

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 28 MAY 2025

DAY.

Wednesday

PARLIAMENT  
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OF  
TABLED  
BY:

Hon. Owen Bwayo, MP  
Deputy Leader of  
the Majority Party

CLERK-AT  
THE-TABLE:

Esther Ngunya

**THE AUDITOR-GENERAL**

**ON**

**STATE DEPARTMENT FOR PERFORMANCE  
AND DELIVERY MANAGEMENT**

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



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MINISTRY OF PUBLIC SERVICE, PERFORMANCE AND DELIVERY MANAGEMENT  
*STATE DEPARTMENT FOR PERFORMANCE AND DELIVERY MANAGEMENT*  
ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2024  
AMENDED FINANCIAL STATEMENT

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

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For the Period ended 30<sup>th</sup> June, 2024*

**1. Acronyms and Glossary of Terms**

AIE	Authority to Incur Expenditure
CFO	Chief Finance Officer
HAU	Head of Accounting Unit
IPSAS	International Public Sector Accounting Standards
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
MDAs	Ministry and State Department Agencies
PSPMs	Public service Performance Management
GDS	Government Delivery Services
OPCs	Office of the Prime Cabinet Secretary
CS	Cabinet Secretary
PS	Principal Secretary
RICMC/CICMC	Regional Implantation Coordination and Management Committee
GPRS	Government projects and programmes in the Government Performance Reporting System
SPAS	Staff Performance Appraisal System
DHRMAC	Departmental Human Resource Management Advisory Committee
FY	Financial Year
FS	Financial Statements
DPMC	Departmental Management Committee
AIEs	Authority to Incur Expenditure.
EMCA	Environmental Management and Coordination Act
NEMA	National Environment Management Authority
MHRMAC	Human Resource matters; chairing Human resource management advisory committee
MPMC	Ministerial Performance Management Committee
HR	Human Resource
RM-	Risk Management
AC-	Audit Committee

## **2. KEY ENTITY INFORMATION AND MANAGEMENT**

### **(a) Background information**

#### **Preamble**

The State Department for Performance and Delivery Management draws its mandate from the Executive Order No.1 of January, 2023 on Organization of the Government of the Republic of Kenya.

#### **Vision**

A center of excellence in institutionalization of performance management for quality service delivery

#### **Mission**

To effectively and efficiently institutionalize performance management and delivery of services in the public sector

#### **Mandate**

The mandate of the state department is as follows:

- i. Coordinate the institutionalization of Performance Management in the Public Service;
- ii. Overseeing the Performance of Government Ministries, Departments and Agencies in Service Delivery;
- iii. Coordinating identification of innovative mechanisms to address challenges affecting public service delivery to facilitate smooth operations between Ministries, Departments and Agencies
- iv. Monitoring and evaluating performance to ensure contracting parties are within the parameters of the agreed performance targets
- v. Monitoring and Implementation of Government Priority Programmes and Projects.

#### **Core Values**

The State Department upholds the following core values in service delivery:

- i. Professionalism: Uphold high level of competence, diligence, and meritocracy in work performance and apply quality standards in service delivery;
- ii. Teamwork: Endeavour to attain targeted results through a high level of coordination, networking and collaboration with both internal and external stakeholders;
- iii. Innovativeness: Adopt creativity in operations and solutions in addressing emerging issues;
- iv. Results oriented: Focus on efficiency in delivery of services to the citizenry;
- v. Accountability: Adopt creativity in operations towards addressing emerging issues and enhancing quality service delivery

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**Core Functions**

- i. To coordinate the implementation of Public Service Performance Management in Ministries, Departments and Agencies;
- ii. Coordinate, track, evaluate and report on the implementation of National Government priorities, programmes and projects;
- iii. Supervise Government Ministries and State Departments;
- iv. Provide the Secretariat services to the Principal Secretaries Committee and the Sub – Committees (the five cluster working groups); and
- v. Promote “Whole of Government” approach on National Government programmes and projects.

**(b) Key Management**

The State Department’s day-to-day management is under the following key organs/directorates;

- i. Public Service Performance Management Service;
- ii. Government Delivery Services;
- iii. Coordination and Supervision of Services;
- iv. General Administration, Planning and Support Services.

**C) Fiduciary Management**

The key management personnel who had direct fiduciary responsibility were:

No.	Designation	Name
1	Principal Secretary	Amos N Gathecha, EBS
2	Secretary Administration	Jeremiah K Were
3	Chief Finance Officer	Kennedy Nyamao
4	Senior Deputy Accountant General	Elijah Ombati
5	Deputy Director Supply Chain Management Services	Henry Elijah Oseko

**d) Fiduciary Oversight Arrangements**

The fiduciary oversight committees are:

- i) Public Finance Management Standing Committee
- ii) Budget Implementation Committee

**d) Fiduciary Oversight Arrangements**

The fiduciary oversight committees are:

- i) Public Finance Management Standing Committee
- ii) Budget Implementation Committee
- iii) Departmental Human Resource Management Advisory Committee
- iv) Ministerial Audit Committee

**The purpose of the Audit Committee is stipulated in the PFM Regulation 175 as follows;**

- a) Support the Accounting Officer with regard to their responsibility on issues of risk control and governance and associated assurance but the responsibility over the management of risk control and governance processes remains with the management of Ministry.
- b) Follow up on the implementation of the recommendations of internal and external auditors.

**1.4 The Responsibility of the Audit Committee**

The duties and responsibilities Audit Committee include the following;

**(i) Financial and Management Reporting**

Review the adequacy, reliability and accuracy of the financial information provided by management and other providers of such information and make recommendations for improvements as required.

**(ii) Risk Management**

The MOICNG'S Risk Management Framework provides that the Audit Committee is responsible for the oversight of the risk management function and for its effectiveness. While Internal Audit will provide independent assurance on the effectiveness of risk management in the Ministry, risk management is to be carried out by management.

**(iii) Systems of Accounting and Internal Controls**

Internal control is the process that provides reasonable assurance that the Ministry will be able to achieve its objectives in effectiveness and efficiency of operations, in reliability of financial reporting and in complying with applicable laws and regulations.

**(iv) Compliance with Laws, Regulations, Ethics and Good Governance**

The Audit Committee shall review the procedures put in place to ensure compliance with pertinent laws and regulations. It shall also evaluate the effectiveness of controls aimed at preventing or detecting conflicts of interest and fraud.

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**e) State Department Headquarters**

P.O. Box 360-00200  
Kenya Railways Headquarters  
Off Haile Selassie Avenue  
**NAIROBI, KENYA**

**Entity Contacts**

Telephone: (254) (0) 2252299  
E-mail: [info@performancedelivery.go.ke](mailto:info@performancedelivery.go.ke)  
Website: [performancedelivery.go.ke](http://performancedelivery.go.ke)

**(f) State Department Bankers**

Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000-City Square 00200  
**NAIROBI, Kenya**

**g) Independent Auditors**

Auditor General  
Office of The Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
**NAIROBI, KENYA**



**h) Principal Legal Adviser**


The Attorney General  
State Law Office & Department for  
Justice.  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi

**3. STATEMENT OF GOVERNANCE**



**KEY PERSONNEL**



The key management personnel who held office during the period ended 30<sup>th</sup> June, 2024 and who had direct fiduciary responsibility were:

Name	MEMBERSHIP DESCRIPTION.	KEY ACADEMIC AND PROFESSIONAL QUALIFICATION.
 <p><b>Chimwaga Mongo, EBS</b></p>	<p>Secretary                      Administration</p>	<p>Born in 1970, Mr. Chimwaga Mongo is currently the Accounting Officer for Performance and Delivery Management. He holds a Master’s Degree in Human Resource Management from Masai Mara University and currently doing a PhD in Human Resource Management. He is a Public Administrator with 25 years of proven experience in Public Policy Formulation, Dissemination, Implementation and Coordination in Kenya’s Public Service. He has worked in several public institutions; Office of the Prime Cabinet Secretary, State Department for Information and Communication Technology and State Department for Youth Affairs among others.</p>
 <p><b>Joshua Mwiranga</b></p>	<p>PAS, Public                      Service                      Performance                      Management</p>	<p>Mr. Joshua Mwiranga is currently the PAS, Public Service Performance Management, State Department for Performance and Delivery Management. Mr. Joshua Mwiranga holds a Double Masters in Economics (University of Antwerp &amp; University of Dar-Es-Salaam), B.A Economics (Moi University). Member, Economics Society of Kenya. Member and Co-founder, Kenya Core Management Team (KCMT), Kenya Community of Practice (K-CoP) on</p>


Name	MEMBERSHIP DESCRIPTION.	KEY ACADEMIC AND PROFESSIONAL QUALIFICATION.
		<p>Managing for Development Results (MfDR).                      Member and in core Management Team of Africa Community of Practice (AfCoP) on MfDR.                      He has championed Public Service transformation initiatives in Government and supported mainstreaming performance management and results oriented culture in Ministries, State Corporations, and Tertiary Institutions.                      Mr. Joshua Mwiranga has over 30 years work experience in the public service.</p>
 <p><b>Benard Wekesa Bongo</b></p>	<p>Secretary, co-ordination and supervision services</p>	<p>Born in 1974, Mr. Benard Wekesa Bongo is the Secretary - Coordination and Supervision Services in the Ministry of Public Service, Performance and Delivery Management.                      He holds a Masters in Computer Science from University of Nairobi and a Bsc. Computer Science, from Moi University.                      He is the head of Coordination and Supervision Services Directorate, Represents the Principal Secretary in the NDIC Meetings and Coordinates cross cutting issues between PSPMS and GDS.                      He has 19 years of service in the Public Service, serving in various Ministries and State Departments and Independent Offices.</p>

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Name	MEMBERSHIP DESCRIPTION.	KEY ACADEMIC AND PROFESSIONAL QUALIFICATION.
 <p><b>Jeremiah Karry. Were</b></p>	<p>Director Administration</p>	<p>Born in 1965, Mr. Jeremiah Karry. Were is the Director Administration in the Ministry of Public Service, Performance and Delivery Management. He holds an MBA in Strategic Management Option and a BA in Government and Kiswahili. He Coordinates SD activities, Head Administration, Planning and Support Services Directorate, Chairman DHRMAC, Secretary HODs meetings, Vote Control (AIE Holder) Administration, Office Administration, and Transportation matters. He has 33yrs of service rising from District Officer to District Commissioner, Deputy Provincial Commissioner, County Secretary and now Director of Administration.</p>
 <p><b>CPA Elijah Ombati</b></p>	<p>Senior Deputy Accountant General</p>	<p>He is currently a senior Deputy Accountant General. He holds Master's Degree (MBA) from UON, a B. Commerce Degree (Egerton Univ), a finalist of CPA(K) and a Member of ICPAK. He is the current Head of Accounting Unit. He has also wealth of experience after working in Ministry of Public Service, Ministry of Health, and Ministry of Environment and Forestry</p>

Name	MEMBERSHIP DESCRIPTION.	KEY ACADEMIC AND PROFESSIONAL QUALIFICATION.
 <p><b>Douglas Njeru</b></p>	<p>Director HRM &amp; D</p>	<p>Born in 1967, Mr Njeru, Douglas Wairagu is Director, HRM &amp; Development in the Ministry of Public Service, Performance and Delivery Management. He holds a master's Degree in strategic management from Kenya Methodist University, and Bachelor's Degree in Economics and Business Studies. He is a Member of IHRM. Mr. Njeru, Douglas Wairagu has 34 years of service in the Government.</p>
 <p><b>Paul Wanjala Wafula</b></p>	<p>Director Planning</p>	<p>Born in 1973, Mr Paul Wanjala Wafula is the Director, Planning in the Ministry of Public Service, Performance and Delivery Management. He holds a Master's in Public Policy and a Bachelor of Arts (Economics and Mathematics). He is responsible for; the economic planning activities advising on planning and economic policy issues and statistical programmes; coordinating the development of specific sectors of the Medium-Term Performance Contracts; coordinating Ministerial budget preparation; and setting monitoring, evaluation and reporting standards. Mr. Wafula has over 18 years of experience in the Public Sector both in the National and County Government.</p>

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Name	MEMBERSHIP DESCRIPTION.	KEY ACADEMIC AND PROFESSIONAL QUALIFICATION.
 <p><b>George Mogusu</b></p>	<p>Senior Assistant Internal Auditor General</p>	<p>Born in 1965, Mr. George Mogusu is the Senior Assistant Internal Auditor General in the Ministry of Public Service, Performance and Delivery Management. He holds a Bachelor of Commerce. He is the head of Audit which include Identifying audit scope and developing annual work plan within the State Department, evaluating of internal controls by identifying weaknesses and make recommendations that can assist in improving them, assessing the effectiveness of policies and procedures designed to safeguard assets, ensure accurate financial reporting by examination of financial records and transactions. Mr. George Mogusu has 37 Years of work experience in the Public Service.</p>
 <p><b>Kennedy Calvin Nyamao</b></p>	<p>Chief Finance Officer</p>	<p>Born in 1965, Mr. Kennedy Calvin Nyamao is the Chief Finance Officer in the Ministry of Public Service, Performance and Delivery Management. He holds a Master's in Public Administration (Finance Management Option), Bachelors of Commerce (Accounting and Auditing Option), Diploma in Finance and Project Management from University of Connecticut, USA. Currently pursuing PHD course on leadership and Governance in JKUAT.</p> <p>He has a wealth of experience working in various Ministries on finance matters namely: Health, Devolution, Planning water,</p>

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<b>Name</b>	<b>MEMBERSHIP DESCRIPTION.</b>	<b>KEY ACADEMIC AND PROFESSIONAL QUALIFICATION.</b>
		Housing, Asals, B&T among others in the public service for over 31 years.
 <p><b>Henry Elijah Oseko</b></p>	Deputy Director Supply Chain Management Services	Born in 1965, Henry Elijah Oseko is the Deputy Director Supply Chain Management Services in the Ministry of Public Service, Performance and Delivery Management. He holds a Bachelor of Commerce from UDALPUR University, India, Diploma in Procurement from University of Nairobi, and a Certified Fraud Examiner (ACFE) Mr. Henry Elijah Oseko has vast experience in Public Service as Procurement Officer, Monopoly and Price Control Officer and Internal Audit.

#### **4. Cabinet Secretary's Statement**

At the core of our strategic approach is the recognition that Performance and Delivery Management is a critical enabler of Socio-economic Development. The State Department therefore strives to optimize its resources and maximize its impact on the lives of the citizens by setting clear objectives, implementing robust monitoring and evaluation mechanisms, and fostering a culture of continuous improvement.

The Executive Order No.2 of 2<sup>nd</sup> of November, 2023 gives the State Department a clear mandate in institutionalizing Performance Management in the public sector; coordinating the delivery of quality services through identification of innovative mechanisms; and in monitoring the National Government priority programmes and projects. Customer Service Excellence (CSE) training on staff is aimed at transforming the mindset of all public servants and ensuring that all funds from Development Partners are utilized 100% as provided in the credit agreements.

The Ministry is keen in harnessing the potential of our youth and leverage Government resources on building a resilient and prosperous future for all Kenyans. The mandate is critical in fostering the delivery of National Government Development priorities as stipulated in the Bottom-Up Transformation Agenda. The BETA Plan is crystalized into concrete programmes and projects such as implementing measures to protect the environment and mitigate climate change by planting 15 billion trees by 2030.

The Ministry of Public Service Performance and Delivery Management is going to ensure that all public servants at all levels of Government (i.e NG and Counties) migrate to the integrated personnel and payroll database by December, 2024.

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**Cabinet Secretary**

### **5. Principal Secretary's Statement**

The State Department for Performance and Delivery Management was formally established by the Executive Order No of November 2023 on Organization of Government under the Ministry of Public Service, Performance and Delivery Management. The State Department is composed of three directorates: Public Service Performance Management Unit, the Government Delivery Service and Coordination and Supervision Services.

The State Department is mandated to perform the following functions: Coordinating institutionalization of performance management in the public service; Overseeing performance of Government Ministries, Departments and Agencies in service delivery; Coordinating identification of innovative mechanisms to address challenges affecting public service delivery to facilitate smooth operations between Ministries, Departments and Agencies; and Monitoring the Implementation of Government's priority programmes and projects.

The State Department for Performance and Delivery Management is committed to fairly, effectively and efficiently measure, monitor and evaluate performance and delivery targets for MDAs. This will be achieved through effective resource management; innovation and continuous improvement of processes and procedures; continuously enhancing staff competencies, creativity and empowerment; and regularly measuring and reviewing performance as informed by stakeholder feedback.

The State Department focuses on addressing Weak performance management framework; Prioritization of service delivery; Lack of coordination of innovative mechanisms to enhance service delivery; and Inadequate institutional capacity issues through Strengthened performance management across public service; Quality service delivery; Entrenched adoption of innovation in service delivery; and Strengthened institutional capacity

The State Department is committed to prudence and frugality in the management of resources through putting in place adequate mechanisms for the efficient, effective and economic utilization of the resources.



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**Chimwaga Mongo, EBS**  
**Accounting Officer**

**Date: 20<sup>th</sup> November, 2024.**

**6. Statement of Performance against Predetermined Objectives for the FY2023/2024**

**Introduction**

**Guidance**

Refer to the Strategic Plan which informs the annual budget and the performance contract and report on the extent of the entity’s progress in attaining the objectives of the strategy. Report on the metrics met, objectives yet to be met, challenges and opportunities of the entity in implementation of its Strategic Plan. Enumerate the objectives of the entity as per the Strategic Plan.

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each entity or Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the National government entity’s performance against predetermined objectives.

**Progress on the attainment of Strategic Objectives through Performance Contracting.**

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Program	Strategic Objective	Outcome	Indicator	Performance	Comments
1. Performance Management	To entrench a culture of performance and accountability in public service	Increased MDAs on Performance contracting	99.5% of eligible MDAs were vetted.	Increased MDAs on Performance contracting 452 eligible MDAs out of 454 were vetted.	Develop and review draft on PSPMS BILL

2. Service Delivery Management	To promote effective Implementation of Government Priorities	Operationalize 8 Regional and 47 County Implementation Coordination and Management Committees	Updated 91% 2042 out of 2246 active service delivered	Updated 91% 2042 out of 2246 active projects of National Government projects and programmes in the Government PERFORMANCE Reporting System (GPRS)	Updated 198 Commitments derived from road shows.
3. Coordination of innovative mechanisms	To coordinate the identification of innovative mechanisms in MDAs	Coordinated stakeholder roundtables with all ministries (22)	No. of reports	198 Bottlenecks to delivery of programmes and projects identified, processed and committed for tracking through the GPRS	MDAs to break down 198 commitments into achievable yearly targets
4. Institutional Capacity development	To obtain optimal capacity (human and financial) to effectively deliver the mandate of the state department	Interviews for 16 conducted by the PSC to recruit technical officers for PSPMU and Coordination & Supervision Services directorate	100% of officers were interviewed.	62.5% were selected for further processing	Develop Career Progression guidelines for performance Management service

**7. MANAGEMENT DISCUSSION AND ANALYSIS**

**A. Budget Execution Historical Performance and Outlook:** Key performance indicators, observations with respect to financial statements, surplus/deficit, earnings, cash flow, and whether or not past performance may be indicative of future results. **(The table below explains performance for the year 2023/2024).**

**Budget Execution highlight for the year ended 30<sup>th</sup> June , 2024**

Details	Annual Final Budget	Actual Cumulative to Date	Utilisation%
	Kshs	Kshs	
Receipts	355,166,537	338,166,537	100%
Payments	355,166,537	332,252,620	97%
Surplus/ Deficit	-	5,913,917	3%

*(Exchequer issues were all received was Kshs 338,166,537, total expenditure was Kshs332,252,620 (96.7%) were utilized. Unutilized amount that was returned to CBK was Kshs 5,913,917).*

**B. Implementation Challenges and Emerging Issues:** Key events, demands on the State Department for Performance and Delivery Management principal activities, commitments to others and uncertainties on the horizon, as well as their implications and significance to the business.

The budget cuts of **Ksh. 140,458,604** which was **30%** of the original budget during the year 2023/2024. Thus, affecting most of the activities scheduled during the period.

**C. Compliance and Governance**

- i. **Non-Compliance with Statutory Requirements:** The State Department for Performance and Delivery is in compliance with Statutory Requirements and has no issue of non-compliance with statutory requirement.
- ii. **On-going or potential court cases, default/material arrears in statutory/financial obligations.**
- iii. There were No potential court cases as it was the first year of its operation.
- iv. **Financial Improbability and Serious Governance Issues:**

*There was no reported financial improbity reported during the period.*

## **8. Environmental and Sustainability Reporting**

The mandate of the State Department is as articulated in the Executive Order No.2 of 2023, and stipulates the following as the key roles:

- i. Coordinating the institutionalization of Performance Management in the Public Service;
- ii. Overseeing Performance of Government Ministries, Departments and Agencies in service delivery;
- iii. Coordinating identification of innovative mechanisms to address challenges affecting public service delivery to facilitate smooth operations between Ministries, Departments and Agencies;
- iv. Monitoring and evaluating performance to ensure contracting parties are within the parameters of the agreed performance targets; and
- v. Monitoring the Implementation of Government's Priority Programmes and Projects.

### **a) Sustainability strategy and profile**

In 2001 the Government developed and launched a strategy for performance improvement in the Public Service, which sought to enhance productivity and attain quality service delivery. A key aspect of the Strategy was the Result Oriented Management approach that culminated into the Result Based Management in 2004. The key tools of the Policy included Strategic Plans; Service Delivery Standards; Citizens Service Delivery Charters; Annual Work Plans; Performance Contracts; and Staff Performance Appraisal which ensures continued and sustainable service delivery to citizens.

Each year, the Government spells out key priority areas to achieve socio-economic development. The priority areas are aligned to extant global, regional and national frameworks. The priorities are outlined in the Kenya Vision 2030; the Bottom-Up Economic Transformative Agenda; the African Union Agenda 2063; the East African Community Vision 2050; the United Nations (2030) Agenda on Sustainable Development and other international treaties and conventions that Kenya is party to.

### **b) Environmental performance /climate change/ mitigation of natural disasters**

The State Department abides by the Environmental Management and Coordination Act (EMCA), 2015, a framework law on environmental management and conservation. EMCA, 2015 establishes among others the following institutions; National Environment Management Authority, Public Complaints Committee, National Environment Tribunal, National Environment Action Plan Committees, and County Environment Committees. The National Environment Management Authority (NEMA) was established as the principal instrument of government charged with the implementation of all policies

relating to the environment, and to exercise general supervision and coordination over all matters relating to the environment. In consultation with the lead agencies.

NEMA is empowered to develop regulations, prescribe measures and standards and, issue guidelines for the management and conservation of natural resources and the environment. The Act provides for environmental protection through; Environmental impact assessment; Environmental audit and monitoring; and Environmental restoration orders, conservation orders, and easements.

The State Department for Performance and Delivery Management engaged in tree growing initiatives in Siaya County in collaboration with stakeholders such as Kenya Forest Service (KFS), National Government Administrative Officers (NGAO) and the Siaya County Government. Siaya County is among the counties with the lowest forest cover in the country. The tree growing campaigns carried out by the department are therefore essential in restoring the ecosystem of the county and ensuring food security. Cumulatively, 6,000 seedlings were planted in the FY 2023/24 and were accurately recorded in the Jazamiti app.

#### **c) Employee welfare**

Employee welfare at the State Department is guided by the 2016 Human Resource Policies and Procedures Manual for the Public Service. The manual stipulates a clear role of the Principal Secretary in relation to the human resource function. Specific roles include: the administration and management of Human Resource(HR) functions in the department; advising the Cabinet Secretary on Human Resource matters; chairing Human resource management advisory committee (MHRMAC) and Ministerial Performance Management Committee (MPMC); and performing any other HR function as directed by the Cabinet Secretary(CS).

In addition, the manual stipulates the values and principles of public service. Among them are involvement of the people in the process of policy making; representation of Kenya's diverse communities; and fair competition and merit as the basis of appointments and promotions which guides employees' enjoyment of equal opportunities. Furthermore, the Performance Contracting guidelines issued annually ensures that targets on human resource development, training and appraisal are implemented and reported on.

#### **d) Operational practices/ Market place practices**

The relationship between suppliers and the State Department is guided by the Public Procurement and Asset Disposal Act, 2015. The Act is applied in relation to procurement planning; procurement processing; inventory and asset management; disposal of assets; and contract management..

**e) Community Engagements-**

The State Department has not conducted any Corporate Social Responsibility (CSR), however, in fulfilling its mandate, the department engages stakeholders in the projects being implemented in different areas through the Government Delivery Service. Further, during tree growing sessions, involvement of multi-stakeholders involving communities has always been a key step in achieving targets on tree growing.

## **9. STATEMENT OF MANAGEMENT RESPONSIBILITIES**

Section 83 (1) of the Public Finance Management Act, 2012 requires that, at the end of each year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 83 (2) (b) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board (**PSASB**) of Kenya from time to time.

The Accounting Officer in charge of the State Department for Performance and Delivery Management is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the year, (period) ended on 30<sup>th</sup> June 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 entity; (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 entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the **State Department for Performance and Delivery Management** accepts responsibility for the entity's financial statements, which have been prepared on.

**Management** further confirms the completeness of the accounting records maintained for the *State Department for Performance and Delivery Management*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the **State Department for Performance and Delivery Management** confirms that the entity has complied fully with applicable Government Regulations

and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board (**PSASB**) of Kenya.

**Approval of the financial statements**

The financial statements were approved and signed by the Accounting Officer on 20.11.2024



.....  
**Chimwaga Mongo, EBS**  
**Accounting Officer**



.....  
**CPA Elijah Ombati**  
**ICPAK No. 9736**

# REPUBLIC OF KENYA



*Enhancing Accountability*

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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR PERFORMANCE AND DELIVERY MANAGEMENT FOR THE YEAR ENDED 30 JUNE, 2024

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### 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; and,
- 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.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on the 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 aim to address the Auditor-General's statutory roles and responsibilities 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

### **Opinion**

I have audited the accompanying financial statements of State Department for Performance and Delivery Management set out on pages 1 to 23, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2024, and the statement of receipts and payments, 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, the financial statements present fairly, in all material respects, the financial position of the State Department for Information Communication Technology and Digital Economy 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 (Cash Basis) and comply with the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the State Department for Performance and Delivery Management, 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 opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

### **Other Information**

Management is responsible for the other information set out on page i to xxviii which comprise of key Entity Information and Management, Statement of Governance, Statement by Cabinet Secretary, Statement by Principal Secretary, Statement of Performance Against Predetermined Objectives, Management Discussion and Analysis, Environmental and Sustainability Reporting and 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 State Department'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 THE 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 effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Over Expenditure on Use of Goods and Services**

The statement of comparison of budget and actual amounts reflects use goods and services final budget and actual on comparable basis of Kshs.152,138,429 and Kshs.157,819,363 respectively, resulting to over expenditure of Kshs.5,680,934. This is contrary to Section 53 (8) of the Public Procurement and Assets Disposal Act, 2015 which states that, Accounting Officer shall not commence any procurement proceeding until satisfied that sufficient funds to meet the obligations of the resulting contract are reflected in its approved budget estimates.

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

#### **2. Net Pay below a Third of Basic Pay**

During the year under review, a sampled payroll data revealed that five (5) employees were paid a net salary which was less than a third (1/3) of their basic pay. This was in contravention of Section 19(3) of the Employment Act, 2007 which provides that the total amount of deductions which may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

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

### **3. Irregular Secondment of the Government Delivery Services officers to Counties and Ministries by the Cabinet Secretary**

Audit of the Human Resources records revealed that the Cabinet Secretary for the Ministry of Public Service, Performance and Delivery Management vide a letter of June, 2024 to the Cabinet Secretary, Ministry of Interior and Coordination of National Government, re-deployed twenty-three (23) Government Delivery Services (GDS) officers to Counties as County Coordinators to assist in the tracking of Government projects and programs. This was contrary to Section 42 (1) of the Public Service Commission Act, 2017 which states that the authority to second a public officer shall vest in the Commission and shall be carried out on the request of an authorized officer or public officer.

In the circumstances, Management was in breach of the law and regulations regarding Public Service secondment.

### **4. Retention of Staff Above Age of 60 Years**

Review of June, 2024 payroll revealed that six (6) employees were over the age of 60 years and another employee was above the age of 65 years. However, details for the six (6) employees to confirm that they were living with disabilities were not provided for audit review. This is against the Human Resource Policies and Procedures Manual for the Public Service May, 2016 Section AD.21 which states that all officers shall retire from the Service on attaining the mandatory retirement age of 60 years and 65 years for persons with disabilities.

In the circumstance, Management was in breach of the human resource policy.

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

### **Lack of an IT Strategic Plan**

During the year under review, it was observed that the department did not have an IT strategic plan for governance and management of its ICT resources. Further, there was no IT security policy in place to guide on safeguarding the State Department's assets and integrity, confidentiality and availability of data.

In the circumstance, the reliability of IT controls in place to assure the confidentiality, integrity and availability of information assets could not be confirmed.

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

### **Responsibilities of the Management and those Charged with Governance**

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

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

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

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

Those charged with governance are responsible for overseeing the State Department's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective

processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards 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 ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**09 December, 2024**

**11. Statement of Receipts and Payments for the Year ended 30<sup>th</sup> June 2024**

Description	Note	2023/2024	
		Kshs	
<b>Receipts</b>			
Exchequer Releases	1	338,166,537	-
<b>Total Receipts</b>		<b>338,166,537</b>	<b>-</b>
<b>Payments</b>			
Compensation of Employees	2	143,638,649	-
Use of Goods and Services	3	157,819,363	-
Acquisition of Assets	4	30,794,608	-
<b>Total Payments</b>		<b>332,252,620</b>	<b>-</b>
<b>Surplus/(Deficit)</b>		<b>5,913,917</b>	<b>-</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity was established in 2023, hence has no comparative figures for FY 2022-2023. The entity financial statements were approved on \_\_20.11.2024 and signed by:



.....  
**Chimwaga Mongo, EBS**  
**Accounting Officer**



.....  
**CPA Elijah Ombati**  
**ICPAK No. 9736**

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**12. Statement Of Financial Assets And Financial Liabilities As At 30<sup>th</sup> June 2024**

Description	Note	2023/2024	
		Kshs	
<b>Financial assets</b>			
<b>Cash and cash equivalents</b>			
Ministry HQ Recurrent Bank A/C Bank balances	5A	6,103,745.35	-
Cash in Hand	5B	-	-
<b>Total cash and cash equivalents</b>		<b>6,103,745.35</b>	<b>-</b>
<b>Receivables: Imprests and advances</b>		<b>-</b>	<b>-</b>
<b>Net Assets</b>		<b>6,103,745</b>	<b>-</b>
Payables- Deposit Bank Account		189,823	-
<b>Net financial assets</b>		<b>5,913,917</b>	<b>-</b>
<b>Difference</b>		<b>5,913,917</b>	<b>-</b>
<b>Represented by</b>			
Fund balance b/fwd.	9	-	-
Prior year adjustment	10	-	-
Surplus/(Deficit )for the year		5,913,917	-
<b>Net financial position</b>		<b>5,913,917</b>	<b>-</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity was established in 2023, hence has no comparative figures for FY 2022-2023. The entity financial statements were approved on \_\_20.11.2024 and signed by:



.....  
Chimwaga Mongo, EBS  
Accounting Officer



.....  
CPA Elijah Ombati  
ICPAK No. 9736

**13. Statement of Cash Flows For The Year Ended 30<sup>th</sup> June 2024**

Description	Notes	2023/2024	2022-2023
		Kshs	Kshs
<b>Operating Activities</b>			
<b>Receipts</b>			
Exchequer releases	1	338,166,537.00	-
<b>Total Receipts</b>		<b>338,166,537.00</b>	-
<b>Payments</b>			
Compensation of employees	3	143,638,649.35	-
Use of goods and services	4	157,819,362.55	-
<b>Total Payment</b>		<b>301,458,011.90</b>	-
<b>Net receipts/(payments)</b>		<b>36,708,525.10</b>	-
<b>Adjusted For:</b>			
Adjustments during the year			
<b>Prior year adjustments:</b>	10	-	-
Decrease/(Increase) in accounts receivable	11	-	-
Increase/(Decrease) in deposits and retention	12	189,828.25	-
<b>Net Prior year adjustments</b>		<b>189,828.25</b>	-
<b>Net Cash Flow from Operating Activities</b>		<b>36,898,353.35</b>	-
<b>Cash flow From Investing Activities</b>			
Acquisition of assets	4	30,794,608.00	-
<b>Net Cash Flows from Investing Activities</b>		<b>6,103,745.35</b>	-
<b>Cash flow From Financing Activities</b>			
Proceeds from domestic borrowings		-	-
<b>Net cash flow from financing activities</b>		-	-
<b>Net increase in cash and cash equivalents</b>		<b>6,103,745.35</b>	-
<b>Cash &amp; Cash Equivalent at Start of The Year</b>	5	-	-

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Description	Notes	2023/2024	2022-2023
		Kshs	Kshs
Cash & Cash Equivalent at End of The Year	5	5,913,917.10	-

Cash flow is presented using direct method. The cash and cash equivalent of **Ksh. 5,913,917** was subsequently recovered from the department in the current financial year 2024/2025.

The entity was established in 2023, hence has no comparative figures for FY 2022-2023. The entity financial statements were approved on \_\_\_\_20.11.2024 and signed by:



.....  
**Chimwaga Mongo, EBS**  
**Accounting Officer**




.....  
**CPA Elijah Ombati**  
**ICPAK No. 9736**

**14. Statement of Comparison of Budget and Actual Amounts Recurrent for FY2023/2024**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Exchequer releases	338,166,537.00	0	338,166,537.00	338,166,537.00	(338,166,537.00)	0.00%
<b>Total Receipts</b>				<b>338,166,537.00</b>		
<b>Payments</b>						
Compensation of employees	183,027,662.00	(27,800,000.00)	155,227,662.00	143,638,649.35	11,589,012.65	92.53%
Use of goods and services	254,837,375.00	(102,698,946.00)	152,138,429.00	157,819,362.55	(5,680,933.55)	103.73%%
Acquisition of assets	40,760,104.00	(9,959,658.00)	30,800,446.00	30,794,608.00	5,838.00	99.98%
<b>Total Payments</b>	<b>478,625,141.00</b>	<b>(140,458,604.00)</b>	<b>338,166,537.00</b>	<b>332,252,619.90</b>	<b>5,913,917.10</b>	<b>98.25%%</b>
<b>Surplus/ Deficit</b>				<b>5,913,917.10</b>		

- a) The original budget was KSHS**478,625,141**, budget cuts were Kshs**140,458,604**, hence revised approved budget was Kshs **338,166,537**. However, some items were over-utilized where as others were under-utilized as provided on the table above.
- b) Reallocations within the year: The actual on a comparable basis in the Summary Statement of Appropriation: Recurrent expenditure agree to the amounts reported in the Statement of Receipts and Payments.
- The entity financial statements were approved on \_\_\_\_20.11.2024 and signed by:

  
.....  
**Chimwaga Mongo, EBS**  
**Accounting Officer**

  
.....  
**CPA Elijah Ombati**  
**ICPAK No. 9736**

**Budget Execution by Programmes and Sub-Programmes for FY 2024**

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2023-2024			2023-2024	
	Kshs			Kshs	Kshs
<b>0762000000</b>			<b>131,730,793.00</b>	<b>136,452,368.85</b>	<b>(4,721,575.85)</b>
Public Service Performance Management Unit (PSPMU) salaries & wages	183,027,662	-10,000,000	46,912,240	46,731,598.80	180,641.20
2210000 GOODS & services	37,197,240		71,985,150.00	76,513,769.50	(4,528,619.50)
2220000 Routine Maintenance	30,594,800		2,373,340.00	2,355,511.55	17,828.45
3110000 Acquisition of Fixed Capital Assets	191,132,021		10,460,063.00	10,851,489.00	(391,426.00)
<b>0764000000 Administration</b>			<b>206,435,744.00</b>	<b>195,800,251.05</b>	<b>10,635,492.95</b>
2110000 salaries & wages	21,000,000		108,315,422.00	96,907,050.55	11,408,371.45
2210000 Goods and Services	21,000,000		76,314,939.00	77,503,058.00	(1,188,119.00)
2220000 Routine Maintenance	23,950,000		1,465,000.00	1,447,023.50	17,976.50
3110000 Acquisition of Fixed Capital Assets			20,340,383.00	19,943,119.00	397,264.00
<b>Total</b>	<b>478,625,141</b>	<b>-140,458,604</b>	<b>338,166,537.00</b>	<b>332,252,619.90</b>	<b>5,913,917.10</b>

(NB: This statement is a disclosure statement indicating the utilisation in the same format at the Entity's budgets which are programme based. It should tie with the combined Statement of Budgeted Vs Actual Amounts. Ensure that this document is completed to enable consolidation by the National Treasury).

## **Notes to the Financial Statements**

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

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

### **2. Reporting Entity**

The financial statements are for the *State Department for Performance and Delivery Management*. The financial statements encompass the reporting entity as specified under Section 81 of the PFM Act 2012 and also comprise of the following Recurrent expenditure for the entity and two self-reporting entities that issued Authority to Incur Expenditure (AIEs) implemented by the entity:

- i. Office of the Prime Cabinet Secretary (OPCS)*
- ii. Government Delivery Services (GDS)*

*(List the projects that have been consolidated under these financial statements in case of any)*

### **3. Reporting Currency**

The financial statements are presented in Kenya Shillings (Kshs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

### **Significant Accounting Policies**

The accounting policies set out in this section have been consistently applied by (*State Department for Performance and Delivery Management*) for all the years presented.

#### **a) Recognition of Receipts**

The *Entity* recognises all receipts from the various sources when the event occurs, and the related cash has been received.

#### **(i) Transfers from the Exchequer**

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving *entity*.

#### **(ii) External Assistance**

External assistance is received through grants and loans from multilateral and bilateral development partners. Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criteria is applied for loans received in the form of a direct payment. During the year ended 30<sup>th</sup> June 2024, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

#### **(iii) miscellaneous receipts**

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognised in the financial statements the time associated cash is received

**Significant Accounting Policies (Continued)**

**b) Recognition of payments**

The Entity recognises all payments when the event occurs, and the related cash has been paid out by the *State Department for Performance and Delivery Management*.

**i) Compensation of Employees**

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

**ii) Use of Goods and Services**

Goods and services are recognized as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

**iii) Interest on Borrowing**

Borrowing costs that include interest are recognized as payment in the period in which they are paid for. (*State Department for Performance and Delivery Management*)

**iv) Principal on borrowing**

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. (*State Department for Performance and Delivery Management*).

**v) Acquisition of Fixed Assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment. A fixed asset register is maintained and a summary provided for purposes

of consolidation. *This summary is disclosed as an **annexure 2** to the financial statements.*

**vi) In-kind contributions**

In-kind contributions are donations that are made to the Entity in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *Entity* includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

**vii) Third Party Payments**

Included in the receipts and payments, are payments made on the entity's behalf to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties in the statement of receipts and payments as proceeds from foreign borrowings or grants.

**c) 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 the Central Bank of Kenya and at various commercial banks at the end of the financial year. A bank account register is maintained, and a summary provided for purposes of consolidation. *This summary is disclosed as an, **Note 5** to the financial statements.*

**Restriction on Cash**

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits and retentions. As of 30th June 2024, this amounted

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to **Kshs 189,827.50** compared to **Kshs 0** in prior period as indicated on note, **annex.1**. There were no other restrictions on cash during the year.

**Significant Accounting Policies (Continued)**

**d) Imprests and advances**

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or Authority to Incur Expenditure (AIE) holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

**e) Third party deposits and retention**

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted for National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

**f) Pending Bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items. When the pending bills are finally settled, such payments are included in the Statement of Receipts and Payments in the year in which the payments are made.

**Significant Accounting Policies (Continued)**

**g) Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits and retentions, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament in *June 2023 for the period 1<sup>st</sup> July 2023 to 30<sup>th</sup> June 2024* as required by Law and there were two number of supplementary adjustments to the original budget during the year.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements. Government Development Projects are budgeted for under the *State Department for Performance and Delivery Management* but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers.

**h) Comparative Figures**

Where necessary, comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation. However, this was the first year of operation and as such No figures for comparative.

**i) Subsequent Events**

There have been no events after the financial year end with a significant impact on the financial statements for the year ended *30<sup>th</sup> June 2024*.

**j) Prior Period Adjustment**

During the year, errors that have been corrected are disclosed *under note --* explaining the nature and amounts.

**k) Related Party Transactions**

Related party means parties are related if one party has the ability to:

- a) Control the other party or

- b) Exercise significant influence over the other party in making financial and operational decisions, or if the related party entity and another entity are subject to common control. Relates party transaction is a transfer of resources of obligations between related parties regardless of whether a price is charged.

**I) Contingent Liabilities**

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
  - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships, The *State Department for Performance and Delivery Management* 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.

**Notes to the Financial Statements**

**1 Exchequer releases**

Description	2023/2024	2022/2023
	Kshs	Kshs
Exchequer Releases/ Provisioning Account for Q1 9910201	112,563,716.05	-
Exchequer Releases/ Provisioning Account for Q2 9910201	185,373,469.25	-
Exchequer Releases/ Provisioning Account for Q3 9910201	11,379,270.00	-
Exchequer Releases/ Provisioning Account for Q4 9910201	28,850,081.70	-
<b>Total</b>	<b>338,166,537</b>	<b>-</b>

*(The above were received Exchequer releases for Performance and Delivery Management)*

**2 Compensation to Employees**

Description	2023/2024	2022/2023
	Kshs	Kshs
Basic Salaries - Civil Service	103,918,167.90	-
House Allowance	26,778,735.75	-
Entertainment Allowance	2,862,900.00	-
Transport Allowance	5,305,029.70	-
Extreneous Allowance	3,806,858.00	-
Domestic Servant Allowance	666,000.00	-
Leave Allowance	300,958.00	-
<b>Total 2110300 Personal Allowances paid as part of salary</b>	<b>143,638,649</b>	<b>-</b>

*(These were personal emoluments paid to permanent employees during the period)*

**Notes to the Financial Statements (Continued)**

**3 Use of Goods and Services**

Description	2023/2024	2022/2023
	Kshs	Kshs
Communication, supplies and services	6,067,370.00	-
Domestic travel and subsistence	47,472,658.00	-
Foreign travel and subsistence	12,377,695.00	-
Printing, advertising and information supplies & services	5,028,049.00	-
Training expenses	11,177,530.00	-
Hospitality supplies and services	31,150,876.00	-
Specialized materials and services	2,545,821.30	-
Office and general supplies and services	12,969,621.50	-
Fuel Oil and Lubricants	8,171,900.70	-
Other operating expenses	17,055,306.00	-
Routine maintenance – vehicles and other transport equipment	2,542,195.35	-
Routine maintenance – other assets	1,260,339.70	-
<b>Total</b>	<b>157,819,363</b>	<b>-</b>

(These were cost of goods and services used during the period under review):

**4: Acquisition of Assets**

Non -Financial Assets	2023/2024	2022/2023
	Kshs	Kshs
Purchase of Motor Vehicles	6,663,960.00	-
Purchase of Office Furniture and Fittings	5,764,400.00	-
Purchase of Computers, Printers and Other IT Equipment	4,922,566.00	-
Purchase of Photocopiers	2,794,208.00	-
Purchase of other Office Equipment	10,649,474.00	-
<b>Total</b>	<b>30,794,608</b>	<b>-</b>

(These were fixed assets purchased during the period for office use during the period under review)

**5: Cash and Bank Accounts**

Description	2023/2024	2022/2023
	Kshs	Kshs
Bank Accounts (Note 5 A)	6,103,745.35	-
Cash on hand (Note 5 B)	-	-
<b>Total</b>	<b>6,103,745.35</b>	<b>-</b>

**5A: Bank Accounts**

Name of Bank, Account No. & currency	Amount in bank account Kshs	Indicate whether recurrent, Development, deposit etc.	Exc rate (if in foreign currency)	2023/2024	2022/2023
				Kshs	Kshs
Dep. State Dept Perform Mg 1000733675	-	Deposit		189,827.50	-
Rec. State Dept Perform Mg 100733659	-	Recurrent		5,913,917.85	-
<b>Total</b>				<b>6,103,745.35</b>	<b>-</b>

**5B: Cash on hand**

Description	2023/2024	2022/2023
	Kshs	Kshs
Cash in hand – Held in domestic currency	-	-
Cash in Transit	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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Detailed Cash is as follows:

Description	Insert Current FY	2022/2023
	Kshs	Kshs
Location 1	-	-
Other Locations (specify)	-	-
<b>Total</b>	-	-

[Provide board of survey certificates for each as attachments to the financial statements]

Accounts Receivables-

6. (a): Prepayments -Debtors

Description	2023/2024	2022/2023
	Kshs	Kshs
<b>Total Other Debtors</b>	-	-

Provide explanation why imprest was not recovered at year end.

(Imprest issued were accounted for by the respective officers but due to austerity measures instituted, the budget cuts as a result affected processing of temporary imprest already issued. Thus, hindering clearing them in the IFMIS system but in reality, all have been cleared in the manual register awaiting funds for 2024-2025 to be processed.

Provide explanation why imprest was not recovered at year end.

	2023/2024 2023/2024	% of the total	Insert Comparative FY	% of the total
Under one year	-	%	-	%
1-2 years	-	%	-	%
<b>Total</b>	-		-	

Notes to the Financial Statements (Continued)

7. Accounts Payables

7: (a) Payables -General Deposits

Description	2023/2024	2022/2023
	Kshs	Kshs
Deposit Bank Balances	189,827.50	-
<b>Total</b>	<b>189,827.50</b>	-

(These were deductions from salary that were not remitted by 30<sup>th</sup> June, 2024).

**Notes to the Financial Statements (Continued)**

**8. Third party deposits and retention**

Description	2023/2024		2022/2023	
	Kshs		Kshs	
Deposit AIEs Transfers from other government entities-OPCS	161,903,400.80		-	
Deposits- Transfers from other government entities-GDS	260,683,578.55		-	
<b>Total</b>	<b>422,586,979.35</b>		<b>-</b>	
<b>Ageing analysis:</b>	<b>2023-2024</b>	<b>% of the Total</b>	<b>Prior FY 2022-2023</b>	<b>% of the Total</b>
Under one year	-	%	-	%
<b>Total</b>	<b>-</b>		<b>-</b>	

**Note:**(During the year the state Department received AIEs, (Authority to Incur Expenditure) from self-reporting entities – mainly pay salaries for The Office of the Prime Cabinet Secretary and Government Delivery Services. Thus, funds were deposited in Recurrent Account and spent from the same account. However, receipts amounting to Kshs161,903,400.80 from OPCs and Kshs260,683,578.55 from GDs were not included in this Financial Statement since the same was accounted by the parent State Departments).

**Notes to the Financial Statements (Continued)**

**9. Fund Balance Brought Forward**

Description	2023/2024	2022/2023
	Kshs	Kshs
Bank Accounts	-	-
Cash in hand	-	-
Imprests and advances	-	-
Third party deposits and retention- AP Liabilities	-	-
Other Liabilities	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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(Provide short appropriate explanations as necessary)

**10. Prior Year Adjustments**

	Balance b/f from previous year as per audited financial statements	Adjustments during the year relating to prior periods	Adjusted ** Balance b/f Current Year
Description of the error	Kshs	Kshs	Kshs
Bank Account Balances	-		-
Cash In Hand	-		-
Imprests and advances	-		-
	-		-

\*\* (The adjusted balances are not carried down on the face of the financial statement. Entity to provide disclosure on the adjusted amounts)(Explain whether the prior year relates to errors noted in prior year, changes in estimates or accounting policy. Provide explanations for the prior year adjustments made their nature and effect on the fund balance of the entity).

**11: (Increase)/ Decrease in Advances and Imprests**

Description	2023/2024	2022/2023
	Kshs	Kshs
Receivables As At 1 <sup>st</sup> July (A)	-	-
Receivables As At 30 <sup>th</sup> June (B)	-	-
<b>(Increase)/ Decrease in Receivables (C=(B-A))</b>	-	-

(Receivable as at 1<sup>st</sup> July for Current FY should be the same as receivable as at 30<sup>th</sup> June for previous FY)

**12: Increase/ (Decrease) in Retention and Third-Party Deposits**

Description	2023/2024	2022-2023
	Kshs	Kshs
Payables As At 1 <sup>st</sup> July	-	-
Payables As At 30 <sup>th</sup> June	-	-
<b>Increase/ (Decrease) In Payables</b>	-	-

**Notes to the Financial Statements (Continued)**

**13: Related Party Disclosures**

The following comprise of related parties to the (*name of the entity*)

- i) Key management personnel that include the Cabinet Secretaries and Accounting Officers
- ii) Other Ministries Departments and Agencies and Development Projects;
- iii) County Governments; and
- iv) State Corporations and Semi-Autonomous Government Agencies.

**Other Important Disclosures**

**Related party transactions:**

**(a) Transfers from other Government Entities-Intercompany -GDS**

Description	2023/2024	2022/2023
	Kshs	Kshs
Transfers from Government Delivery services Q3	72,643,711.00	-
Transfers from Government Delivery services Q4	52,365,244.00	-
Transfers from Government Delivery services Q4 (Gratuity)	36,894,445.80	-
<b>Total</b>	<b>161,903,400.80</b>	<b>-</b>

*(The above transfers were received from the following self-reporting entities in the year. Explain significant changes from prior period)*

*(The above were received inform of AIEs from Government Delivery services a self-reporting entity and posted in deposit account to expense operations, salaries and gratuity.). These amounts were separately spent as per the conformation appendix attached.*

**(b) Transfers from other Government entities-Inter company - OPCs**

Description	Recurrent	Development	Insert Current year	2022/2023
	Kshs	Kshs	Kshs	Kshs
Transfers from NG Office of the Prime Cabinet Secretary				
29.9.23 OPCs July-sept Salaries	72,335,183.00	-	72,335,183.00	-

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<b>26.10.23 OPCS- October 23 salaries</b>	38,114,415.00	-	38,114,415.00	-
<b>5.12.23 OPCS-November 23 salaries</b>	35,447,019.95	-	35,447,019.95	-
<b>19.12.23 OPCS- Decemberr23 salaries</b>	28,460,567.35	-	28,460,567.35	-
<b>2.2.24 OPCS- Jan 2024 salaries</b>	21,061,476.10	-	21,061,476.10	-
<b>8.3.24 OPCS- February 2024 salaries</b>	11,960,055.35	-	11,960,055.35	-
<b>9.4.24 OPCS- Mar 2024 salaries</b>	12,455,465.15	-	12,455,465.15	-
<b>8.5.24 OPCS- April 2024 salaries</b>	13,207,921.35	-	13,207,921.35	-
<b>13.6.24 OPCS- May 2024 salaries</b>	14,514,453.50	-	14,514,453.50	-
<b>26.6.24 OPCS- Jun 2024 salaries</b>	13,127,021.80	-	13,127,021.80	-
<b>TOTAL</b>			<b>260,683,579</b>	<b>-</b>

*(We have confirmed the above amounts with the disbursing entities and attached these confirmations as an Appendix to these financial statements. The amount from each ministry should be stated separately. Explain significant changes from prior period.)*

*(The above were AIEs received from Office of the Prime Cabinet Secretary a self-reporting entity and posted in deposit account to expense Personal Emoluments). These amounts were separately spent as per the conformation appendix attached.*

**Other important disclosures (continued)**  
**Notes to the Financial Statements (Continued)**

**15. Progress on follow-up of Prior Years Auditor-General’s recommendations.**


The following is the summary of issues raised by the Auditor-General during the prior year and management comments that were provided.

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

**Guidance Notes:**

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

  
 \_\_\_\_\_  
 Accounting Officer

  
 \_\_\_\_\_  
 Head of Accounting Unit

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**Annexes**

**Annex 1 - Analysis of Pending Accounts Payable**

Supplier of Goods or Services	Date invoiced/ contracted	Particulars	Original Amount	Balance at the beginning of the year	Addition During the year	Amount paid During the year	Outstanding Balance	Comments
				a	b	c	d=a+b-c	
1. PS THE NT Deposit	18/8/23	STD001				13,858.55		
2. PS THE NT Deposit		STD210/1				210		
3. . PS THE NT	5.10.23	STD001/1				210		
4. PS THE NT Deposit	26.10.23	STD650				17,437.35		
5. PS THE NT Deposit	26.10.23	STD650/1				5190		
6. PS THE NT Deposit	28.11.23					24,514.35		
7. PS THE NT Deposit	21.12.23	STD845				19,975.35		
8. . PS THE NT Deposit	31.1.24	STD977				54,518.95		
9. PS THE NT Deposit		4.3.24				16,655.70		
10. PS THE NT Deposit	27.3.24	STD1352				17,641.05		
11. PS THE NT Deposit	29.4.24	STD1656				19,616.20		
<b>Grand Total</b>						<b>189,827.50</b>		

**Annex 2 – Summary of Fixed Asset Register**

<b>Asset class</b>	<b>Historical Cost b/f (Kshs) Previous Year</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Transfers in/(out) during the year</b>	<b>Historical Cost c/f (Kshs) Current Year</b>
Transport equipment -Motor Vehicles		6,663,960.00			6,663,960.00
Purchase of Vehicles and other Transport Equipment		5,764,400.00			5,764,400.00
Purchase of Computers, Printers and other IT Equipment		4,922,566.00			4,922,566.00
Purchase of Photocopiers		2,794,208.00			2,794,208.00
Purchase of other Office Equipment		10,649,474.00			10,649,474.00
<b>Total</b>		<b>30,794,608.00</b>			<b>30,794,608.00</b>

**(NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the Ministry, Department or Agency. Additions during the year should tie to note 18 on acquisition of assets during the year. Ensure this section is complete and covers all the entity's assets. Ensure the complete fixed asset register is separately prepared as per circular number 5/2020 and follow up reminder of circular No.23/2020 of The National Treasury**

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**Notes to the Financial Statements (Continued)**

**Annex 3- Reports Generated from IFMIS**

IFMIS financial reports to be presented on request.

## **2. KEY ENTITY INFORMATION AND MANAGEMENT**

### **(a) Background information**

#### **Preamble**

The State Department for Performance and Delivery Management draws its mandate from the Executive Order No.1 of January, 2023 on Organization of the Government of the Republic of Kenya.

#### **Vision**

A center of excellence in institutionalization of performance management for quality service delivery

#### **Mission**

To effectively and efficiently institutionalize performance management and delivery of services in the public sector

#### **Mandate**

The mandate of the state department is as follows:

- i. Coordinate the institutionalization of Performance Management in the Public Service;
- ii. Overseeing the Performance of Government Ministries, Departments and Agencies in Service Delivery;
- iii. Coordinating identification of innovative mechanisms to address challenges affecting public service delivery to facilitate smooth operations between Ministries, Departments and Agencies
- iv. Monitoring and evaluating performance to ensure contracting parties are within the parameters of the agreed performance targets
- v. Monitoring and Implementation of Government Priority Programmes and Projects.

#### **Core Values**

The State Department upholds the following core values in service delivery:

- i. Professionalism: Uphold high level of competence, diligence, and meritocracy in work performance and apply quality standards in service delivery;
- ii. Teamwork: Endeavour to attain targeted results through a high level of coordination, networking and collaboration with both internal and external stakeholders;
- iii. Innovativeness: Adopt creativity in operations and solutions in addressing emerging issues;
- iv. Results oriented: Focus on efficiency in delivery of services to the citizenry;
- v. Accountability: Adopt creativity in operations towards addressing emerging issues and enhancing quality service delivery

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**Core Functions**

- i. To coordinate the implementation of Public Service Performance Management in Ministries, Departments and Agencies;
- ii. Coordinate, track, evaluate and report on the implementation of National Government priorities, programmes and projects;
- iii. Supervise Government Ministries and State Departments;
- iv. Provide the Secretariat services to the Principal Secretaries Committee and the Sub – Committees (the five cluster working groups); and
- v. Promote “Whole of Government” approach on National Government programmes and projects.

**(b) Key Management**

The State Department’s day-to-day management is under the following key organs/directorates;

- i. Public Service Performance Management Service;
- ii. Government Delivery Services;
- iii. Coordination and Supervision of Services;
- iv. General Administration, Planning and Support Services.

**C) Fiduciary Management**

The key management personnel who had direct fiduciary responsibility were:

No.	Designation	Name
1	Principal Secretary	Amos N Gathecha, EBS
2	Secretary Administration	Jeremiah K Were
3	Chief Finance Officer	Kennedy Nyamao
4	Senior Deputy Accountant General	Elijah Ombati
5	Deputy Director Supply Chain Management Services	Henry Elijah Oseko

**d) Fiduciary Oversight Arrangements**

The fiduciary oversight committees are:

- i) Public Finance Management Standing Committee
- ii) Budget Implementation Committee