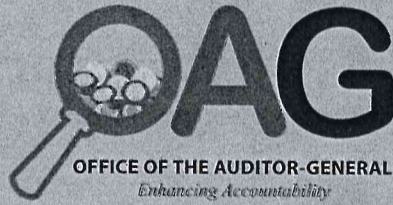
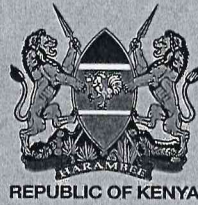


REPUBLIC OF KENYA



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**BUNGOMA MUNICIPALITY**

**FOR THE YEAR ENDED  
30 JUNE, 2025**



## Appendix I: Unresolved Prior Year Matters

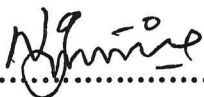
Reference No. of the Auditor-General's Report	Title of Audit Issue
	<b>Report on the Financial Statements</b>
1	Inaccuracy of the Statement of Cash Flows
2	Misstatement of Transfers from County Government
3	Unsupported Use of Goods and Services Expenditure
4	Unsupported Staff Costs
5	Unconfirmed Property, Plant and Equipment Balance
6	Inaccuracy of the Statement of Comparison of Budget and Actual Amounts
	<b>Report on Lawfulness and Effectiveness in the Use of Public Resources</b>
1	Failure to Act on Internal Audit Reports
2	Operating without an Approved Budget
3	Lack of Operational Autonomy of the Municipality
	<b>Report on Effectiveness of Internal Controls, Risk Management and Governance</b>
1	Failure to Fill Vacant Positions of Municipality Board
2	Lack of Risk Management Policy



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

	Notes	2024/2025	2023/2024
		Kshs.	Kshs.
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	202,099,419	80,665,133
Other Income	11		
<b>Total revenue</b>		<b>202,099,419</b>	<b>80,665,133</b>
<b>Expenditure</b>			
Use of goods and services	7	7,909,239	11,061,252
Staff costs	8	23,203,064	11,595,013
Board expenses	9	4,701,700	2,516,200
Depreciation & Amortization	10	2,222,910	757,724
<b>Total expenses</b>		<b>38,036,913</b>	<b>25,930,189</b>
<b>Surplus/(deficit) for the period</b>		<b>164,062,506</b>	<b>54,734,944</b>

The notes set out on pages 6 to 33 form an integral part of these Financial Statements. The entity financial statements were approved on **August 25, 2025** and signed by:



.....  
Name: CPA/CS Vincent Ngeywo  
Bungoma Municipality Manager



.....  
Name: Makonjio K. Roselyne  
Head of Finance  
ICPAK M/No. 17264

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

**15. Statement of Financial Position as at June 30, 2025**


Details	Note	2024/2025 Kshs.	2023/2024 Kshs.
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	160,535	160,535
<b>Non-current assets</b>			
Property, plant, and equipment	12	348,886,623	190,339,408
<b>Total Non-current Assets</b>		<b>348,886,623</b>	<b>190,339,408</b>
<b>Total assets A</b>		<b>349,047,158</b>	<b>190,499,943</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	89,818,280	92,868,271
<b>Total liabilities B</b>		<b>89,818,280</b>	<b>92,868,271</b>
<b>Net assets(A-B)</b>		<b>259,228,877</b>	<b>97,631,672</b>
<b>Represented By:</b>			
Capital/Development Grants/Fund			
Reserves Revaluation			
Accumulated surplus		259,228,877	97,631,672
<b>Total net assets and liabilities</b>		<b>259,228,877</b>	<b>97,631,672</b>

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 **August 25, 2025** and signed by:

.....  


**Name: CPA/CS Vincent  
Ngeywa  
Bungoma Municipality  
Manager**

**Date:**

.....  


**Name: Roselyne K. Makonjio  
Head of Finance**

**ICPAK M/No. 17264**

**Date:**

## 16. Statement of Changes in Net Assets For the Year Ended June 30, 2025

	Capital/	Revaluation	Accumulated surplus	Total
	Development	Reserve		
	Grants/Fund	Kshs.		
		Kshs.	Kshs.	Kshs.
<b>Balance as at 1 July 2023</b>		-	42,896,728	42,896,728
Surplus/(deficit) for the Year			54,734,944	54,734,944
Funds received during the year				-
Revaluation Reserve				-
<b>Balance as at 30 June 2024</b>	-	-	94,210,569	97,631,672
<b>Balance as at 1 July 2024</b>	-	-	94,210,569	94,210,569
Surplus/(deficit) for the Year			164,062,506	164,062,506
Funds received during the year				-
Additions of prior year Assets			2,329,000	2,329,000
Accumulated Depreciation from Prior year			(1,373,198)	(1,373,198)
Revaluation Reserve				-
<b>Balance as at 30 June 2025</b>	-	-	259,228,877	259,228,877

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

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

Details	Note	2024/2025	2023/2024
		Kshs.	Kshs.
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		202,099,419	80,665,134
<b>Total Receipts</b>		<b>202,099,419</b>	<b>80,665,134</b>
<b>Payments</b>			
Use of goods and services		6,136,912	11,061,252
Staff costs		22,771,809	11,595,013
Board expenses		4,701,700	2,516,200
Finance costs			
<b>Total Payments</b>		<b>33,610,421</b>	<b>25,172,464</b>
<b>Adjusted for:</b>			
Increase/(decrease) in deposits and retention/ Trade Payables			89,957,662
<b>Net cash flows from operating activities</b>		<b>168,488,999</b>	<b>145,450,332</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE & intangible assets	12	(168,488,999)	(160,788,128)
<b>Net cash flows used in investing activities</b>		<b>(168,488,999)</b>	<b>(160,788,128)</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>-</b>	<b>(15,337,796)</b>
Cash And Cash Equivalents At 1 July 2025	11	160,536	15,498,332
<b>Cash And Cash Equivalents At 30th June,2025</b>	<b>11</b>	<b>160,536</b>	<b>160,536</b>

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

Description	Original budget Kshs.	Adjustments Kshs.	Final budget Kshs.	Actual on comparable basis Kshs.	Performance difference Kshs.	% of utilisation
	A	b	c=(a+b)	d	e=(c-d)	f=d/c
<b>Budget carryovers from the previous year</b>		160,536	160,536	160,536		
<b>Revenue</b>						
Transfers from the County Government	155,015,897	117,311,808	272,327,705	202,099,419	70,228,286	74%
Public contributions and donations						
Interest income						
Other income						
<b>Total Revenue</b>	<b>155,015,897</b>	<b>117,472,344</b>	<b>272,488,241</b>	<b>202,259,955</b>	<b>70,228,286</b>	<b>74%</b>
<b>Expenses</b>						
Use of goods and services	19,435,328	(1,000,000)	18,435,328	6,136,912	12,298,416	33%
Board expenses	5,085,370	-	5,085,370	4,701,700	383,670	92%
Staff Costs	23,129,275	972,344	24,101,619	22,771,809	1,329,810	94%
Finance costs						
<b>Total Expenditure</b>	<b>47,649,973</b>	<b>(27,656)</b>	<b>47,622,317</b>	<b>33,610,421</b>	<b>14,011,896</b>	<b>71%</b>
<b>Capital Expenditure</b>	<b>107,365,924</b>	<b>117,500,000</b>	<b>224,865,924</b>	<b>168,488,999</b>	<b>56,376,925</b>	<b>75%</b>
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>160,536</b>	<b>(160,536)</b>	<b>0%</b>

**Budget Reconciliation**

Amount in Kshs	
Actual Surplus Amounts as per the statement of Budget	160,536
1 Reason for differences	-
2 Reason for differences	-
3 Reason for differences	-
Closing Cash and Cash Equivalent as per the statement of Cash flows	160,536

**19. Notes to the Financial Statements**

**1. General Information**

Bungoma Municipality is established by and derives its authority and accountability from Urban areas and cities Act. The Municipality is under the Bungoma County Government and is domiciled in Kenya.

The entity's principal activity is urban planning and infrastructure development.

**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 judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

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

**15. 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/scheme is related to the following entities:

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

**Financial risk management**

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

**I. Credit risk**

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

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Municipality has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Municipality has significant concentration of credit risk on amounts due from xxx.

**County Government of Bungoma**  
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**13. Trade and Other Payables**

Description	2024/2025		2023/2024	
	Kshs.		Kshs.	
Trade payables				
Retentions	51,227		51,227	
Accrued expenses( Trade Payables)	89,767,054		92,817,044	
Other payables (Specify)				
<b>Total trade and other payables</b>	<b>89,818,280</b>		<b>92,868,271</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Current FY</b>	<b>% of the Total</b>
Under one year	6,808,166	8%	92,868,271	100%
1-2 years	83,010,115	%		%
2-3 years		%		%
Over 3 years		%		%
<b>Total</b>	<b>89,818,280</b>	<b>8%</b>	<b>92,868,271</b>	<b>100%</b>

**14. Cash generated from operations**

	2024/2025	2023/2024
	Kshs.	Kshs.
<b>Surplus/ (deficit) for the year before tax</b>	<b>164,062,505.89</b>	<b>54,734,944.00</b>
<b>Adjusted for:</b>		
Depreciation	2,222,910.31	757,725.00
Amortisation		
Gains/ losses on disposal of assets		
Interest income		
Finance cost		
<b>Working Capital adjustments</b>		
Increase in inventory		
Increase in receivables		
Increase in payables	2,203,582.00	89,957,662.00
<b>Net cash flow from operating activities</b>	<b>168,488,998.20</b>	<b>145,450,331.00</b>

*County Government of Bungoma  
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Annual Report and Financial Statements for the year ended June 30, 2025*

**WORK IN PROGRESS PROJECT**

<i>Description</i>	<i>Contract no.</i>	<i>Contractor</i>	<i>Contract amount</i>	<i>Amount paid</i>	<i>Balance</i>
Construction of Market Stalls, Kitchen and Stores, Toilet Block and Associated External Works at Kanduyi Market in Bungoma Municipality	1354100-2023/2024	Taxan Investment Limited	248,158,489	215,086,967	33,071,522

County Government of Bungoma  
Bungoma Municipality

Annual Report and Financial Statements for the year ended June 30, 2025

12. Property, Plant and Equipment

Description	Civil works & Roads		Building		Motor vehicles		Furniture and fittings		Computers		Work in progress		Total	
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 1st July 2023														
Additions	31,086,159											160,788,128		191,874,287.00
Disposals														
Transfer/adjustments														
As at 30 <sup>th</sup> June 2024	31,086,159	-	-	-	-	-	-	-	-	-	-	160,788,128	-	191,874,287.00
As at 1st July 2024														
Additions	31,086,159											160,788,128		191,874,287
Disposals					6,989,000					499,600				159,814,322.60
Transfer/adjustments														
As at 30th June, 2025	31,086,159	-	-	-	6,989,000	-	1,146,000	1,146,000	1,183,000	1,682,600		313,113,851		2,329,000.00
As at 30th June, 2025	31,086,159	-	-	-	6,989,000	-	1,146,000	1,146,000	1,682,600		313,113,851			354,017,609.60
Depreciation and impairment														
As at 1st July 2023														
Depreciation	777,154													777,154.00
Impairment	757,725													757,725.00
Transfers/ Adjustments														
As at 30 <sup>th</sup> June 2024	1,534,879	-	-	-	-	-	-	-	-	-	-	-	-	1,534,879.00
Depreciation and impairment														
As at 1st July 2024														
Depreciation for the year	1,534,879													1,534,879
Impairment	758,782													2,222,910
Transfers/ Adjustments														
As at 30th June, 2025	2,273,661	-	-	-	1,165,066	-	474,236	588,206	898,962	1,134,053		160,788,128		190,339,408
NBV as at 30 <sup>th</sup> June 2024	29,551,280	-	-	-	-	-	-	-	-	-	-	160,788,128	-	190,339,408
NBV as at 30th June, 2025	28,812,498.00	-	-	-	5,833,933.70	-	587,793.64	587,793.64	548,546.81	548,546.81		313,113,850.60		348,886,622.75
	2.5%				17%		12.50%		30%					
(Include a brief description of WIP as a footer.)														

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

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**County Government of Bungoma**  
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**Annual Report and Financial Statements for the year ended June 30, 2025**

**9. Board expenses**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Chairman/Members' Honoraria		
Sitting allowances	1,171,500	273,000.00
Medical Insurance		
Induction and Training	1,374,400.00	
Travel and accommodation	2,038,600.00	2,243,200.00
Conference Costs	117,200.00	
Other allowances (Specify)		
<b>Total</b>	<b>4,701,700.00</b>	<b>2,516,200.00</b>

**10. Depreciation and amortization**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Property, plant and equipment	2,222,910	757,725.00
Intangible assets		
Investment property carried at cost		
<b>Total depreciation and amortization</b>	<b>2,222,910.31</b>	<b>757,725.00</b>

**11. Cash and cash equivalents**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Current account	160,535	160,535
Others(specify)		
<b>Total cash and cash equivalents</b>	<b>160,535</b>	<b>160,535</b>

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

Financial institution	Account number	2024/2025	2023/2024
		Kshs.	Kshs.
<b>a) Current account</b>			
Family Bank-UIG	,077000039017	4,581	4,581
Family Bank-UDG	,077000039018	104,728	104,728
Family Bank-Retention Account	,0770000042514	51,227	51,227
<b>Grand total</b>		<b>160,535</b>	<b>160,535</b>

**County Government of Bungoma**  
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**Notes to the Financial Statements**

**6. Transfers from the County Government**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Transfers from County Govt. – Development	-	1,194,560
Payments by County on behalf of the entity	202,099,419	79,470,574
<b>Total</b>	<b>202,099,419</b>	<b>80,665,134</b>

**7. Use of Goods and Services**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Utilities, supplies and services	28,537	
Communication, supplies and services		175,088
Domestic travel and subsistence	3,489,040	2,929,190
Foreign travel and subsistence		
Printing, advertising, supplies & services	88,160	394,400
Rent and rates		
Training expenses	1,368,882	
Hospitality supplies and services	1,655,550	5,216,612
Insurance costs		
Specialized materials and services	184,700	
Office and general supplies and services	594,370	824,900
Fuel, oil and lubricants	500,000	
Other operating expenses ( <i>Specify</i> )		1,818,000
Routine maintenance – vehicles and other equipment		
Routine maintenance – other assets		
Audit fees		
Hire of Transport, equipment etc		
Bank Charges		3,061
Depreciation and amortisation		
<b>Total</b>	<b>7,909,239.00</b>	<b>11,061,251.68</b>

**8. Staff costs**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Salaries and wages	23,203,064	11,595,012.50
Staff gratuity		
Social security contribution		
Other staff costs ( <i>Specify</i> )		
<b>Total</b>	<b>23,203,064</b>	<b>11,595,012.50</b>

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

**t) Currency**

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

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

The preparation of the Bungoma 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 Bungoma 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 Bungoma 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 Bungoma 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.