER</b></p>	<p>Ms. Esther has vast experience in various fields including being Deputy Head teacher Karon primary school, Head teacher Konyao Arid Zone Primary school, North Pokot Sub-county Administrator for a period of five years, ECDE coordinator Kipkomo Sub-County. Madam Esther is currently the County Executive Committee Member (CECM) for Land, Physical Planning, Housing and Urban Development.</p> <p>Ms Esther is the Chair Planning and Development Committee</p>
9	 <p><b>MATHEW RIONOKOL- BOARD MEMBER</b></p>	<p>Mr. Mathew Rionokol is 47 years old</p> <p><b>EDUCATION</b></p> <p>2010: MSC Land Management from Royal Institute of Technology Stockholm Sweden  2004: Bachelor of Science Land Surveying and Photogrammetry from University of Nairobi  1995: Kenya Certificate of Secondary Education: Ortum Secondary School  1992: Kenya Certificate of Primary Education: Chemororoch Primary School</p> <p>Mr. Mathew is the Chair, Human Resource and Gender Committee</p> <p><b>WORK EXPERIENCE</b></p> <p>2023 to Date: Chief Officer for Lands, Physical Planning, Housing and Urban Development West Pokot County.</p>

		<p>2020 to 2022: Head of Geospatial Data Management Ministry of Lands, Housing and Urban Development.</p> <p>2018 to 2020: Regional Surveyor Western Region</p>
10	 <p>DONATO LONG'AL- SECRETARY</p>	<p><b>Date of birth:</b> 01<sup>st</sup> October 1974</p> <p><b>Key academic and professional qualification:</b></p> <ul style="list-style-type: none"><li>• Bsc Agricultural Education and extension- Egerton University</li></ul> <p><b>Work experience:</b></p> <ul style="list-style-type: none"><li>• Current- Municipal Manager from 1<sup>st</sup> February 2024 to date, Chief Executive Committee Member (CECM) department of Land, Housing, Physical Planning and Urban Development (2007-2014),Principal, st. Annes' Girls Secondary school (2010-2012)</li></ul>

**4. Key Management Team**

<b>Serial No</b>	<b>Name</b>	<b>Details of qualifications and experience</b>
1.	 <p>DONATO LONG'AL- MANAGER</p>	<p><b>Date of birth:</b>01<sup>st</sup> October 1974</p> <p><b>Key academic and professional qualification:</b></p> <ul style="list-style-type: none"> <li>• Bsc Agricultural Education and extension- Egerton University</li> <li>• Certificate of attendance, Academic conference organized by Pokot County Secondary Teachers Association)</li> </ul> <p><b>Work experience:</b> Municipal, Kapenguria Municipality</p> <p><b>Key responsibilities:</b></p> <ul style="list-style-type: none"> <li>• Developing and adopting policies, Plans, Strategies and Programmes for Kapenguria Municipality</li> <li>• Formulating and implementing integrated Municipal Development Plan</li> <li>• Ensuring preparation and submission of Municipal annual budget estimates to County Government</li> </ul>
2.	 <p>LYDIA TABOT- DEPUTY MANAGER</p>	<p><b>Date of birth:</b>09<sup>th</sup> July 1987</p> <p><b>Key academic and professional qualification:</b></p> <ul style="list-style-type: none"> <li>• Masters of Project Management (JKUAT)</li> <li>• Bachelors of Business Management (MKU)</li> </ul> <p><b>Work experience:</b> Deputy Municipal Manager</p> <p><b>Key responsibilities:</b></p> <ul style="list-style-type: none"> <li>• Formulating and implementing integrated Municipal Development Plan, ensuring preparation and submission of Municipal annual budget estimates to County Government</li> </ul>

		Promote and undertake infrastructural development in collaboration and services within the Municipality
3.	 <p>CPA GEOFFREY LOKONG DEPUTY DIRECTOR FINANCE</p>	<p><b>Date of Birth-</b> 29/05/1978</p> <p><b>Academic &amp; Professional Qualification:</b></p> <ul style="list-style-type: none"> <li>✓ Master of Business Administration (Finance)</li> <li>✓ Strategic Leadership and Development Programme (SLDP),</li> <li>✓ Senior Management Course (SMC)</li> </ul> <p><b>Work Experience:</b> Currently Deputy Director Accounting Services Kapenguria Municipality,</p> <ul style="list-style-type: none"> <li>• Planning officer Department of Prisons</li> <li>• Deputy Officer in Charge, Nairobi Medium Prison,</li> <li>• Planning and Budget Officer United Nation and African Mission in Darfur( UNAMID</li> </ul>
4.	 <p>PLAN. HAMILTON BETT-PHYSICAL PLANNER</p>	<p>Plan. Hamilton Bett is 31 years old.</p> <p><b>Academic &amp; Professional Qualification:</b> Registered Physical Planner (RPP305). Bsc. Urban and Regional Planning from The Technical University of Kenya. Certificate in GIS from ESRI. SPSS Data Analyst.</p> <p><b>Work Experience:</b> Currently Principal Physical Planner, West Pokot County. Senior Physical Planner, Ekambridge Services Ltd. Senior Physical Planner, Geomaestro Consult Africa Ltd. Assistant Physical Planner and GIS Data Analyst, Geomaestro Consult Africa Ltd. Assistant Physical Planner and GIS Data Analyst, The Planning Studio Ltd,</p>

<p>5.</p>	 <p>SCHOLAR CHEROP LOYER- SCMO</p>	<p>Scholar was born in 1990</p> <p><b>Academic &amp; Professional Qualification:</b>                  She has holder of KCSE certificate, she also has a certificate, Diploma and Degree in Supply Chain Management and Master Degree in Logistics Management.</p> <p><b>Work Experience:</b> Currently is she in charge of supply chain management at Kapenguria Municipality, She also worked as Supply Chain Management officer in various department in West Pokot County including Finance, Lands, Roads, Trade and Tourism.</p>
<p>6.</p>	 <p>ELIAS PYEGO MUKENYANG- ENGINEER</p>	<p>Date of Birth:11/11/1990</p> <p><b>Academic &amp; Professional Qualification</b>  <b>2022 to Date:</b> Currently pursuing University of London MSC. Project Management Online Program. (Ongoing)</p> <p><b>Professional Experience</b>                  Currently Engineer Kapenguria Municipality  <b>2022- Jan 2024:</b> Engineer, Department of Water  <b>2016:</b> Worked as an assistant engineer in the CAS Consultancy Ltd, Muruny (Siyoi) water project under attachment period, (May-August).</p>

7.		<p>Date of birth:1/2/1991</p> <p><b>Key academic and professional qualifications 2022-2024.Masters-Health, Safety and Environmental Engineering, Ken Institute of executive learning, India</b></p> <p><b>Professional Qualifications and membership</b> Registered member of Environment Institute of Kenya registration number EIK/2/6146 registered member of National Environment Management Authority (NEMA)Registration number 8964 a practicing Expert with a Practising License number NEMA/EIA/ERPL/20882 as in</p> <p><b>Work Experience</b></p> <p><b>February 2024-to Date</b> -Principal Environment Officer-Kapenguria Municipality</p> <p><b>June 2022-january 2024</b> -contract Land reclamation officer in the ministry of environment, water, natural resources and climate change, west pokot county.</p>
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EMILY CHEYECH LIMAN-  
ENVIRONMENTALIST

## **5. Municipality Board Chairperson’s Report**

It gives me pleasure to present the financial statements for Kapenguria Municipality board for the period ended June 30, 2025. The financial statements have been prepared in accordance with Section 164(2) of the Public Finance Management Act, 2012 and Section 46 of The Urban Areas and Cities Act of 2011. They contain appropriation accounts showing the services for which the appropriated money was rendered, amounts actually spent on each service, and any variations between the actual expenditure and the sums vote for the financial year 2024-2025.

In order to ensure improved transparency, accountability and fiscal responsibility the Municipality is committed to prudent use of its finances guided by sound fiscal policies that ensure efficient utilization of resources. Taking consideration of the importance of the citizens’ voice in prioritizing development programmes, we continuously engage and update the citizens of Kapenguria Municipality through public participation. This upholds the key objective of devolution, which is to promote sustainable and equitable, social, political and economic development in the County.

### **The Entity Financing**

Kapenguria Municipality finances its operations through allocation by the County Government of West Pokot and conditional grants from Kenya Urban Support Programme two (KUSPII). The department is in the process taking up the revenue collection which is currently being done by Director of Revenue. As part of strategies to ensure successful take-over of the revenue collection the Municipality has mapped key revenue areas that will ensure increased revenue collection that will assist the department increase its fund basket.

For the first time since the inception of the Municipality in 2018, the department has prepared its stand-alone budget and the allocation was transferred to the Municipal’s operation account at Kenya Commercial bank (KCB).

### **2024/2025 Budget allocation**

<b>Description</b>	<b>Amount (Kshs.)</b>	<b>%</b>
County Allocation	20,300,000	25.9
Conditional Grants (UIG)	35,000,000	44.7
Conditional Grant (UDG)	23,043,492	29.4
Other revenues	2,5000	
<b>Total</b>	<b>78,345,992</b>	<b>100</b>

The conditional grants had not been received by the close of the financial year, though the UIG allocation were disbursed immediately after the close of the financial year.

### **Key policy documents**

During the year under review, the entity developed Kapenguria Municipality Local Physical and Land Use Development Plan 2025-2035 (Also known as Municipal Spatial Plan). The Municipal LPLUDP sets out policies and strategies to guide the spatial development of the municipality hence ensuring orderly and sustainable development. The preparation to the conclusion of the plan evolved five phases that include (i) Preparatory (ii) Project activation (iii) Data collection and activation (iv) Visioning and Scenario building and (v) Plan proposal and approval.

The primary role of spatial planning is to enhance the integration between sectors such as housing, transport, energy and industry, and to improve national and local systems of urban and rural development, also taking into account environmental considerations. This plan is set to guide spatial development within the municipality for the next 10 years and covers the entire jurisdiction of Kapenguria Municipality within West Pokot County.

The entity also developed other key policy documents that include; Integrated Development Plan (IDeP). The entity has policies in place like Solid waste Management Policy which also has gaps and need review that was budgeted in the financial 2024-2025. The entity is in the process of reviewing this documents to serve the objective of the municipality fully of enhancing sustainable waste management and ensuring long term environmental sustainability .The municipality is also in the process of developing a comprehensive Climate Profile document that will inform IDEP and spatial plan to ensure a climate resilient municipality in terms of infrastructure and social development .The entity has also By-Laws awaiting adoption by the County Assembly. These policy documents will continue enabled the Municipality implement its programmes and activities effectively.

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

In the Financial Year under review, the Municipality received its funding through allocations by the County Government and conditional grants through KUSPII. The Municipality has also been putting strategies in place to ensure it identifies other sources of income that include borrowings, taking over collection of own source revenue as provided by section 172(1), identifying other potential revenues streams among other strategies. The Municipality is also engaging the County Treasury and County

Assembly to develop the criteria for allocation of funds to the Municipality as provided by PFM act Section 173. With additional funding, the entity shall be able to implement its programmes and projects as envisioned in the IDeP as well as fill in the vacant vacancies as detailed in the organogram

**Public Participation:**

Good governance entails addressing the needs of the public through consultation and communication, and being accountable to the residents of Kapenguria Municipality as envisaged in our constitution. The management undertook a number of processes to achieve this goal, including holding consultative meetings with a wide range of stakeholders and residents of Kapenguria; organizing citizen Fora, having a talk show in the local media to discuss pertinent issues affecting the residents, updating the Municipal website where the public can access municipals’ programmes and activities. Through these meetings and Fora, the municipality is able to establish the needs and aspirations of the residents.

**Challenges**

During the year under review, the board faced myriad of challenges that include inadequate funding from the county government despite the fact that the entity has been transferred some of the key functions through Gazette Notice of 2018. Other challenges include late and delayed disbursements of funds from County Treasury under-staffing, inadequate budgetary provisions, non-disbursement of KUSPII funds earmarked for implementation in the F/Y

**Conclusion**

The 2024/25 Annual Report provides details on the various key activities undertaken within the year under review. I remain thankful to His Excellency the Governor, Simon Kachapin, Board Members, the Municipal Manager who continue to direct our staff, resources and operations towards making a positive difference in the lives and future of Kapenguria Municipality.

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**Name: David Yator Kiptum**  
**Chairperson of the Board**

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

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

The Municipality was established in 2018 and its funding is mainly from County allocation and grants by National Government through Kenya Urban Support Programme two (KUSPII). KUSPII is a five year programme whose objective is to strengthening of urban institutions as well as intervene areas such as solid waste management, connectivity and storm water drainage, urban social and economic infrastructure and fire & disaster Management.

During the year under review, Kapenguria Municipality was allocated Kshs. 78,345,992. This amount included county allocation of Kshs. 20,300,000 and KShs. 58,043,492 as conditional grants from KUSPII (UIG-Shs. 35,000,000 & UDG Shs. 23,043,492). The Municipality received Kshs. 12,000,000 in its accounts while 8,300,000 were payments made on behalf of the entity by the county treasury. The conditional grants amounting to Kshs. 58,043,492 had not been disbursed by close of the financial year. Toward the close of the financial year the UIG funds were revised to Kshs. 32,309,300 and the same was disbursed on 15<sup>th</sup> July 2025 to Special Purpose Account (SPA). It is worth to note that the county contribution to the municipality were only recurrent funds, which meant that there were not infrastructural project undertaken within the period under review. Likewise, the conditional grants that were to be for infrastructure development were not disbursed hence affecting service delivery to the residents of the Municipality.

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

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

- Constructed 25.3 Km road within the Municipality which has opened up the rural areas and has enabled the traders transport their produce to town as well as increased efficient transportation of people, goods and services.

- Constructed 85 units of market stalls, 100 parking spaces and refurbished Makutano Bus Park. The stalls have accommodated 85 traders especially the women and youth and this has enabled them participate in trading hence improving their economic capability, create employment and increase revenue collection to the County Government. The revamped Bus Park has also enabled the transport operators to work in conducive and safe environment.
- Rehabilitated Kapenguria dumpsite and purchased refuse skip loader with 10 bins which has ensured a clean and safe working environment for both traders and inhabitants of Kapenguria Municipality.
- To enhance safety of the business people in case of fire outbreaks, the entity has constructed a modern fire station with three (3) bays to accommodate the fire engines and a boarding facility for the fire crew. This has resulted to timely response to fire outbreaks. The parking area has also been paved.
- Upgraded 0.6 Km of urban road to tarmac within Makutano Township which has improved linkages and connectivity within the town hence enhancing service delivery.
- Construction of recreational park has provided space where residents of Kapenguria Municipality and its visitors now have a place to rest. The same will also create space where people can undertake their social activities including meetings, weddings, parties among other social events. This will in effect provide revenue to the Municipality. This facility was officially opened by H.E the Governor on 5<sup>th</sup> March, 2024
- Developed Spatial Plan (2025-2035) and IDEP (2025-2030) for Kapenguria Municipality.

### **Budget Performance**

As indicated above, the entity received KShs. 20,300,000 recurrent amount which were utilized mainly for fuel and maintenance of vehicles, purchase of small equipment's that include wheelbarrows, small tools, uniforms for enforcers and facilitating staff. The KUSPII funds had not been disbursed by close of the financial year.

### **Value-for-money achievements**

Kapenguria Municipality main mandate is to provide effective and efficient services for its residents and therefore its main infrastructural focus is mainly on waste management, connectivity, urban social economic infrastructure and storm water drainage among others. The infrastructural implementation

of the above project since the establishment of the Municipality has had a positive impact on residents of Kapenguria Municipality through ensuring access through improvement and Maintenance of the Municipal roads and building of markets stalls, construction of recreational park among other activities has improved service delivery to the residents of Kapenguria Municipality as well as provided an opportunity for the residents to engage in entrepreneurship hence improving their economic status. The Board has also invested in projects that bring returns in terms of revenue collection that include installation of markets stalls in strategic areas within the municipality. Other projects implemented has had a lot of impact on the traders in terms of them having an opportunity to do their business in a conducive environment and up to late hours in the evening because streets have lights.

### **Challenges and recommended way forward.**

#### **Challenges**

- Non disbursement of KUSP II funds.
- Non allocation of development funds to the entity.
- Inadequate funding. There is need to adopt the funding criteria in funds allocation to the Municipality as per the PFM act section 173 which provides clear criteria for allocation of funds to urban areas.

#### **Recommendations**

- There is need to disburse funds on time to ensure projects are implemented within the stipulated period.
- There is also need to allocate development funds to the board by the County assembly and Executive as per the transferred functions.
- There is need to allow municipalities collect its own source revenue as provided by section 172(a). The county executive had indicated to allow municipalities collect its own source revenue starting 2025-2026 F/Y. Already the Municipal manager has been designated as receiver of revenue
- There is need to adopt the funding criteria in allocating funds to the Municipality as per the PFM act section 173 which provides clear criteria for Budget and budget process for urban areas or cities.

In regard to the future outlook of the Municipality the board intends to ensure that it pushes for increased revenue allocation to the entity. The future looks bright because the members of County assembly of the three wards within the Municipality have transferred 40% of ward specific projects to the municipality for implementation. This would mean the entity will have increased infrastructural project. Likewise, KUSPII UDG receivables amounting to Kshs. 23,043,492 and 2025/26 allocation amounting to KShs. 51,847,857 will be available for use during the 2025-26 F/Y .The entity has also been allocated Kshs. 19,500,000 as recurrent and KShs. 25,300,000 by the County Government for implementation of its programmes and activities during the 2024-25 F/Y.

As envisioned in the IDeP the municipality will focus in four key areas; solid waste management, Connectivity and storm water drainage, Fire and disaster management and Urban Social and economic infrastructure.

### **Highlight key risk management strategies**

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

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

### **Responding to Risks**

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

### **Monitoring risk-**

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

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

### **Conclusion**

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

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

.....  
**Name: Donato Long'al**  
**Municipality Manager**

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

### **Introduction**

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a County Government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board including a statement of the county government entity's performance against predetermined objectives. The key development objectives of the Kapenguria Municipality in the 2024-2025 financial year plan is to:

- a) Provide quality physical infrastructure
- b) Urban planning.
- c) Urban governance and administration
- d) Urban Social and Economic Infrastructure

The Municipality of Kapenguria is currently implementing the County Integrated Development Plan (CIDP) 2023-2027 and its Municipal Integrated Development Plan (IDeP) 2025-2030. The plan outlines programmes and projects aimed at fostering vibrant resilient communities and making investments that transform lives by enhancing our delivery of comprehensive interventions; supporting the wellness in our communities so as to drive the Municipality social economic transformation so as to accelerate the realization of quality and equitable development for the residents of the Municipality. The IDeP summarizes details, plans and the projects as identified by the local people to address specific and strongly expressed issues and challenges during the municipality - community public participation meetings. The IDeP addresses issues based on the following sectors: Agriculture, Water Services; Health and Sanitation Services Sector; Energy, Environment and Natural Resources Sector; Public Service, decentralized Services and Disaster Management Sector; Tourism, Trade and Industry Sector; Roads, Housing and Education Sector

The strategic plan's underlying goals are summarized as follows

- Develop special development framework which must include the provision of basic guidelines for land use management system for the municipality
- Develop Municipality investment plans which will ensure its viability and sustainability in service provision

- Identify potential area for urban development based on land suitability and other factors.
- Analyse present and future (5, 10, 20 years) housing needs/market, stock, conditions and recommend strategies for land acquisition, distribution of land and housing in future
- Develop Land Use plan and recommend bye-laws for the construction of building and other infrastructures which include; Residential zone, Institutional zone, Industrial hub, Airport/Airstrip zone, Sport facilities, Urban expansion zone, Stream/river banks zone, Green zone, Apartment housing, Petrol pump/Electric line/Cinema theatres etc

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

### **Kapenguria Municipality Strategic Development Objectives**

The County's 2023-2027 CIDP and the Municipal IDeP highlights key strategic development objectives. Broadly, these objectives were identified through a participatory process that reviewed the development priorities of the Governor's Manifesto, the National Government's Bottom up model, SDGs and the MTP III.

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

The key development objectives of Kapenguria Municipality IDeP 2025-2030 and County's 2023-2027 CIDP are to:

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

**Progress on attainment of Strategic development objectives**

The CIDP and IDeP contains key projects, which were identified through public participation and various stakeholder engagements. Below is a status update of key projects for Kapenguria Municipality.

The department continues to plan for and fund high priority capital asset projects that address infrastructure and improvement of livelihoods through controlled urban development, safe business environment, and proper solid waste management. During the year under review no major projects were implemented because the KUSPII funds were not disbursed. The earmarked projects were now be implemented during the 2025-2026 F/Y

## **8. Corporate Governance Statement**

### **Existence of Municipal Charter**

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

### **Board Meetings**

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

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

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

**Full Board Meetings held**

<b>S.No</b>	<b>Member</b>	<b>No. of meetings during the year</b>	<b>No. of meetings attended</b>
1	David Yator	4	4
2	Dorcas Endoo	4	4
3	Samuel Petot	4	4
4	Moses Maklap	4	4
5	Roselyne Lopisto	4	4
6	Esther Chelimo	4	4
7	Mathew Rionokal	4	4
8	Martin Korwa	4	4
9	Justus Ruto	4	4
10	Donato Long'al (Secretary	4	4

**Committee Meetings**

**1. Human Resource and Gender Committee**

<b>S.No</b>	<b>Member</b>	<b>No. of meetings during the year</b>	<b>No. of meetings attended</b>
1	Mathew Rionokal	4	4
2	Samuel Petot	4	4
3	Martin Korwa	4	4
4	Dorcas Endoo	4	4
5	Donato Long'al (Secretary	4	4

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

<b>S.No</b>	<b>Member</b>	<b>No. of meetings during the year</b>	<b>No. of meetings attended</b>
1	Dorcas Endoo	4	4
2	Moses Maklap	4	4
3	Justus Rutto	4	4
4	Esther Chelimo	4	4
5	Donato Long'al (Secretary	4	4

**3. Planning and Development Committee**

<b>S.No</b>	<b>Member</b>	<b>No. of meetings during the year</b>	<b>No. of meetings attended</b>
1	Esther Chelimo	4	4
2	Justus Rutto	4	4
3	Moses Maklap	4	4
4	Roselyne Lopisto	4	4
5	Donato Long'al (Secretary	4	4

**4. Finance and General Purpose Committee**

<b>S.No</b>	<b>Member</b>	<b>No. of meetings during the year</b>	<b>No. of meetings attended</b>
1	Martin Korwa	4	4
2	Samuel Petot	4	4
3	Mathew Rionokal	4	4
4	Donato Long'al (Secretary	4	4

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

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

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

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

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

- (a) In case of the Chairperson, holds a minimum of a degree; while for any other member, holds at least a minimum of a diploma from an institution recognized in Kenya;
- (b) Has a distinguished career in a medium level management position in either the private or public sector;
- (c) Holds at least ten years post-qualification professional experience in case of the Chairperson, while in case of any other member, at least five years post-qualification professional experience;
- (d) Satisfies the requirements of Chapter six of the Constitution of Kenya 2010;
- (e) Is ordinarily resident or has a permanent dwelling in the Municipality of Kapenguria; and
- (f) Carries on business or has lived in the Municipality of Kapenguria for at least five years.

- (g) A person shall not be appointed a member of the board the Municipality of Kapenguria if that person:
- (1) Is an un-discharged bankrupt;
  - (2) Has been removed from office for contravening the Constitution or any other law;
  - (3) Is not a citizen of Kenya; or
  - (4) Has in the conduct of his or her affairs not met any statutory obligations.

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

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

### **Remuneration of the Board**

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

### **Board induction and staff Training**

The board Members were inducted during their first term. The chairperson of the board attended training in Naivasha in the implementation of KUSPII project.

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

Kapenguria Municipal board is alive to the principles of the constitution of Kenya and is fully compliant with the provisions of the urban areas and Cities Act 2011 under which the board is established and PFM act, 2012.

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

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

**Board Evaluation**

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

**Succession Plan**

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

**Governance Audit**

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

**Communication Policy**

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

**Terms of reference of the Committees**

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

**Policy of related party transaction**

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

**Ethics and conduct Policy**

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

**9. Management Discussion and Analysis**

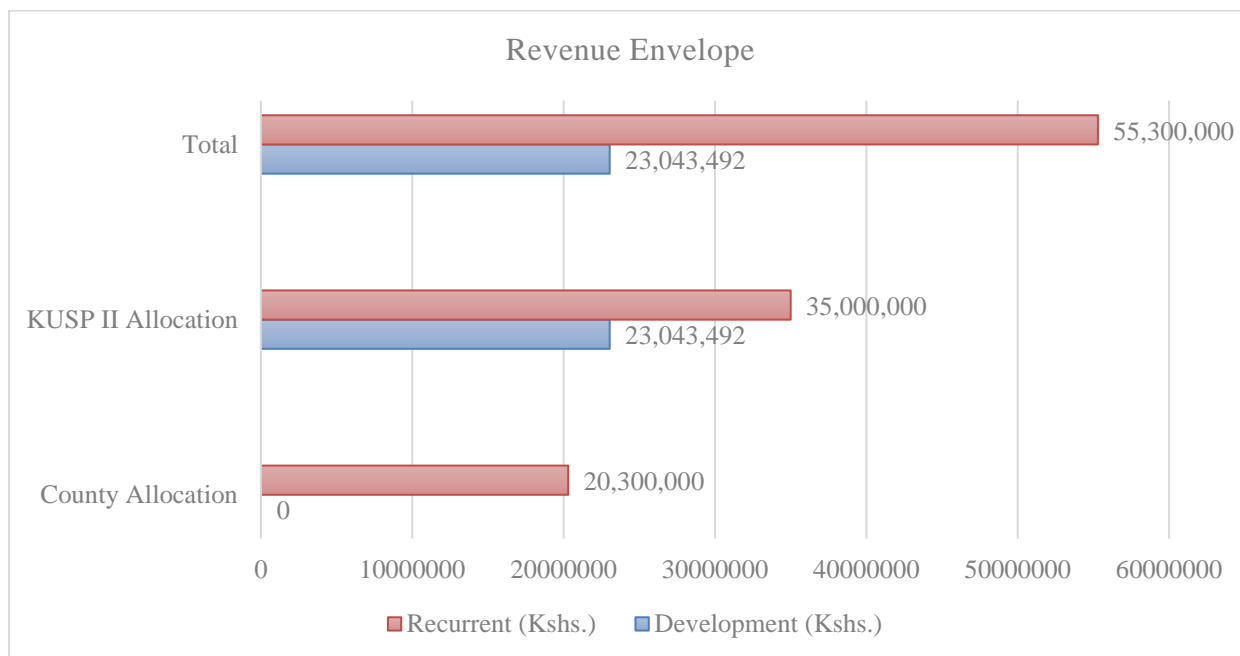
**a) Resource Envelope**

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

**Table 1: Resource Envelope**

Description	Development (Kshs.)	Recurrent (Kshs.)	Total Amount (Kshs.)	%
Allocation by the County Government	-	20,300,000	20,300,000	25.9
KUSP II Allocation	23,043,492	35,000,000	58,043,492	74.1
Other Income			2,500	
<b>Total</b>	<b>23,043,492</b>	<b>55,300,000</b>	<b>78,343,992</b>	<b>100</b>

**Figure 1: Resource Envelope**



**b) Budget performance**

Out of the total projected revenues, the entity received Kshs. 20,302,500 only out of the expected Kshs78, 343,992 of its budgets as shown below;

**Table 2: Budget Performance**

<b>Revenue Classification</b>	<b>Budget Amount (Kshs.)</b>	<b>Actual Amount received (Kshs.)</b>	<b>% Realization</b>
Development	23,043,492	-	0%
Recurrent Expenditure	55,302,500	20,302,500	36.7
<b>Total</b>	<b>78,345,992</b>	<b>20,302,500</b>	<b>25.9</b>

The low realization of the budget was because the conditional grants amounting to Kshs. 58,043,492 (Kshs. 23,043,492 for development and Kshs. 35,000,000 recurrent) had not been remitted by close of the financial year.

In FY2024/2025 Kapenguria Municipality realized overall absorption rate of 93% percent for both recurrent and development as shown below

**Table 3: Budget Performance**

<b>VOTE HEAD</b>	<b>Amount received (Kshs.)</b>	<b>Actual Expenditure (Kshs.)</b>	<b>Absorption %</b>
Development	0	0	0
Recurrent	20,302,500	18,804,397	93%
<b>Total</b>	<b>20,302,500</b>	<b>18,804,397</b>	<b>93%</b>

**c) Municipality Expenditure Analysis**

The total expenditure for the financial year 2024/2025 amounted to Kshs.18, 804,397 as recurrent expenditures as indicated in Table 2. There was no receipt for developments funds during the year under review.

**d) Cash Flow Analysis**

During FY2024/2025 the department received allocation from the County Government amounting to Kshs. 20, 300, 0000, and Kshs.2, 500 as other income. The funds received were utilized to purchase tools for cleaners, maintenance of refuse truck and tractors, facilitation of staff to undertake various activities among other operational activities of the Municipality.

**e) Fixed Assets**

The Municipality has developed a system of internal accounting controls designed to provide reasonable assurance to safeguard assets against loss from unauthorized use. It also provides reliable records for preparing financial statements and maintaining accountability for assets via the Asset Register. The net book value of the PPE as at the close of the financial year stands at Kshs. 112,622,615

**f) Operational Performance**

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

## **10. Environmental And Sustainability Reporting**

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

Kapenguria Municipality exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on sustainable development, partnership pillars: putting the residents/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar.

The Kapenguria Municipality with the support of State Department of Housing & Urban Development (SDHUD) has actively sought partnerships with the National Government and others in a bid to increase grants and donations and this has led to signing of Intergovernmental Participation agreement between the National Government and County Government of West Pokot to support infrastructural activities in Kapenguria Municipality through KUSPII. The Municipality is in the processes of taking up the revenue collection and has also mapped new revenue streams to increase its own source revenue collection. We realize that funds from the grants and other government entities will not be sufficient to achieve the objectives of our Integrated Development Plan (IDeP) and CIDP therefore, we seek to economically empower our people by actively investing in infrastructure that will benefit the Municipality residents through engaging in trading (such infrastructure include construction and tarmacking of our roads).

### **2. Environmental performance**

Kapenguria Municipality has in place a Solid Waste Management Policy that has assisted the public and the institutions involved to be 7R oriented society by Reducing; Rethinking; Refusing; Recycling; Reusing; Repairing; and Refilling their waste. The policy has also provided framework to address solid waste problems and ensures at achieving zero waste generation. The policy has further ensured that the Municipality in collaboration with other stakeholders is able to sustain the provision of adequate quality services in solid waste management and establish appropriate response to solid waste challenges. The policy needs to be reviewed to enhance effective solid waste management financing and ensure its actions are in line with the 2022 national solid waste management guidelines and standards. In conjunction with department of Environment, we have developed Environmental Rules and Regulations, which include Noise Regulations among others and this has led to reduction in loud noise,

unnecessary or unreasonable noise to ensure health and safety of the others. The municipality has an environmental expert who ensure full implementation of the solid waste management policy. There is need for departmental budget to support the activities of enforcement, public participation among others that will enable the performance indicators stated in the policy documents to be achieved. An increase budget for workshop tools and full PPEs for casual workers will be needed to comply with OSH regulations' and NEMA standards.

### **3. Employee welfare**

Employee welfare is a critical component for unified service delivery. Kapenguria Municipality is very committed in ensuring that the welfare of all its employees is catered for by providing a favourable working environment. During the 2024-2025 financial year and with the stewardship of the County Public Service board and the HR department the following key issues were achieved towards staff welfare:

- Procured working tools including Wheelbarrows, *Jembes*, spades, rakes so as ensure that staff working in our municipality use the right items to ensure their safety.
- Result Based Management / Performance management System is key in ensuring staff perform their work and are rewarded accordingly. In this regard, the department ensured staff were appraised through systematic staff performance appraisal system and performance contracting where staff participates through work planning, target setting and execution, feedback and reporting. During the year under review, the staff were appraised using a scale to indicate the level of performance and those who performed exemplary were rewarded through commendation letter among other recognitions.

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

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

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

The County uses the Public Procurement and Regulatory Authority market price index and its own market survey to assure competitive prices of procured goods, works and services. In compliance with

achieving affirmative action as provided by the Constitution under Articles 55 and 56 and as enacted in the Public Procurement and Asset Disposal Act, 2015 Sections 155,156,157 & 158, the County reserves 30% of its procurement budget to Youths, Women and Persons Living with Disability. Furthermore, the department prepares and submits the reports to Public Procurement and Regulatory Authority Quarterly and bi-annually as required under the Act and Executive Order no. 2/2018.

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

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

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

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

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

**Principal activities**

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

**Performance**

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

**Board Members**

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

**Auditors**

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

By Order of the Board

.....

**Name: Donato Long'al  
Secretary of the Board**

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

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

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

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

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

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

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 ----- 2025 and signed on its behalf by:

.....

**Name: David Yator Kiptum**  
**Chairperson of the Board**

.....

**Name: Donato Long’al**  
**Accounting officer of the Board**

**13. Report of the Auditor General**

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

Description	Note	2024-2025	2023-2024
		Kshs.	Kshs.
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	52,611,800	19,024,869
<b>Total revenue</b>		<b>52,611,800</b>	<b>19,024,869</b>
<b>Expenditure</b>			
Use of goods and services	7	14,873,301	14,330,296
Board expenses	8	974,500	993,500
Depreciation and amortization	9	12,261,100	12,243,417
Repairs and maintenance	10	2,956,596	4,713,280
<b>Total expenses</b>		<b>31,065,497</b>	<b>32,280,493</b>
<b>Surplus/(deficit) for the period</b>		<b>21,546,303</b>	<b>(13,255,624)</b>

The notes set out on pages 20 to 26 form an integral part of these Financial Statements. The entity financial statements were approved on \_\_\_\_\_ 2025 and signed by:

.....

**Name: Donato Long'al**  
**Municipality Manager**

.....

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

**15. Statement of Financial Position As At 30 June 2025**

Description	Note	2024-2025	2023-2024
		Kshs.	Kshs.
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	1,498,610	2,531,342
Receivables from non-exchange transactions	12	55,352,792	-
<b>Total current asset</b>		<b>56,851,402</b>	<b>2,531,342</b>
<b>Non-current assets</b>			
Property, plant, and equipment	13	112,622,615	124,883,715
<b>Total Non-current Assets</b>		<b>112,622,615</b>	<b>124,883,715</b>
<b>Total assets (A)</b>		<b>169,474,017</b>	<b>127,415,057</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14	-	2,530,835
<b>Total current liabilities</b>		<b>-</b>	<b>2,530,835</b>
<b>Non-current liabilities</b>			
<b>Total liabilities (B)</b>		<b>-</b>	<b>2,530,835</b>
<b>Net Assets (A-B)</b>		<b>169,474,017</b>	<b>124,884,222</b>
<b>Represented by:</b>			
Capital/Development Grants/Fund		180,830,478	157,786,986
Reserves		-	-
Accumulated surplus		(11,356,461)	(32,902,764)
<b>Net Assets/Equity</b>		<b>169,474,017</b>	<b>124,884,222</b>

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

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

.....

**Name: Donato Long'al**

**Municipality Manager**

**Date:**

.....

**Name: Geoffrey Lokong**

**Head of Finance**

**ICPAK M/No 27397**

**Date:**

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

Description	Capital/ Development Grants/Fund	Revaluati on Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
<b>Bal as at 1 July 2023</b>	148,894,938	-	(19,647,139)	129,247,799
Surplus/(deficit) for the year			(13,255,624)	(13,255,624)
Funds received during the year	8,892,048			8,892,048
Revaluation gain/loss	-	-	-	-
<b>Bal as at 30 Jun 2024</b>	<b>157,786,986</b>	-	<b>(32,902,764)</b>	<b>124,884,222</b>
		-	-	
<b>Bal as at 1 July 2024</b>	<b>157,786,986</b>	-	<b>(32,902,764)</b>	<b>124,884,222</b>
Surplus/(deficit) for the year		-	21,546,303	21,546,303
Funds received during the year	23,043,492	-	-	23,043,492
Revaluation gain/loss	-	-	-	-
<b>Balance as at 30 June 2025</b>	<b>180,830,477</b>		<b>(11,356,460)</b>	<b>169,474,017</b>

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

Description	Note	2024-2025	2023-2024
		Kshs.	Kshs.
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		20,302,500	19,024,869
<b>Total Receipts</b>		<b>20,302,500</b>	<b>19,024,869</b>
<b>Payments</b>			
Use of goods and services		(14,873,301)	(14,330,296)
Board expenses		(974,500)	(993,500)
Repairs and maintenance		(2,956,596)	(4,713,280)
<b>Total payments</b>		<b>(18,804,397)</b>	<b>(20,037,076)</b>
<b>Working Capital adjustment</b>			
Increase /Decrease in Payables		(2,530,835)	(638,193)
<b>Net cash flows from operating activities</b>	15	<b>(1,032,732)</b>	<b>(1,650,400)</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE & intangible assets		-	(26,832,283)
<b>Net cash flows used in investing activities</b>		<b>-</b>	<b>(26,832,283)</b>
<b>Cash flows from financing activities</b>			
Receipts from Capital grants		-	8,892,048
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>8,892,048</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>(1,032,732)</b>	<b>(19,590,635)</b>
Cash And Cash Equivalents At 1 July	11	<b>2,531,342</b>	<b>22,121,977</b>
<b>Cash And Cash Equivalents At 30 June</b>	11	<b>1,498,610</b>	<b>2,531,342</b>

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	B	c=(a+b)	d	e=(c-d)	f=d/c
<b>Budget carryovers from the previous year*</b>	-			507	-	-
<b>Receipts</b>						
Transfers from the County Government	19,500,000	58,843,492	78,343,492	20,300,000	58,043,492	26%
Mpesa deposit			2,500	2,500	-	
<b>Total Receipts</b>	19,500,000	58,843,492	78,345,992	20,302,500	58,043,492	26%
<b>Payments</b>						
Use of goods and services	14,500,000	35,402,500	49,902,500	14,873,301	35,029,199	30%
Board expenses	1,000,000	-	1,000,000	974,500	25,500	97%
Repairs and Maintenance	4,000,000	400,000	4,400,000	2,956,596	1,443,404	67%
<b>Total expenditure Payments</b>	19,500,000	35,802,500	55,302,500	18,804,397	36,498,103	34%
<b>Capital Expenditure Payments</b>	23,043,492		23,043,492	-	23,043,492	0%
<b>Surplus for the period</b>	-	-	-	1,498,610		

**Budget notes**

*The difference between the actual and budgeted amount was because the anticipated amount of Kshs. 58,043,492 (UIG- KShs. 35,000,000 and UDG Kshs. 23,043,492) from KUSP II were not disbursed from the national treasury to the County Government by the close of the financial year. The difference between the original and final budget amount was of inclusion of additional funds amounting to Kshs. 58,043,492 during supplementary II while kshs.800, 000 were re-locations funds.*

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

### **1. General Information**

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

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

### **2. Statement of Compliance and Basis of Preparation**

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

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

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

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

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

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

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

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

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

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

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

**4. Significant Accounting Policies**

**a) Revenue recognition**

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

***Transfers from other government entities***

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

**ii) Revenue from exchange transactions**

***Interest income***

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

**b) Budget information**

The original budget for FY 2024/25 was approved by the County Assembly on 24<sup>th</sup> June, 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Municipality upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Municipality recorded additional appropriations of Kshs. 58,843,492 on 6<sup>th</sup> May 2025 following the governing body's approval.

The Municipality's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Cash flows has been presented under section 18 of these financial statements.

**c) Property, plant and equipment**

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

**d) Intangible assets**

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

**e) Biological Assets**

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

**f) Financial instruments**

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

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

**Financial assets**

**Classification of financial assets**

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

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

### **Subsequent measurement**

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

### **Amortized cost**

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

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

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

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

#### **Fair value through surplus or deficit**

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

#### **Trade and other receivables**

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

#### **Impairment**

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

#### **Financial liabilities**

##### **Classification**

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

#### **g) Inventories**

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

Raw materials: purchase cost using the weighted average cost method

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

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

#### **h) Provisions**

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

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

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

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

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

**k) Contingent assets**

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

**l) Nature and purpose of reserves**

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

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

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

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

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

**o) Foreign currency transactions**

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

**p) Borrowing costs**

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

**q) Related parties**

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

**r) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

**s) Comparative figures**

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

**t) Events after the reporting period**

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

Two types of events can be identified:

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

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

During the year under review there were no material adjusting and non- adjusting events after the reporting period.

**u) Currency**

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

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

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

State all judgements, estimates and assumptions made.

**Estimates and assumptions.**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Municipality based its assumptions and estimates on parameters available when the

consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Municipality. Such changes are reflected in the assumptions when they occur.

**Useful lives and residual values**

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

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

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*Notes to the Financial Statements*

**6. Transfers from the County Government**

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	44,309,300	-
Payments by County on behalf of the entity	8,300,000	19,024,869
Unconditional development grants	23,043,492	-
Other revenues	2,500	-
<b>Total</b>	<b>75,655,292</b>	<b>19,024,869</b>

**(a) Transfers from County Government entities (Categorized)**

Name Of The Entity Sending The Grant	Amount recognized to Statement of financial performance* Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	2023-2024
			Kshs	Kshs	Kshs
West pokot County Treasury	52,611,800	-	23,043,492	75,655,292	27,757,417
<b>Total</b>	<b>52,611,800</b>	<b>-</b>	<b>23,043,492</b>	<b>75,655,292</b>	<b>27,757,417</b>

**7. Use of Goods and Services**

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Utilities, supplies and services	8,300,000	8,000,000
Domestic travel and subsistence	1,472,000	1,973,600
Printing, advertising and information supplies & services	199,559	
Hospitality supplies and services	249,875	237,449
Specialized materials and services	799,790	699,802
contracted professional Services		615,990
transfer to CRF		367,280
Fuel, oil and lubricants	3,848,060	2,432,388
Bank Charges	4,017	3,787

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<b>TOTAL</b>	<b>14,873,301</b>	<b>14,330,296</b>
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**8. Board expenses**

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Chairman/Members' Honoraria	-	-
Sitting allowances	940,500	773,000
Travel and accommodation	34,000	220,500
<b>Total</b>	<b>974,500</b>	<b>993,500</b>

**9. Depreciation and amortization**

Description	2024-2025	2023-2024
	KShs	KShs
Property, plant and equipment	12,261,100	12,243,417
<b>Total depreciation and amortization</b>	<b>12,261,100</b>	<b>12,243,417</b>

**10. Repairs and Maintenance**

Description	2024-2025	2023-2024
	KShs	KShs
Motor vehicle expenses	2,956,596	3,915,200
Maintenance of civil works	-	798,080
<b>Total repairs and maintenance</b>	<b>2,956,596</b>	<b>4,713,280</b>

**11. Cash and cash equivalents**

	Kshs.	Kshs.
Current account	1,498,610	2,531,342
<b>Total cash and cash equivalents</b>	<b>1,498,610</b>	<b>2,531,342</b>

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

Financial institution	Account number	2024-2025	2023-2024
		Kshs.	Kshs.
a) <b>Current account</b>			
Kenya Commercial Bank	1259776840	-	426
Kenya Commercial Bank	1259776697		81
Kenya Commercial Bank	1334742693	1,498,610	-
WPC- Deposit A/C	1164634089		2,530,835
<b>Sub- total</b>		<b>1,498,610</b>	<b>2,531,342</b>
<b>Grand total</b>		<b>1,498,610</b>	<b>2,531,342</b>

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

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Transfer from County Executive	-	-
Transfer from KUSPII Fund	55,352,792	-
<b>Total</b>	<b>55,352,792</b>	<b>-</b>

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

Description	2024-2025		2023-2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	55,352,792	100%	-	0%
<b>Total</b>	<b>55,352,792</b>	<b>100%</b>	<b>-</b>	<b>0%</b>

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**13. Property, Plant and Equipment**

Description	Land	Building Permanent	Building Temporary	Motor vehicles	Furniture and fittings	Computers	Recreation al Park	Street lights	Road Infrastruct ure Asphalt	Road infrastructu re Concrete	Road Infrastructu re	Capital  Work in progress s	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 1 <sup>st</sup> July 2023-1	-		14,954,142	13,000,000	4,490,650	2,999,000			51,560,138		3,155,855	39,953,928	130,113,714
Additions		19,025,421	2,097,280				20,407,300	499,960		5,536,164	9,966,550	9,253,536	66,786,211
Disposals					-	-			-	-	-		
Transfers/adjustments	-		-	-	-	-			-	-	-	(39,953,928)	(39,953,928)
<b>As at 30th June 2024</b>	-	19,025,421	17,051,422	13,000,000	4,490,650	2,999,000	20,407,300	499,960	51,560,138	5,536,164	13,122,405	9,253,536	156,945,997
Additions	-	-	-	-	-	-	-	362,488	-	8,891,048	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-										(9,253,536)	
<b>As at the end of June 2025</b>	-	19,025,421	17,051,422	13,000,000	4,490,650	2,999,000	20,407,300	862,448	51,560,138	14,427,212	13,122,405	-	156,945,996
<b>Depreciation and impairment</b>													
As at 1 <sup>st</sup> July 2023-1	-	-	4,486,242	3,900,000	1,683,994	2,699,100			5,156,014		1,893,514	-	19,818,864
Depreciation	-	380,508	1,705,142	1,300,000	561,331	299,900	-	33,347	5,156,014	182,693	2,624,481	-	12,243,417
Impairment	-	-	-	-	-	-			-		-	-	-

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Transfers/ Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2024</b>	-	380,508	6,191,384	5,200,000	2,245,325	2,999,000	-	33,347	10,312,028	182,693	4,517,995	-	<b>32,062,281</b>
Depreciation	-	380,508	1,705,142	1,300,000	561,331	-	-	57,525	5,156,014	476,098	2,624,481	-	<b>12,261,100</b>
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2025</b>	-	761,017	7,896,526	6,500,000	2,806,657	2,999,000	-	90,873	15,468,042	658,791	7,142,476	-	<b>44,323,381</b>
<b>NBV as at 30<sup>th</sup> Jun 2024</b>	-	18,644,913	10,860,038	7,800,000	2,245,325	-	20,407,300	466,613	41,248,111	5,353,471	8,604,410	9,253,536	<b>124,883,715</b>
<b>NBV as at 30<sup>th</sup> June 2025</b>	-	18,264,404	9,154,896	6,500,000	1,683,994	-	20,407,300	771,575	36,092,096	13,768,421	5,979,929	-	<b>112,622,615</b>

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**14. Trade and Other Payables**

Description	2024-2025		2023-2024	
	Kshs.		Kshs.	
Retentions	-		2,530,836	
<b>Total trade and other payables</b>	-		<b>2,530,836</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	-	0%	2,530,835	100%
<b>Total</b>	-	<b>0%</b>	<b>2,530,835</b>	<b>%</b>

**15. Cash generated from operations**

Description	2024-2025		2023-2025	
	Kshs.		Kshs.	
<b>Surplus/ (deficit) for the year before tax</b>	<b>21,546,303</b>		<b>(13,255,624)</b>	
<b>Adjusted for:</b>				
Depreciation	12,261,100		12,243,417	
<b>Working Capital adjustments</b>				
Increase in receivables	(32,309,300)		-	
Increase/Decrease in payables	(2,530,835)		(638,193)	
<b>Net cash flow from operating activities</b>	<b>(1,032,732)</b>		<b>(1,650,400)</b>	

**16. Related party balances**

**a) Nature of related party relationships**

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

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

**b) Related party transactions**

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Transfers from related County Government	20,302,500	19,024,869
<b>Total</b>	<b>20,302,500</b>	<b>19,024,869</b>

**c) Key management remuneration**

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Board Members	974,500	993,500
<b>Total</b>	<b>974,500</b>	<b>993,500</b>

## **17. Financial risk management**

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

### **I. Credit risk**

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

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
<b>At 30 June 2025</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	55,352,792	55,352,792	-	-
Bank balances	1,498,610	55,352,792	-	-
<b>Total</b>	<b>56,851,402</b>	<b>56,851,402</b>	-	-
<b>At 30 June 2024</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	2,531,342	2,531,342	-	-
<b>Total</b>	<b>2,531,342</b>	<b>2,531,342</b>	-	-

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

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

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

## **II. Liquidity risk management**

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

The table below represents cash flows payable by the 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.
<b>At 30 Jun 2025 (current year)</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 Jun 2024</b>				
Trade payables	-	-	2,530,835	2,530,835
<b>Total</b>	-	-	<b>2,530,835</b>	<b>2,530,835</b>

### **III. Market risk**

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

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

### **IV. Capital risk management.**

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

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Revaluation reserve	-	-
Capital/Development Grants Municipality	180,830,478	157,786,986
Accumulated surplus	(11,356,461)	(32,902,764)
<b>Total Funds</b>	<b>169,474,017</b>	<b>124,884,222</b>
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

**20. Appendices**

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

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status:</b>	<b>Timeframe:</b>
Emphasis of Matter	<p><b>Budgetary Control and performance</b> The statement of comparison and of budget and actual amounts reflects final revenue budget and actual on comparison basis of Kshs. 73,532,606 and Kshs. 19,025,019 respectively resulting to an underfunding of KShs. 54,507,587 or 74% of the budget. Similarly The Municipality actual expenditure amounted to Kshs. 32,280,493 against an approved budget of Kshs. 73,532,606 resulting to an under absorption of 41, 252, 1124 or 56% of the budget. The underfunding and under-expenditure affected the planned activities and may have impacted negatively on the service delivery to the public.</p>	<p>In the financial year 2023/24 Kapenguria Municipality had a budget of Kshs. 73,532,606 which included Kshs. 18,532,456 as County allocation, Ksh.150 miscellaneous income and Kshs. 55,000,000 as conditional grants from Kenya Urban Support Programme (KUSP). During the year under review the Municipality received the County allocation of Kshs. 18,532,456 while the Conditional grant under the Kenya Urban Support Programme (KUSPII) amounting to</p>	Resolved	

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status:</b>	<b>Timeframe:</b>
	My opinion is not modified in respect to this matter	Kshs. 55,000,000 was not disbursed by the state department of Urban Development. The conditional grant had conditions attached to it which included undertaking of Annual Performance Assessment (APA) by a consultant which had not been undertaken by the close of the financial year. However, the APA was done between 11- 13 December 2024 and Kapenguria Municipality has now been allocated Kshs. 35,000,000 and Kshs. 23,043,492 as Urban Institution Grant (UIG) and Urban Development Grant respectively. Find the attached Kenya Gazette		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		Supplement of 6th February 2025		
Other Matter	<p><b>Non- Collection of Own Generated Revenue</b></p> <p>The statement of the financial performance for the year ended 30 June 2024 indicates that the Municipality was financed solely through revenue allocated by the County Government and conditional grants by The National Treasury through Kenya Urban Support Programme (KUSP). This was contrary to section 172(a) of the Public Finance Management Act , 2012 which states that ‘ an Urban area or City may also be financed through revenue arising from rates, fees, levies, charges and other revenues measures which is retained by the urban area’ . Further , conferment of the municipal status may have been made without satisfying</p>	<p>Currently the revenue collection is managed by the Head of Revenue, however, the County Executive Committee Member for Finance and Economic Planning has designated the Kapenguria Municipal Manager as the receiver of revenue starting July 2025. Therefore, Kapenguria Municipality will be collecting its own source revenue onwards.</p> <p>The Municipality has great potential in revenue collection as indicated by the attached streams of revenues and amounts</p>	Not resolved	30 <sup>th</sup> June 2026

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status:</b>	<b>Timeframe:</b>
	<p>criterion of demonstrable revenue collection or revenue collection potential, contrary to section 9(3)(c) of the Urban Areas and cities Act, 2011</p> <p>In the circumstance, the Municipality may not achieve its objectives and goals as outlined in its charter</p> <p><b>2. Lack of Financial and Operational Independence</b></p> <p>Review of provided documentation revealed that the Municipality lacked financial independence as revenues and expenditure of the Municipality were controlled from the County Treasury thereby denying the independence of the financial operation</p>	<p>realized from July 2024 to March 2025.</p> <p>The Municipality has since been granted financial autonomy starting in the financial year 2024-2025. The Municipality revenues and expenditures are now implemented at its operations accounts at Kenya Commercial Bank.</p>	Resolved	

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*Donato Long'al*  
*Municipality Manager*

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**Appendix 2: Inter-Entity Transfers**

<b>KAPENGURIA MUNICIPALITY</b>			
<b>Breakdown of Transfers from the County Executive of West Pokot County</b>			
<b>FY 2024/2025</b>			
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u> <u>F/Y</u>
	Transfer from County Government	03/02/2025	6,000,000 2024/2025
	Transfer from County Government	05/03/2025	6,000,000 2024/2025
	Other Revenues		2,500
	<b>Total</b>		<b>12,002,500</b>

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*Haron Muruny*  
*Head of Treasury*

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*Donato Long'al*  
*Municipality Manager*