

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

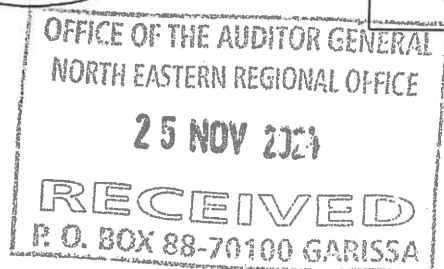
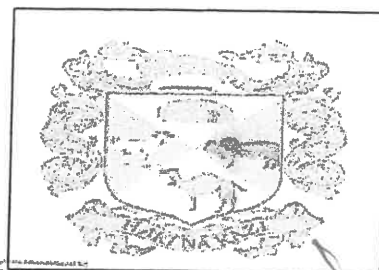
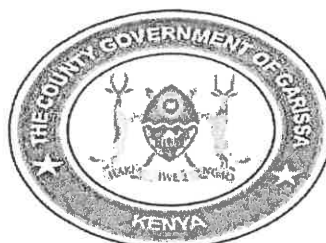
ON

MUNICIPALITY OF GARISSA

FOR THE YEAR ENDED

30 JUNE, 2024

COUNTY GOVERNMENT OF GARISSA



**COUNTY GOVERNMENT OF GARISSA
MUNICIPALITY OF GARISSA**

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

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

2. Key Entity Information and Management

a) Background information

Municipality of Garissa is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011(amended 2019) and Cities and Municipal Charter on 4th July 2018. The Municipality is under the County Government of Garissa and is domiciled in Kenya.

b) Principal Activities

Our Vision

A Prosperous and people-centred Municipality in Kenya.

Our Mission

To deliver exceptional services and promote a high quality of life for residents, visitors and businesses.

The principal activities for the areas follow;

- a) Promotion, regulation and provision of refuse collection and solid waste management services;
- b) Promotion and provision of water and sanitation services and infrastructure within the Municipality and the establishment of Garissa water and sewerage company (GAWASCO).
- c) Construction and maintenance of urban roads and associated infrastructure;
- d) Construction and maintenance of storm drainage and flood controls;
- e) Construction and maintenance of walkways and other non-motorized transport infrastructure;
- f) Construction and maintenance of recreational parks 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 of outdoor advertising;
- k) Construction, maintenance and regulation of Municipal infrastructure, 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.

c) Key Management

The Municipality's management is under the following key organs;

- County Department in charge of urban Planning and Municipalities
- Board of Management
- Municipality Manager
- Management

d) Fiduciary Management

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

Ref	Position	Name
1	Municipality Manager	Mohamed H. Osman
2	Director of Administration	Moulid M. Muhumed
3	Head of sanitation	Suada H. Shafat
4	Head of Account	Mohamed Abdullahi
5	HoD- Human resources management	Abdi Muhumed Aden
6	HOD Procurement	Abdiaziz Rashid Kulmie

e) Fiduciary Oversight Arrangements

- i) Audit and Risk Management Committee
- ii) County Assembly committees
- iii) Committees of the Senate

f) Registered Offices

P.O. Box 563-70100

Garissa, KENYA

g) Contacts

Telephone: +254722800293

E-mail: info@Garissa.go.ke

Website: www.Garissa.go.ke

h) Bankers

Kenya Commercial Bank

P.O. Box 143-70100

Garissa, Kenya

i) Independent Auditor

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

j) Principal Legal Adviser

The Attorney General

State Law Office



Harambee Avenue



P.O. Box 40112



City Square 00200



Nairobi, Kenya


3. Municipality Board

Serial No.	Name	Details of qualifications and experience
1	 <p>ABDI ABDIRAHMAN ABDULLAHI CHAIRMAN</p>	<p>I hold a Bachelor's degree in Business Management with a specialization in Procurement from Garissa University (2017-2021) and have completed diplomas and certificates in Supplies Management from NEP Technical Training Institute. My career began as a Sales Manager at Atlantiscom Telecommunications, where I excelled in achieving sales targets and building customer relationships. I later worked as a Registration Clerk and Polling Clerk with the IEBC before advancing to the role of Procurement Assistant and then Procurement Officer at the Semi Arid Health Initiative and Semi Arid Resilience Network, respectively. My skills include financial and supplies management, proficiency in Microsoft Office and QuickBooks, and fluency in English, Kiswahili, Somali, and Arabic. I am committed to enhancing organizational efficiency and ensuring proper management of procurement processes.</p>
2	 <p>FATUMA KHALIF ALI-VICE CHAIR</p>	<p>Born in 1962 in Kenya and am a dedicated educator and community leader, currently serving as a Member of the County Assembly in Garissa. With a Bachelor's Degree in Education specializing in Early Childhood Development from Kampala University, I also hold diplomas in guidance and counselling and project planning and management. My career spans several roles, including Director of Quality Assurance and Standard, where I enhanced school effectiveness, and as a Teacher Advisory Tutor, supporting teachers'</p>



		professional growth. My commitment to education is complemented by my involvement in various community initiatives, including serving on several school boards and volunteering for women's empowerment programs.
3	 <p>GENYA MOHAMED ABDILE</p>	<p>I was born on October 5, 2002. A hardworking and self-motivated individual, I am passionate about achieving set goals and effectively utilizing organizational resources to maximize performance. I possess strong leadership abilities, excellent communication skills, and adept planning and organizing capabilities. I am fluent in English and Kiswahili. My vision is to create synergies between various stakeholders to enhance the relevance, impact, and sustainability of research and development activities, ultimately improving living conditions for displaced persons. I earned a Diploma in Human Resource Management from Umma University (2021-2022) and a Secondary Certificate from Al-Falah Secondary School (2017-2020). Currently, I serve as a Human Resources Officer at the Ministry of Gender, Family Affairs, and Human Rights in Garissa, a position I have held since January 2022.</p>
4.	 <p>ABDI SALAT HUSSEIN</p>	<p>I was born in 1969 and have dedicated my life to education and community service. My journey began at Garissa Primary School, followed by Garissa High School, where I developed a strong interest in the arts and social sciences. This passion led me to pursue a Bachelor's degree in Arts at Mount Kenya University (MKU). Throughout my career, I have applied my knowledge and experience to support community initiatives, focusing on cultural and social development. At 65, I continue to contribute actively to my community, driven by a commitment to lifelong learning and positive impact.</p>




5.	 <p>CPA ADEN MUSA MOHAMUD</p>	<p>I was born on October 10, 1989, in Kenya and currently reside in Garissa. I am a fully qualified and dynamic professional specializing in financial management, auditing, and community outreach, aiming to contribute to institutional development and decision-making processes. I hold a PhD in Finance (ongoing) from Dedan Kimathi University, an MBA in Finance from Moi University, and a Bachelor's degree in Community Development. My professional journey includes roles such as Ag. Head of Finance at Garissa University and various accounting positions within the institution, where I've developed skills in financial reporting, budgeting, and donor fund management. With certifications in CPA and senior management, I am proficient in various accounting software and fluent in Kiswahili, English, and Somali. My personal attributes include honesty, creativity, and a strong ability to work collaboratively across cultures. In my free time, I enjoy playing football, reading, and traveling.</p>
6.	 <p>FAHMI AHMED ABUBAKAR BAJWED</p>	<p>I was born on May 16, 1977, and am a Kenyan national dedicated to personal and professional growth. My career began as a salesman at Bajwed Auto Spare and Hardware, where I honed my customer service skills from 2001 to 2008. Since 2009, I have served as the General Manager at Bajwed General Merchant Ltd, overseeing daily operations, strategic planning, and employee development. I hold a Diploma in Business Management from the Technical University of Mombasa and have completed my primary and secondary education in Garissa. I am fluent in English and Kiswahili, and my personal skills include attention to detail, time management, and strong organizational abilities. Driven by a vision to be an excellent and progressive professional, I am committed to making a positive impact in my community,</p>


		particularly by assisting disadvantaged individuals. My hobbies include reading scientific materials, interacting with friends, and traveling.
7.	 <p>OMAR ABDI GARANE</p>	<p>Born in 1968 in Garissa, Kenya, I dedicated my career to public service and community development. After completing my primary and secondary education, I earned a Diploma in Accountancy from the Technical University of Mombasa in 1994. I began working with the Garissa Municipal Council as a Revenue Clerk, advancing through various roles such as License Officer, Revenue Officer, Accountant, and Cashier, focusing on revenue management, reporting, and staff supervision. I have also served as Vice Chairman of the Dadaab District Peace and Development Group and as Team Leader for Champions for Change, continuing my commitment to Garissa's welfare. Married and fluent in English, Kiswahili, and Somali, I am dedicated to Garissa's financial integrity and community growth.</p>
8.	 <p>MOHAMED HUSSEIN MOHAMED</p>	<p>Born in 1980, he holds a Bachelor of Commerce degree from Egerton University and brings several years of diverse professional experience. He served as Director of Administration and Coordination in the Office of the Deputy Governor of Garissa County from 2014 to 2022, where he played a pivotal role in managing key administrative functions. Prior to this, from 2011 to 2014, he worked with the Kenya National Farmers Federation (KENAFF) as the Garissa County Coordinator and Acting Regional Coordinator for North Eastern Province, supporting agricultural development initiatives. Currently, he serves as the Executive Committee Member (CECM) in charge of Lands, Housing, and Urban Development in Garissa County, while also sitting on the Garissa County Municipalities Board. His extensive expertise in both governance and regional development underscores his commitment to public service and community growth.</p>

9.	 FARHIYA ISMAIL OMAR	Born in 1992, she holds a Bachelor's degree in Business Management and has amassed over 10 years of experience in management. Her career reflects a steady progression of leadership and expertise in urban planning and governance. Currently, she serves as the Chief Officer of Urban Planning and is also a member of the Municipal Board, where she plays a vital role in shaping policies and overseeing urban development initiatives. Her extensive experience in management, combined with her strategic vision, makes her a key figure in driving sustainable urban growth and development in her region.
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4. Key Management Team

S/ No	Name	Details of qualifications and experience
1.	 Mohamed H. Osman	<p>I was born and raised in Garissa, Kenya, where my commitment to community service and development began. Over the years, I've built a career rooted in public administration, urban planning, and business management, currently serving as Acting Municipal Manager for Garissa County Government. With extensive experience in overseeing municipal operations—from budgeting and policy formulation to sustainable infrastructure projects—I focus on driving transparent decision-making and improving public services. I previously served as Garissa's Director of Urban Development and held roles with organizations such as Kenya Red Cross and the Ministry of Youth Affairs. My educational background includes a Bachelor's Degree in Business Management (HR) from East African University and diplomas in Business Management, Project Cycle Management, and HR. My work reflects a lifelong dedication to enhancing public service and fostering community progress.</p>
2	 Suada H. Shafat	<p>I was born on February 3, 1990, and am a dedicated professional in community health and development, driven by a passion for enhancing community welfare. My educational journey began at Madogashe Primary School, where I completed my Kenya Certificate of Primary Education (KCPE), followed by Nep Girls Secondary School, where I attained my Kenya Certificate of Secondary Education (KCSE). I later pursued a Diploma in Community Health Development at Community Concern in 2011-2012, enhancing my knowledge in community service. I also undertook a computer applications course at Pentagon Computer Centre to strengthen my technical skills. Fluent in Kiswahili, English, Somali, and Arabic, I bring excellent planning, organizational, and teamwork skills, with a goal to further develop my</p>

		abilities in a challenging organization that values community growth and information management.
3.	 <p>Moulid Mohamed</p>	<p>I was born in 1989 and raised in Garissa, Kenya. I hold a Bachelor's Degree in Business Management with a specialization in Marketing from Mt. Kenya University, obtained in 2014, and a Diploma in Personal Management from NENAP in 2010. My career spans 18 years across both the private and public sectors, where I have served in various managerial roles, honing skills in business strategy, team leadership, and operational management. Throughout my career, I have focused on creating impactful solutions and driving organizational growth, using my background in marketing and management to foster innovation and efficiency. My work is grounded in a commitment to excellence and a passion for building successful teams and organizations.</p>
4.	 <p>Abdi Muhumed Aden</p>	<p>Born in 1986, I am an experienced HR professional with over ten years in the field, a Bachelor's in Public Administration specializing in HR, and a CHRP certification. Currently pursuing an MBA from Kenyatta University, I've held significant roles, including Head of Human Resources for Garissa County Municipality, focusing on HR policies, payroll, and staff development. Skilled in HR planning, recruitment, and employee relations, I am fluent in English, Kiswahili, and Somali, bringing a multicultural approach to fostering positive work environments. My goal is to leverage my expertise in a senior HR role to boost productivity and support professional growth.</p>
6.	 <p>Mohamed Abdullahi Suthey.</p>	<p>Mohamed Abdullahi Suthey. Born in 1988, he holds a Bachelor of Commerce degree with a specialization in Finance. He is a Certified Public Accountant (CPA) and an esteemed member of the Institute of Certified Public Accountants of Kenya (ICPAK). With over 10 years of experience in financial management, he currently serves as the Head of Finance in the Municipality, where he plays a pivotal role in overseeing financial operations, budgeting, and fiscal planning. His expertise in finance and</p>

		accounting, combined with his commitment to transparency and efficiency, ensures sound financial governance and supports the municipality's strategic objectives. His leadership and professional credentials position him as a key asset in driving financial integrity and sustainability within the organization.
7.	 Abdiaziz Rashid Kulmie	Born on January 15, 1990, I am a dedicated supply chain and business management professional with a solid educational foundation from the Kenya Institute of Management and a Bachelor's in Business Management from Mount Kenya University. My career began with the Kenya Red Cross, followed by a role with the Ministry of Health and Sanitation. Since 2015, I have served as a Principal Supply Chain Management Officer for the County Government of Garissa. Fluent in English, Swahili, and Somali, I am committed to continuous learning, hard work, and advancing in leadership.

5. Municipality Board Chairperson's Report

I am pleased to present the financial statement for Municipality of Garissa for the fiscal year 2023–2024. This document outlines the vision, objectives, and strategies of the Municipal Board, detailing our commitment to fulfilling our obligations to the residents of Municipality of Garissa and Garissa County. It reflects extensive consultations with the people of Garissa and the county government of Garissa, ensuring that it is aligned with the needs and aspirations of our community.

The financial statement is anchored on the key pillars we consider essential for effective management of the municipality, and it aligns with our strategic priorities. We extend our heartfelt gratitude to all those involved in the preparation of this document for their dedication, suggestions, and invaluable advice. In particular, we would like to thank the Governor and the County Government of Garissa for their unwavering support. We also appreciate the contributions from organized groups and individual residents of Garissa, and we are committed to maintaining this engagement as we fulfill our municipal mandate annually.

We recognize the importance of collaborating with county departments to deliver quality services to the residents of Garissa. As the municipality headquarters, we understand that our performance will have a significant impact on the entire county. Therefore, we assure the people of Garissa that we will strive for success in all our endeavors.

While the needs of our community are numerous, we also face challenges, including limited resources, a small economy, a limited skills pool, inadequate housing, insufficient hospitality services, and the absence of a sewer system. Addressing these challenges will require substantial investments that the municipality may currently lack.

The current Municipality of Garissa Board is the inaugural board of the Municipality and the third urban board in Garissa County, comprising seven dedicated members.

We are committed to working closely with stakeholders and partners to bridge these resource gaps, and we are optimistic that our collective efforts will help make Garissa the most desirable place to live, work, and invest.



Name: Abdi Abdirahman Abdullahi

Chairperson of the Board

6. Report Of the Municipality Manager

Municipality of Garissa serves as the official headquarters of Garissa Town, centrally located for easy accessibility from all areas of Garissa County. The population of Garissa has experienced significant growth, with a considerable portion being under the age of 35. This population growth is anticipated to continue due to the municipality's status and the increasing integration of northern Kenya with the rest of the country, with Garissa acting as a key gateway.

The Strategic Plan is a crucial tool for the municipality staff, clarifying the board's strategic intentions, defining the guiding principles for our operations, and outlining our priorities. It serves as a reminder of our primary objective: to serve the residents of Garissa. This plan enables our staff to engage effectively with colleagues, partners, and other stakeholders regarding the kind of community and municipality we aspire to create, how we can enhance collaboration, and the areas in which we need improvement.

Additionally, the Strategic Plan outlines expected outcomes, lists our strategies, reaffirms our commitment to stakeholders, and clarifies our priorities. The residents of Garissa have articulated high expectations, and it is against these expectations that our performance will be assessed. We extend our gratitude to the board and the county government for the guidance provided by this plan.

We are committed to working closely with the county government to develop budget alignment strategies and accountability mechanisms that ensure adequate resources and follow-through with this plan. Furthermore, we will endeavor to report continuously on our progress to stakeholders, as mandated by law, through a rigorous and transparent engagement process. Each year, we will review and update the strategies and initiatives identified in the plan.

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Name: Mohamed Hassan Osman
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 Dadaab Municipality for FY 2023/2024 plan are to:

- a) Provide quality physical infrastructure.
- b) Urban planning.
- c) Urban governance and administration

Program	Objective	Outcome	Indicator	Performance
Urban planning	To control urban development	To create orderly development in urban areas	Number of developments conforming with rules and regulations governing urban development	To increase the roads network and parking facilities within the town
Urban governance and administration	Managing urban growth	Provide inhabitants with better job opportunities and improved healthcare, housing, safety and social development.	Jobs created and improvement on healthcare facilities	provide temporary jobs for youths through Afforestation and Sanitation programs intensive project, parking facilities and road networks
Provide quality physical infrastructure	Meeting economic development goals	increases the competitiveness of the Municipality economy	Number of physical infrastructure developments	Managed to begin the upgrading of Dadaab municipality parking facilities

Corporate Governance Statement

Process of Appointment and Removal of Board Members for a Municipality

Composition of the Board

The Board of a municipality shall consist of nine (9) members, appointed by the County Governor with the approval of the County Assembly. The composition is structured as follows:

1. The County Executive Member responsible for Lands, Housing, and Urban Development areas or their representative.
2. Three (3) members appointed by the County Governor, with the approval of the County Assembly.
3. Four (4) members nominated by relevant associations and appointed by the County Governor, subject to County Assembly approval:

- An umbrella body representing professional associations within the area.
 - An association representing the private sector in the area.
 - A cluster representing registered associations of the informal sector in the area.
 - A cluster representing registered neighborhood associations in the area.
4. The Chief Officer responsible for urban development.
 5. The Municipal Manager, appointed under Section 28, who serves as the Secretary and ex officio member of the Board.

Eligibility for Appointment

To be eligible for appointment as a member of the Municipal Board, candidates must meet the following qualifications:

- Hold at least a diploma from a recognized institution in Kenya.
- Have a distinguished career in a medium-level management position in the private or public sector.
- Possess a minimum of five years of post-qualification professional experience.
- Meet the requirements of Chapter Six of the Kenyan Constitution, which deals with leadership and integrity.
- Be an ordinary resident or have a permanent dwelling within the municipality.
- Conduct business or have resided in the municipality for at least five years.

Additionally, during appointments, the County Governor must ensure gender equity and representation of persons with disabilities, youth, and marginalized groups.

Term of Office

The members of the Municipal Board shall serve on a part-time basis for a five-year term.

Removal of Members of the Municipal Board

A member of the Municipal Board may cease to hold office under specific circumstances outlined in the regulations governing municipalities. These conditions are as follows:

- a. **Incapacity:** If a member is unable to perform their duties due to mental or physical incapacity.
- b. **Bankruptcy:** If a member is declared or becomes bankrupt or insolvent.
- c. **Criminal Conviction:** If a member is convicted of a criminal offence and sentenced to a term of imprisonment of six months or more.
- d. **Resignation:** If the member submits a written resignation to the County Governor.
- e. **Absenteeism:** If, without reasonable cause, the member is absent from three consecutive Board or committee meetings within a single financial year.
- f. **Professional Misconduct:** If the member is found guilty of professional misconduct by their relevant professional body.
- g. **Constitutional Disqualification:** If the member is disqualified from holding public office under the Kenyan Constitution.
- h. **Conflict of Interest:** If the member fails to declare an interest in any matter being considered by the Board or its committees.

- i. **Gross Misconduct:** If the member engages in gross misconduct.
- j. **Death:** If the member passes away.

Removal Procedures A member of the Municipal Board may be removed from office through the following methods:

- 1. **County Governor:** The County Governor may initiate the removal of a member.
- 2. **Board Resolution:** A resolution passed by at least two-thirds of the Municipal Board members can remove a member from office.
- 3. **Resident Petition:** The residents of the municipality may submit a petition for the removal of a Board member.

Procedure for Removal

The procedure for the removal or petition for removal of a Board member is to be provided by regulations under the Urban Areas and Cities Act.

Filling Vacancies

Any vacancy arising due to the removal of a Board member shall be filled according to the appointment procedure outlined in Section 3.3, ensuring the required qualifications and procedures are followed.

Functions of the Municipal Board of the Municipality

The Board of The Municipality shall perform the following functions:

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

- l) preparing and submitting its annual budget estimates to the relevant County Treasury, by relevant county government department for consideration and submission to the county assembly for approval as part of the annual County Appropriation Bill;
- m) collecting rates, taxes levies, duties, fees and surcharges on fees as delegated by the County Government of Garissa
- n) settling and implementing tariff, rates and tax and debt collection policies as delegated by the County Government of Garissa
- o) monitoring the impact and effectiveness of any services, policies, programs or plans;
- p) establishing, implementing and monitoring performance management systems;
- q) promoting a safe and healthy environment;
- r) facilitating and regulating public transport

Committees of the Board of the Municipality

The Board of the Municipality may:

- a) establish such committees for any general or special purpose which, in its opinion, would regulate or manage its affairs more efficiently and as may be necessary for the performance of its functions under the urban areas and cities act;
- b) delegate to such committee such functions as are necessary for the efficient performance of its duties in respect to the whole or any part of the area under the jurisdiction of the Board of the Municipality; and
- c) Include persons who are not members of the Municipal Board in any committee.

The committees of the Board of the Municipality to which members of the Municipality delegate any of their powers and functions must follow procedures which are based as far as they are applicable on those provision of this Charter which govern the taking of decisions of performance of functions by the Municipal Board of the Municipality.

Remuneration of the Members of the Board of the Municipality

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

Meetings of the Municipal Board

The Municipal Board of the Municipality is required to hold meetings to transact its business according to the following provisions:

1. Regular Meetings:

The Board shall convene once every three months for regular meetings to conduct its business.

2. Special Meetings:

In addition to the regular meetings, the Chairperson of the Board may call a special meeting at any time. A special meeting must also be convened if at least one-third of the members of the Board submit a written request for an urgent matter to be addressed.

3. Public Accessibility:

All regular meetings of the Board, which are held to transact public business, must be open to the public when a majority of the Board members are present. This ensures transparency in the Board's decision-making process.

4. Executive Sessions:

The Board is allowed to hold private executive sessions where the public is excluded. However, during these sessions, the Board is not permitted to finally adopt any by-laws, resolutions, rules, or regulations. Such decisions must be made during open, public meetings to ensure accountability and public participation.

8. Management Discussion and Analysis

The Municipality of Garissa has continued to grow over the time and the management has put measures in place to safeguard risks. The management has ensured that we comply with statutory requirements relating to the functions of the Municipality. By the end of this financial year, Municipality of Garissa had received Kshs.8,000,000 as transfer from Garissa County treasury. In order to ensure improved transparency, accountability and fiscal responsibility in the public sector, the Municipality of Garissa is committed to prudent management of finances guided by sound financial policies and guidelines that ensure efficient utilization of resources. The Municipality of Garissa is also dedicated to deliver on the promises made in her budget. This will help bolster the key objective of devolution which is to promote sustainable and equitable social, political and economic development in the Municipality of Garissa.

Compliance with statutory requirements

The Municipality complied with the following listed requirements but not limited to:

- Public Finance Management Act 2012
- Public procurement disposal Act 2015.

Conclusion

We appreciate the unrelenting support from the board of trustees, management, staff, the county government, development partners and all the key stakeholders. We look forward to continuing partnership and cooperation in areas of mutual interest in the FY 2024/2025.

9. Environmental And Sustainability Reporting

Municipality of Garissa is committed to transforming lives by delivering sustainable environmental practices and operational excellence. Guided by national and county environmental laws and policies, the municipality strives to create a positive impact on the environment and improve the well-being of its residents. This report outlines the key environmental policies that guide the municipality, highlights achievements in biodiversity management, and provides insights into the Municipality's waste management efforts.

I) Environmental Policy Guiding Municipality of Garissa

The Municipality relies on various national and county laws and policies to ensure effective environmental management in all aspects of its operations. Key policies and regulations include:

- **Environment Management and Coordination Act (EMCA 1999), Amended 2015:** This act serves as the overarching framework for environmental governance in Kenya, addressing various aspects of environmental management.
- **The Environmental (Impact Assessment and Audit) Regulations, 2009:** These regulations require environmental impact assessments and audits for projects that may affect the environment.
- **The Environmental Management and Coordination (Waste Management) Regulations, 2006:** Provides guidelines for proper waste management practices to ensure environmental protection.
- **The Environmental Management and Coordination (Water Quality) Regulations, 2006:** Focuses on protecting water sources from pollution and ensuring the quality of water for residents.
- **The Environmental Management and Coordination (Noise and Excessive Vibration Pollution Control) Regulations, 2009:** Regulates noise levels to minimize pollution in urban areas.
- **The Environmental Management and Coordination (Air Quality) Regulations, 2014:** Aims at controlling air pollution from various sources to safeguard public health.
- **National Environment Policy (NEP 2012):** This policy addresses ecosystem management and sustainable natural resource use, focusing on critical ecosystems such as forests, grasslands, and arid and semi-arid lands. It also strengthens the legal and institutional framework for environmental coordination and promotes environmental management tools.
- **County Environment Action Plan (CEAP 2022-2027):** Provides guidelines and solutions for environmental impacts specific to Garissa County, ensuring a localized approach to environmental sustainability.

II) Biodiversity Management

Achievements

Municipality of Garissa has made significant strides in managing biodiversity, which is essential for maintaining healthy ecosystems and providing critical services to its residents. Key successes include:

- **Increased Tree Cover:** The Municipality has successfully implemented tree-planting initiatives to increase green spaces and improve air quality.
- **Sustainable Solid Waste Management:** Through the implementation of waste management regulations, the Municipality has improved the management and disposal of solid waste, contributing to a cleaner and healthier environment.

Challenges

Despite these successes, the Municipality faces several challenges in biodiversity management, including:

- **Depletion of Natural Resources:** The increasing population has put pressure on natural resources, reducing their ability to support sustainable growth.
- **Scarcity of Water and Pasture:** The Municipality experiences water shortages and limited pasture for livestock, especially during dry seasons, which affects both agriculture and livestock farming.
- **Poor Land Use Practices:** Unsustainable land use has diminished soil fertility, reducing farm productivity and threatening food security.

Efforts Toward Biodiversity Management

In response to these challenges, Municipality of garissa has implemented the following measures:

- **Strict Regulations on Tree Cutting:** Laws have been enacted to prevent illegal deforestation and promote the conservation of tree cover.
- **Incentives for Reforestation and Afforestation:** The Municipality encourages residents to plant trees through various incentive programs, contributing to reforestation efforts.
- **Collaborative Efforts:** Government, private institutions, and civil society organizations are working together to enhance the ability of nature to provide critical ecosystem services. This includes efforts to restore degraded areas, conserve wildlife habitats, and promote sustainable agricultural practices.

III) Waste Management Policies

Effective waste management is critical to ensuring a healthy environment for the residents of Municipality of garissa. The following policies and strategies guide waste management:

- **National Solid Waste Management Strategy (2015):** This strategy provides a framework for integrated solid waste management, focusing on waste minimization, recycling, and proper disposal.
- **Environmental Management and Coordination (Waste Management) Regulations of 2006:** These regulations outline the responsibilities of waste generators, collectors, and disposers to minimize the environmental impact of waste.
- **Municipality of garissa Solid Waste Management Policy (Ongoing):** The Municipality is in the process of developing a localized waste management policy that will provide specific guidelines and strategies for managing waste within the Municipality. This policy aims to promote recycling, reduce waste generation, and ensure proper disposal of both household and industrial waste.

IV) Key Environmental Sustainability Achievements

Pillar	Achievement
Tree Cover	Increased green spaces through afforestation programs.
Solid Waste Management	Significant improvement in waste collection and disposal, reducing pollution.
Collaboration	Government, private institutions, and civil society working together on ecosystem restoration.

V) Challenges and Areas for Improvement

Challenge	Impact
Natural Resource Depletion	Reducing the Municipality's capacity to support population growth.
Water and Pasture Scarcity	Affecting livestock farming and agricultural productivity.
Unsustainable Land Use	Diminishing soil viability and threatening food security.

VI) Conclusion

Municipality of Garissa remains committed to promoting sustainable environmental management, safeguarding natural resources, and improving the quality of life for its residents. By adhering to national and county environmental policies, the Municipality is working to balance urban development with environmental preservation. Ongoing efforts to manage biodiversity, address waste management, and enforce environmental laws will ensure a sustainable future for all. The Municipality will continue to collaborate with stakeholders, including government agencies, private entities, and the local community, to implement innovative environmental solutions and overcome existing challenges. Through these concerted efforts, Municipality of garissa aims to achieve long-term environmental sustainability and enhance the well-being of its residents.

10. Report of the Municipality Board Members

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

Principal activities

The principal activities of the Municipality is provide a high standard of social services in a cost effective manner to the inhabitants of the Municipality.

Performance

The performance of the Municipality for the year ended June 30, 2024 are set out on page 1

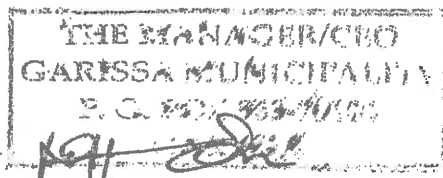
Board Members

The members of the Board who served during the year are shown on page vi to x.

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: *Mohamed Hassan*
Secretary of the Board

11. Statement of Management's Responsibilities

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

The Municipal 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, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Municipality, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) Safeguarding the assets of the Municipality, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Municipal 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 Municipal Manager is of the opinion that the financial statements give a true and fair view of the state of Municipality's transactions during the financial year ended June 30, 2024; and the financial position as at that date.

The Municipal 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.

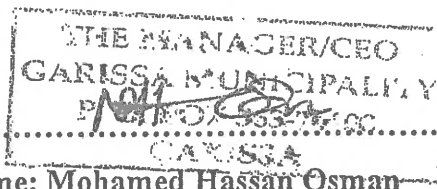
Nothing has come to the attention of the Municipal Manager to indicate that the Municipality will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Municipality's financial statements were approved by the Board on 27 September 2024 and signed on its behalf by:


.....

Name: Abdi Aabdirahman
Chairperson of the Board


.....

Name: Mohamed Hassan Osman
Accounting officer of the Board

REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Municipality of Garissa set out on pages 1 to 28, which comprise of the statement of financial position as at

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

30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Qualified Opinion

1. Unsupported Property Plant and Equipment

The statement of financial position reflects property, plant and equipment net book balance of Kshs.294,035,010 as disclosed in Note 17 to the financial statements. Included in the property, plant and equipment balance is value of land of Kshs.25,000,000. However, the Municipality did not provide ownership documents for land to confirm the land size and ownership. Further, the asset register maintained lacked key information including identification or serial number, acquisition date, description of asset, location, class, cost of acquisition, accumulated depreciation, net book value.

In the circumstances, the accuracy and ownership of property, plant and equipment balance of Kshs.294,035,010 could not be confirmed.

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

Emphasis of Matter

The summary statement of comparison of budget and actual amount reflects an approved revenue budget of Kshs.53,786,010 for financial year 2023/2024. Review of the budget process revealed that the Board approved a budget of Kshs.70,000,000 on 5 October, 2023. However, the approved supplementary budget for the County Executive of Garissa provided for audit reflected an approved budget of Kshs.30,000,000 creating unexplained variance of Kshs.40,000,000. During the year under review, the Municipality received Kshs.8,000,000 from the County Executive, Kshs.2,339,915 from public contributions and donations and Kshs.2,640,654 from fines, levies and penalties resulting to total revenue of Kshs.12,980,569. which when added to the opening balance of Kshs.27,382,343 amounted to Kshs.40,362,912, thus resulting in underfunding of the

budget by Kshs.13,423,098. The total actual expenditure by the Municipality in the financial year was Kshs.39,998,008, resulting to an under expenditure of Kshs.13,788,002 or 26% of the total approved budget.

My Opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior year Matters

In the audit report of the previous year, several paragraphs were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved the issues or given any explanation for the failure to adhere to the provisions of the Public Sector Accounting Standards Board template.

Other Information

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matters described in the Basis for Conclusion on the Lawfulness and Effectiveness in Use of Public Resources section of my report, I

confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Delayed Transfer of Functions to the Municipality

Review of the Municipality's operations indicates that various functions specified in Section 2 of the Municipal Charter are currently overseen by the County Executive of Garissa. These functions include managing refuse collection and solid waste services, providing water and sanitation infrastructure, municipal infrastructure, enforcing municipal plans, providing administrative services, promoting infrastructural development and collecting revenue.

In the circumstances, the effectiveness of services delivery by the Municipality and the achievement of the objectives and development goals envisaged in the Municipal Charter could not be confirmed.

2. Unconfirmed Board Formation

Review of the financial statements revealed that the Municipality had eight (8) board members as disclosed on page i of the financial statements. However, Management did not provide documentary evidence to support the appointment process of the Board. Further, the Management did not provide details of the board members to confirm gender equity, representation of persons with disability, youth and marginalized groups as required by Section 14(4) of the Urban Areas and Cities (Amendment) Act, 2019 which requires that the County Governor shall, while appointing the members of the board, ensure gender equity, representation of persons with disability, youth and marginalized groups.

In the circumstances, it was not possible to confirm existence of the Board of Directors and compliance with Section 14(4) of the Urban Areas and Cities (Amendment) Act, 2019 in appointment of the Board.

3. Unapproved Integrated Development Plan

Section 41(1) of the Urban Areas and Cities Act, 2011 provides that the manager or administrator shall submit to the executive committee, a copy of the integrated development plan as adopted by the board or committee within twenty-one days of the adoption or amendment. Section 41(3) of the Act provides that (3) the County Executive committee shall, within thirty (30) days of receipt of a copy of the plan— (a) consider the integrated development plan and make recommendations and (b) submit the plan to the county assembly for its approval.

Review of the Municipality records revealed that the Municipality had an Integrated Development Plan for 2023-2028 to a critical road map in achieving the development goals. However, the Integrated Development Plan had not been adopted by the Board and approved by the Assembly of Garissa.

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

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

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

Conclusion

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

Basis for Conclusion

Non-Establishment of Internal Audit Committee

Review of the governance structure revealed that the Municipality did not have an internal audit committee. This was contrary to Section 155(5) of the Public Finance Management Act, 2012 which states that, a County Government entity shall establish an internal auditing committee whose composition and functions are to be prescribed by the regulations.

In the circumstances, the oversight on effectiveness of internal controls, risk management and overall governance could not be confirmed.

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

Responsibilities of Management and the Board of the Municipality

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

04 December, 2024

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

Description	Note	2023-2024	2022-2023
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from the County Government	6	8,000,000	6,000,000
Public contributions and donations	7	2,339,915	543,887
Levies Fines and Penalties	8	2,640,654	0
Total revenue		12,980,569	6,543,887
Expenditure			
Use of goods and services	9	8,254,975	4,696,550
Staff costs	10	0	300,000
Board expenses	11	70,000	348,000
Transfer to CRF	12	1,299,800	
Finance Cost	13	0	13,055
Depreciation and amortization	14	8,234,121	0
Repairs and maintenance	15	2,499,308	1,321,680
Total expenses		20,351,229	6,679,285
Surplus/(deficit) for the period		(7,377,635)	(135,398)

The notes set out on pages 6 to 27 form an integral part of these Financial Statements. The entity financial statements were approved on 27 September 2024 and signed by:

THE MUNICIPALITY
GARISSA
Name: Mohamed Hassan Osman
Municipality Manager

Name: Mohamed Abdullahi
Head of Finance
ICPAK M/No:32580

14. Statement of Financial Position As At 30 June 2024

Description	Note	2023-2024	2022-2023
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	16	364,904	27,382,343
Total current assets		364,904	27,382,343
Non-current assets			
Property, plant, and equipment	17	294,035,010	0
Total Non-current Assets		294,035,010	0
Total assets (A)		294,399,914	27,382,343
Liabilities			
Current liabilities		0	0
Total current liabilities		0	0
Non-current liabilities			
Total liabilities (B)		0	0
Net Assets (A-B)		294,399,914	27,382,343
Represented by:			
Capital/Development Grants/Fund		301,912,947	27,517,741
Accumulated surplus		(7,513,033)	(135,398)
Net Assets/Equity		294,399,914	27,382,343

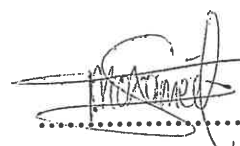
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 27 September 2024 and

signed-by
THE MANAGER/CEO
GARISSA MUNICIPALITY
P.O. BOX 553-70403
AQH

Name: Mohamed Hassan Osman

Municipality Manager

Date:



Name: Mohamed Abdullahi

Head of Finance

ICPAK M/No: 32580

Date:

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

Description	Capital/ Development Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
Bal as at 1 July 2023 (previous year)	27,382,343	0	(135,398)	27,382,343
Surplus/(deficit) for the year		-	0	
Bal as at 30 Jun 2023	27,382,343	0	(135,398)	27,382,343
Bal as at 1 July 2024 (current year)	27,517,741	0	(135,398)	27,382,343
Surplus/(deficit) for the year		-	(7,377,635)	(7,370,660)
Capital Fund during the year	274,395,206			274,395,206
Balance as at 30 June 2024	301,912,947	0	(7,513,033)	294,399,914

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

Description	Note	2023-2024	2023-2024
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6	8,000,000	6,000,000
Public contributions and donations	7	2,339,915	543,887
Levies, Fines and Penalties	8	2,640,654	0
Total Receipts		12,980,569	6,543,887
Payments			
Use of goods and services	9	8,254,975	4,696,550
Staff costs	10	0	300,000
Board expenses	11	70,000	348,000
Transfer to CRF	12	1,299,800	
Finance costs	13	0	13,055
Repairs and maintenance	14	2,499,308	1,321,680
Total Payments		12,124,083	(6,679,285))
Net cash flows from operating activities		856,486	(135,398)
Cash flows from investing activities			
Purchase of PPE & intangible assets		27,873,925	107,801,224
Net cash flows used in investing activities		27,873,925	107,801,224
Cash flows from financing activities		0	0
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash & cash equivalents		(27,017,439)	(107,936,622)
Cash And Cash Equivalents At 1 July	16	27,382,342	135,318,964
Cash And Cash Equivalents At 30 June	16	364,904	27,382,342

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

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

Description	Original budget	Adjustments	Final budget	Actual on	Performance	% of
	Kshs.	Kshs.	Kshs.	comparable basis	difference	utilisation
	a	b	c=(a+b)	D	e=(c-d)	f=d/c
Revenue		Kshs.	Kshs.	Kshs.	Kshs.	
Transfers from the County Government	30,000,000	0	30,000,000	8,000,000	32,000,000	27%
Public contributions and donations	4,873,925	0	4,873,925	2,339,895	160,105	94%
Levies Fines and Penalties	5,664,904	0	5,664,904	2,640,654	3,024,250	47%
Total Revenue	40,538,829	0	40,538,829	12,980,549	35,184,355	37%
Expenses						
Use of goods and services	8,664,904	0	8,300,000	8,248,000	52,000	99%
Board expenses	500,000	0	500,000	70,000	430,000	14%
Staff Costs	500,000	0	500,000	0	500,000	0%
Repair and Maintenance	3,000,000		3,000,000	2,499,308	500,692	83%
Total Expenditure	12,664,904	0	12,300,000	10,817,308	1,482,692	88%
Surplus for the period	27,873,925	0	27,873,925	2,163,241	33,701,663	
Capital Expenditure	27,873,925	0	27,873,925	27,873,925	1,482,692	100%
Budget notes						

18. Notes to the Financial Statements

1. General Information

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

The principal activity is high standard of social services in a cost effective manner to the inhabitants of the Municipality

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 Municipality'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 Municipality.

The financial statements have been prepared in accordance with the PFM Act, the Urban Areas and Cities Act, 2011and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Application of New and revised standards (IPSAS)

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

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

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

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

	<p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

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 Municipality and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

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

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

statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Municipality 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.

Assets are depreciated as follows:

Classification	Rate
Motor Vehicle	12.5%
Computers	33 1/3%
Office Furniture	12.5%
Other Assets	5%
Buildings	2%
Infrastructure	0.5%

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.

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 Municipality's financial statements.

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Financial liabilities

Classification

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

e) Inventories

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

Raw materials: purchase cost using the weighted average cost method

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

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

f) 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.

g) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and/or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the 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.

h) 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.

i) Contingent assets

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

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

j) Nature and purpose of reserves

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

k) 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.

l) Employee benefits – Retirement benefit plans

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

m) Foreign currency transactions

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

n) Borrowing costs

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

o) Related parties

The 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.

p) Cash and cash equivalents

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

q) Comparative figures

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

r) Events after the reporting period

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

Two types of events can be identified:

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

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

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s) Currency

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

5. Significant judgments and sources of estimation uncertainty

The preparation of the 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	2023-2024	2023-2024
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	8,000,000	6,000,000
Total	8,000,000	6,000,000

(Provide brief explanation for this revenue)

(a) Transfers from County Government entities (Categorized)

Name Of The Entity Sending The Grant	Amount recognized to Statement of financial performance* Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	2022-2023
			Kshs	Kshs	Kshs
County Government of Garissa	8,000,000	0	0	8,000,000	6,000,000
Total	8,000,000	0	0	8,000,000	6,000,000

7. Public Contributions and Donations

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Donation from development partners UDG	1,194,559	343,887
Contributions from the public UIG	1,145,356	200,000
Total	2,339,915	543,887

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8. Levies, Fines and penalties

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Fines	2,640,654	0
Total	2,640,654	0

9. Use of Goods and Services

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Utilities, supplies and services	0	37,350
Domestic travel and subsistence	4,779,500	2,227,000
Printing, advertising, supplies & services	1,145,000	91,640
Training expenses	0	393,800
Hospitality supplies and services	72,100	122,950
Specialized materials and services	0	181,530
Office and general supplies and services	215,820	185,200
Fuel, oil and lubricants	2,035,580	1,037,000
Hire of Transport	0	407,025
Bank Charges	6,975	13,055
Total	8,254,975	4,696,550

10. Staff costs

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Salaries and wages	0	300,000
Total	0	300,000

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11. Board expenses

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Sitting allowances	54,000	100,000
Travel and Accommodation	0	160,000
Conference Costs	16,000	88,000
Total	70,000	348,000

12. Transfers to CRF issues

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Recurrent Account (<i>County Executive</i>)	1,299,800	0
Total	1,299,800	0

13. Finance costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Finance Cost	0	13,055
Total	0	13,055

14. Depreciation and amortization

Description	2023-2024	2022-2023
	KShs	KShs
Property, plant and equipment	7,574,649	0
Total depreciation and amortization	7,574,649	0

15. Repairs and Maintenance

Description	2023-2024	2022-2023
	KShs	KShs
Furniture and fittings	0	61,630
Motor vehicle expenses	2,499,308	1,260,050
Total repairs and maintenance	2,499,308	1,321,680

16. Cash and cash equivalents

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Current account	364,904	27,382,343
Total cash and cash equivalents	364,904	27,382,343

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

Financial institution	Account number	2023-2024	2022-2023
		Kshs.	Kshs.
a) Current account			
Kenya Commercial bank	12602111657	305,356	641,600
Equity Bank - UDG	0580279018087	58,438	26,739,874
Equity bank-UIG	0580279032289	1,110	869
Grand total		364,904	27,382,343

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17. Property, Plant and Equipment

Description	Land	Building	Motor vehicles	Furniture and fittings	Computers	Infrastructure	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 1 July 2023	-	2%	12.5%	12.5%	33.33%	0.5%	-0
Adjustment/ Recognition for prior year Assets	25,000,000	60,000,000	42,580,473	3,506,478	1,271,220	142,037,035	274,395,206
Additions						27,873,925	27,873,925
As at 30 th June 2024	25,000,000	60,000,000	42,580,473	3,506,478	1,271,220	169,910,960	302,269,131
Depreciation and impairment							
At 1 July 2023							
Depreciation		1,200,000	5,322,559	438,310	423,740	849,555	8,234,164
As at 30 June 2024		(1,200,000)	(5,322,559)	(438,310)	(423,740)	(849,555)	(8,234,121)
NBV as at 30 th Jun 2023	0	0	0	0	0	0	0
NBV as at 30 th Jun 2024	25,000,000	58,800,000	37,257,914	3,068,168	847,480	169,061,405	294,035,010

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18. 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; etc.

b) Related party transactions

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Transfers from County Government	8,000,000	6,000,000
Totals	8,000,000	6,000,000

19. 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 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.

Description	Total amount Kshs.	Fully performing Kshs.
At 30 June 2024		
Bank balances	364,904	364,904
Total	364,904	364,904
At 30 June 2023		
Bank balances	27,382,343	27,382,343
Total	27,382,343	27,382,343

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.

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. Foreign currency risk

The Municipality has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

Foreign currency sensitivity analysis

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

V. Interest rate risk

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

Management of interest rate risk

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

VI. Capital risk management.

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

19. Appendices

Appendix 1. Progress on Follow up of Auditors Recommendations.

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


Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
1	Delayed Transfer of Functions to the Municipality	Management is engaging stakeholders to ensure functions are transferred.	Not Resolved	30 June 2025
2	Lack of an Approved Integrated Development Plan	Management had prepared an Integrated Development Plan awaiting assembly approval	Not Resolved	30 June 2025
3	Failure to prepare estimates of income and expenditure	Management will prepare estimates for each financial year	Not Resolved	30 June 2025
4	Lack of Risk Management Policy.	The Municipality has prepared a risk management policy awaiting approval	Not Resolved	30 June 2025

M. Hussen
Municipal Manager/CEO
GARISSA MUNICIPALITY
11/11/2024

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Appendix 2: Inter-Entity Transfers

MUNICIPALITY NAME:			
Breakdown of Transfers from the County Executive of Garissa County			
	FY 2023/2024		
a.	Recurrent Grants	Bank Statement Date	Amount (Kshs.)
	Transfer from county treasury	14/09/2023	5,000,000
	Transfer from county treasury	23/02/2024	3,000,000
		Total	Ksh 8,000,000

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

