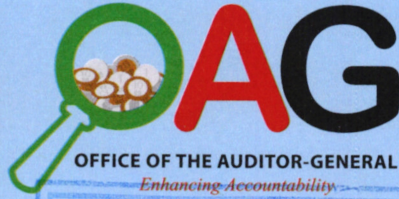



REPUBLIC OF KENYA



 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 03 DEC 2025	DAY. Wed
TABLED BY:	Deputy Leader of majority Hon. Owen Bayo
CLERK AT THE TABLE:	Halima Suleiman

REPORT

OF

THE AUDITOR-GENERAL

ON

STATE CORPORATIONS APPEAL TRIBUNAL

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



STATE CORPORATIONS APPEAL TRIBUNAL

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025

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

State Corporations Appeal Tribunal
Annual Report and Financial Statements for the year ended June 30, 2025.

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1. Acronyms and Glossary of Terms

PFM	Public Finance Management
SCAT	State Corporations Appeal Tribunal
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards.
PSASB	Public Sector Accounting Standards Board
LLB	Bachelor of Laws
LSK	Law Society of Kenya
KSL	Kenya School of Law
SCAC	State Corporations Advisory Committee
ICS	Institute of Certified Secretaries

2. Key Entity Information and Management

(a) Background information

The State Corporations Appeal Tribunal was established in 1987 under section 22 of the State Corporations Act Cap. 446 as a statutory regulatory body. It commenced operations in 2000 by hearing appeals from persons surcharged by the Inspectorate of State Corporations. The Tribunal was established to deal with the increased cases of expenditure wastage resulting in cases of surcharge in State Corporations. The Tribunal also provides an avenue for redress to those who felt aggrieved from decision of surcharge/disallowance made by the Inspector General of State Corporations.

(b) Principal Activities

The functions of the Tribunal are to: -

- hear and determine appeals from those surcharged;
- deliver judgment and rulings on surcharge appeals;
- hear appeals from the Inspector of State Corporations in case of non-payment; and
- order investigations into the operations of those surcharged;

VISION

A Model Tribunal in Fair and Expeditious Administrative Justice

MISSION

To administer justice in a fair, timely and accessible manner that upholds the rule of law for improved governance in state corporations.

CORE VALUES

- Impartiality
- Teamwork
- Integrity
- Professionalism

(c) Key Management

The Tribunal`s day-to-day management is under the following key organs:

- Board
- Secretary
- Management

State Corporations Appeal Tribunal
Annual Report and Financial Statements for the year ended June 30, 2025.

(d) Fiduciary Management

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

No.	Designation	Name
1.	Tribunal Secretary	Sophia Kaindi
2.	Head of Human Resource	Trizah Mwasi
3.	Head of Accounts	Naomi Mwai

(e) Fiduciary Oversight Arrangements

- Internal Audit
- Parliament
- Office of the Auditor General
- Inspector General-State Corporations

(f) Entity Headquarters

Re-Insurance Plaza, 7th floor,
Taifa Road.
P.O Box 56653 00200,
Nairobi, KENYA

(g) Entity Contacts

Telephone: (254) 0705435894
Email: scat@treasury.go.ke/scatribunal@gmail.com
Website: www.scat.go.ke

(h) Entity Bankers

National Bank of Kenya Limited,
Harambee Avenue
P.O Box 72866 00200
NAIROBI

Kenya Commercial Bank,
K.I.C.C Branch.
P.O Box 46950 00100
NAIROBI

(i) Independent Auditors

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

(j) Principal Legal Advisor

The Attorney General
Office of the Attorney General and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

3. The Board Members



Mr. Aggrey Lucas Kidiavai - Chairman

Mr. Kidiavai holds a Bachelors in Laws (LL.B) from University of Nairobi and a Post Graduate Diploma in Law from the Kenya School of Law.

Mr. Kidiavai is an advocate of the High Court of Kenya; He is currently working as Managing Partner Kidiavai & Company Advocates, in Kitale.

He is a member of Law Society of Kenya (LSK) and Institute of Chartered Public Secretaries of Kenya (ICPSK).

D.O.B :1970



MR. Bruno Walela Situma- Member

Mr. Situma holds a Bachelors in Laws (LL.B) from Catholic University of Eastern Africa and a Post Graduate Diploma in Law from the Kenya School of Law.

Mr. Situma is an advocate of the High Court of Kenya; He is currently working a Senior Partner at CS Advocates LLP, Nairobi.

He is a member of Law Society of Kenya (LSK).

D.O.B :1990

FCPA Anne Wangeci - Member



FCPA Wangeci holds a Bachelor of Science in International Business Administration (Accounting Option) from United States International University, a Master of Business Administration (Finance) from Egerton University and a CPAK holder.

FCPA Wangeci is currently working as the Head of Risk at Egerton University. She is a member of Institute of Certified Public Accountants (ICPAK) and Association of Women Accountants of Kenya (AWAK).

D.O.B :1980

Ms. Sophia Kaindi- Secretary



Ms. Kaindi holds a Bachelor in laws (LLB) degree and a Master of Arts in International Studies from the University of Nairobi, and a post graduate diploma in law.

Ms. Kaindi is an advocate of the High Court of Kenya. She serves as a Chief State Counsel in the State Department of Justice, Human Rights and Constitutional Affairs and Secretary to the Tribunal.

She is a member of Law Society of Kenya (LSK) and the Institute of Certified Public Secretaries (ICS).

D.O.B :1976

4. Key Management Team



Ms. Sophia Kaindi
Masters' Intl studies, LLB, Dip. Ksl
Secretary



Naomi Mwai
BBM Accounts. CPA(K)
Head of Accounts



Ms. Trizah Mwasi
BCom. Dip. Kim
Head Of Human Resource.



5. Chairman's Statement

It is my honour to present the Annual Report and Financial Statements of the Tribunal for the Financial Year 2024/2025, reflecting our financial performance and institutional progress.

This Report is particularly significant as it comes shortly after my appointment by His Excellency the President, effective 15th December 2023. It is a testimony to a resilient, innovative, and justice-driven institution committed to advancing administrative justice.

In previous years, the Tribunal encountered considerable challenges, including the absence of a functional membership, limited budgetary allocations, and a notable reduction in case referrals from the Inspectorate General (State Corporations).

Despite these hurdles, the Tribunal demonstrated adaptability and innovation in pursuing its mandate. Notably, we promoted Alternative Dispute Resolution (ADR) between litigants—employees and officials of State Corporations—and the Inspectorate of State Corporations. These initiatives were advanced through participation in induction programmes for State Corporations, the Agricultural Society of Kenya, and other public forums.

The future outlook of the Tribunal is highly promising. With a fully constituted membership now in place, we have initiated measures to enhance service delivery, including the review of our internal regulatory instruments such as the Strategic Plan. We are also committed to strengthening the Tribunal's visibility through closer collaboration with professional bodies whose members constitute the bulk of litigants, including the Institute of Certified Public Accountants of Kenya (ICPAK), the Institute of Certified Secretaries (ICS), the Institute of Internal Auditors (IIA), the Institute of Human Resource Management (IHRM), the Law Society of Kenya (LSK), and the Kenya Institute of Supplies Management (KISM).

In addition, the Tribunal will sustain continuous engagement with stakeholders involved in the administration and management of State Corporations. Such partnerships will foster strategic collaboration with regulatory agencies and enhance appreciation of the dynamic global environment in which State Corporations operate.

The Tribunal is equally conscious of its broader social responsibility and will play its role in addressing global challenges, including climate change.

In conclusion, I extend my sincere appreciation to the Members, the Secretary, and the Staff of the Tribunal for their unwavering dedication to our mandate. I also thank our strategic partners—the Presidency, the National Treasury & Economic Planning, the State Law office under the Attorney General, office of the State Corporations Advisory Committee (SCAC), the Inspectorate of State Corporations, and the Office of the Auditor-General, and many others—for their continued support in keeping the Tribunal firmly on the path of administrative justice.

Aggrey Lucas Kidlavai

Chairman

Date:.....

6. Report of the Secretary



The Annual Report and Financial Statement for the Financial Year ending 30th June 2025 has been prepared in accordance with the requirements of the Public Audit Act 2015.

The Tribunal is fully funded by the Government. During the financial year under consideration, the Tribunal was allocated Kshs. 40,620,666/- for recurrent expenditure and Kshs. 22.4 million approved as A-I-A.

The statement of financial performance in the financial statement provides an outline as to how the Tribunal utilized the allocated funds.

The Tribunal started off the financial year with the perennial challenges it has experienced in the previous year's such as the constrained budgetary allocation and understaffing.

In the face of the challenges, the Tribunal was able to work with the limited resources to discharge its mandate following receipt of surcharges certificates from the Inspector General (Corporations) and filing of appeals. The Tribunal finalized its three-year (2025-2027) strategic plan, Risk Management Policy Framework and review its Human Resource Instruments for submission to the Public Service Commission for approval.

The Tribunal participated in other events such as the Agricultural Society of Kenya shows and Annual Professional seminars with a view of enhancing the Tribunal's visibility, networking and capacity building.

The Tribunal is now fully operational following the appointment of its members. The Members and the Staff of the Tribunal look forward to review and finalise its internal regulatory instruments so as to enhance Tribunal's institutional capacity. Some of the instruments awaiting review and finalization include the Registry manual and Financial Policies and Procedures Manual.

I wish to thank the Chairperson, Members and Staff of the Tribunal for ensuring the efficient delivery of the Tribunal Mandate and to extend my gratitude to our stakeholders and strategic partners including the Executive Office of the President, the National Treasury & Economic Planning, the State Corporations Advisory Committee (SCAC), the Office of the Attorney General and State Department of Justice, the Inspectorate of State Corporations and the Office of the Auditor General for the invaluable support.

Thank you.


Sophia Kaindi

Secretary

7. Statement of Performance against Predetermined Objectives for FY 2024/25

State Corporations Appeal Tribunal has 2 strategic pillars within the current Strategic Plan for the FY 2024/2025 to 2026/2027. These strategic pillars are as follows:

Pillar i: Access to Justice

Pillar ii. Strengthened Institutional Capacity

The Tribunal develops its annual work plans based on the above 2 pillars. Assessment of the Tribunal’s performance against its annual work plan is done on a quarterly basis. The Tribunal achieved its performance targets set for the FY 2024-2025 period for its 2 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Activities	Achievements
Access to justice	To enhance access to fair and expeditious administration of justice	Automate business processes by developing and operationalizing an electronic case management system	Tribunal was able to develop its interactive website though the case management system is yet to be implemented
	To provide for virtual proceedings so as to enable remote access to the Tribunal`s process	Develop and operationalize a recording and transcription system	Procurement process started but was not finalised by the close of the financial year
	To improve mechanisms for case management and dispute resolution	On board tribunal services into e-Citizen platform	The process was in its final stage at the close of the financial year

State Corporations Appeal Tribunal
Annual Report and Financial Statements for the year ended June 30, 2025.

Strategic Pillar/Theme/Issues	Objective	Activities	Achievements
		<p>Publish Tribunal cases with National Council for Law Reporting</p> <p>Sensitize officers, board members, of state corporations and members of professional bodies on the mandate of the Tribunal as resource persons</p> <p>Prepare a legislative proposal to initiate the review of the State Corporations Act, Cap 446, section 22 and regulations</p>	<p>The Tribunal has published cases in its website and at the Kenya Law Reporting</p> <p>The Members and employees were sensitized through the various forums</p> <p>The Tribunal has started the legislative review process.</p>
<p>Strengthened Institutional Capacity</p>	<p>To strengthen Human Resource Management and Development</p> <p>To improve work Environment</p> <p>To strengthen performance management</p>	<p>Review of Human resource</p> <p>Renovate Tribunal offices</p> <p>Conduct training needs assessment for staff and implement the recommendations of the report.</p> <p>Sensitize members and staff on performance Management &</p>	<p>Reviewed the Human Resource Instruments and submitted for approval to Public Service Commission</p> <p>Tribunal offices renovated</p> <p>Training Needs Assessment Reports were done and implemented</p>

State Corporations Appeal Tribunal
 Annual Report and Financial Statements for the year ended June 30, 2025.

Strategic Pillar/Theme/Issues	Objective	Activities	Achievements
	<p>To enhance financial resources and management</p> <p>To increase visibility of the Tribunal</p>	<p>measurement and Performance Appraisal System (PAS)</p> <p>Enhance resources for the Tribunal by developing and implementing resource mobilization strategies</p> <p>Strengthen brand visibility by conducting sensitization programmes and disseminating IEC materials</p>	<p>Sensitization on PAS is ongoing</p> <p>Started engaging strategic partners for resource mobilization</p> <p>Sensitization programmes conducted at ASK shows and at Professional seminars and still ongoing.</p>

8. Corporate Governance Statement

Corporate governance is the process and structure by which corporate bodies are directed, controlled and take into account the interest of other stakeholders.

The Board members are responsible for the governance of the Tribunal and is accountable to the stakeholders in ensuring that the Tribunal complies with the laws and the highest standards of business ethics and corporate governance.

Accordingly, the Board attaches very high importance to the generally accepted corporate governance practices and has embraced the internationally developed principles and code of best practice for good corporate governance.

Board Members

The roles and functions of the Chairman and the Secretary are distinct and their respective responsibilities clearly defined within the Tribunal. The Board constitutes of the Chairman and two Board Members. The Secretary provides administrative services to the Board.

The Board defines the Tribunal's strategies, objectives and values and ensures that procedures and practices are set in place to ensure effective control over strategic, financial, operational and compliance issues. The board members bring a wealth of experience and knowledge to the Board's deliberations.

Except for direction and guidance on general policy, the Board delegates authority of its day-to-day business to the Management through the Secretary. The Board is however responsible for the overall policy stewardship of the Tribunal. The Secretary attends all meetings and advises the Board on all corporate governance matters as well as prevailing statutory requirements.

Presently the Board does not have operational subcommittees due to the absence of an optimal board.

Board Meetings

The Board holds meetings on a regular basis. Special meetings are called whenever the circumstances dictate in accordance with the procedures of the Tribunal.

In the financial year under audit, there were four (4) Board Meetings and one (1) special meeting held at the Tribunal office.

9. Management Discussion and Analysis

Operational and financial performance

The Tribunal operates under the National Treasury where it's fully funded by the Government of Kenya.

Factors that affected the Tribunal performance included inadequate budget allocation and staff capacity gaps.

Key projects or investments

The Tribunal did not have any key project or investment decision during the last three-to-five-year period.

Major risks facing the Tribunal

The Tribunal has encountered operational risks on account of understaffing and inadequate funding.

Material arrears and financial obligations

The Tribunal did not have any material arrears and financial obligations during the period from 2022/23 to 2024/2025.

Review of the sector, economy and future developments

The Tribunal received the appointment of the Board Members and the Tribunal Board is now fully operational. A proposed amendment memorandum to review the enabling Act to enhance the name of the Tribunal.

In future, the Tribunal proposes to develop a virtual case management system so that litigants and other stakeholders do not have to travel all the way to the Tribunal office but are enabled to participate in the Tribunal proceedings remotely.

10. Environmental and Sustainability Reporting

i. Sustainability strategy and profile

The Tribunal ensures fair and just administrative actions across all the State Corporations and further promotes economic use of public resources as stipulated in article 201 of the constitution.

The Tribunal's strategic plan (2024/25 – 2026/27) has identified two areas of focus. These are: Access to justice which is aimed at strengthening dispute resolution handling mechanisms on surcharge-related appeals, strengthening legal and institutional framework under which the Tribunal operates, and fostering collaboration and partnerships with key stakeholders. The second area of focus is Strengthened Institutional Capacity which is aimed at increasing Tribunal's visibility, capacity enhancement, performance management, and resource mobilization. These areas of focus will improve the performance of the Tribunal and add to the previous record of achievements under the previous strategic plan.

ii. Environmental performance

The strategy of the Tribunal is to collaborate with like-minded institutions to conserve the environment through government initiatives such as tree planting programmes. The Tribunal was able to plant 100,000 seedlings during the financial year 2024/25 in various counties like Machakos County, Kericho County, Nyandarua and Kakamega County. In addition, the Tribunal has put in place policy measures to conserve wastage of public utilities such as water and electricity through effective use of the resources with the aim also of conserving the environment. The Tribunal also minimises printing to only what is necessary thus avoiding wastage of papers.



Tribunal members, Secretariat and Kakamega Community during tree planting exercise at Kakamega forest



Tribunal members, Secretariat and Kericho community during tree planting exercise at Sorget forest, Kericho.



Tribunal members and Secretariat during tree planting exercise at Makutano forest, Kericho.

iii. Employee welfare

The Tribunal ensures that its employee's welfare is adequately addressed as they carry out their duties. The Tribunal is guided by a Human Resource Policies and Manual which informs the manner in which employee welfares are addressed.

The Tribunal also provides a comprehensive medical cover for all their staff. Since the outbreak of the Covid 19 pandemic, the Tribunal has continuously provided sanitisers and face masks to all its employees to minimise the spread and control of the disease.

The Tribunal places a high premium on the professional and skills development as part of the empowerment of the employees. To this end, the Tribunal ensures the employees are continuously trained on emerging issues in line of profession. The Tribunal also sponsors the employees to attend Continuous Professional Development events.

Market place practices-

The Tribunal has ensured appropriate market place practises as outlined below:

a) **Responsible competition practice.**

The Tribunal strives to be a model Tribunal in fair administrative justice for State Corporations and other stakeholders.

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

In an effort to maintain good business practices, the Tribunal ensures that they pay their suppliers with 30 days from the date of the invoice and that they are no pending bills at the close of the financial year.

c) **Responsible marketing and advertisement**

The Tribunal is engaged in sensitization programmes in an effort to reach out to the state corporations through organised conferences and workshops and participating in ASK shows and Annual professional seminars countrywide. This was coupled by disseminating IEC materials to the public.

d) **Product stewardship**

Tribunal observes stakeholders' confidentiality by ensuring that the cases are heard between parties and witnesses involved and decisions are made in open courts other than cases involving national security or personal privileged information which are heard behind closed doors. Files are restricted to parties and no unauthorised persons have access unless specially permitted by law or court order.

iv. **Corporate Social Responsibility**

In the financial year 2024/25, the Tribunal was able to participate in tree planting activities as a corporate social responsibility.

11. Report of the Board Members

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

i) Principal activities

The principal activities of the Tribunal are

- Receiving certificates of surcharges;
- Registration of new appeals /applications;
- Hearing of appeals/applications;
- Conducting legal research and development of administrative law jurisprudence;
- Delivery of judgements and rulings;
- Preparation of witness summons, orders, proceedings and decrees; and
- Sensitization of the public on the role of the Tribunal.

ii) Results

The results of the Tribunal for the year ended June 30, 2025, are set out on page 1 to 5.

iii) Board Members

During the financial-year 2024/25 the Board was fully constituted after the appointment of the Chairman with effect from 15th December 2023 and those of Board Members representing LSK and ICPAK gazetted with effect from 12th January 2024. There were four Board meetings and one special meeting during the financial year.

iv) Surplus remission

The Tribunal did not make any surplus during the year (FY2025 Kshs. Nil) and hence no remittance to the Consolidated Fund.

v) Auditors

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

By Order of the Board

.....

Sophia Kaindi
Secretary

12. Statement of Board Members Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Board Members to prepare financial statements in respect of that Entity, which give a true and fair view of the state of affairs of the Entity at the end of the financial year and the operating results of the Entity for that year. The Board Members are also required to ensure that the Entity keeps proper accounting records which disclose with reasonable accuracy the financial position of the Entity. The Board Members are also responsible for safeguarding the assets of the Entity.

The Board Members are responsible for the preparation and presentation of Tribunal's financial statements, which give a true and fair view of the state of affairs of the Tribunal for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 Tribunal; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

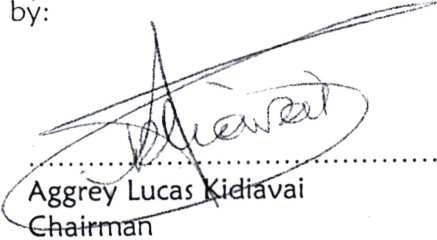
The Board Members accept responsibility for Tribunal's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act section 14. The Board Members are of the opinion that Tribunal's financial statements give a true and fair view of the state of Tribunal's transactions during the financial year ended June 30, 2025, and of the Tribunal's financial position as at that date.


The Board Members further confirm the completeness of the accounting records maintained for the Tribunal which have been relied upon in the preparation of the Tribunal's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Tribunal's financial statements were approved on 22nd 8th 2025 and signed on its behalf by:


.....
Aggrey Lucas Kidiavai
Chairman


.....
Sophia Kaindi
Secretary

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON STATE CORPORATIONS APPEAL TRIBUNAL FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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 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 Corporations Appeal Tribunal set out on pages 1 to 29, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the 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 State Corporations Appeal Tribunal as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the State Corporations Act, Cap 446 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the State Corporations Appeal Tribunal 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.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects budgeted revenue of Kshs.90,620,666 against actual revenue on comparable basis of Kshs.63,038,541 resulting in a revenue shortfall of Kshs.27,582,125 or 30% of the budget. Similarly, the statement reflects actual expenditure of Kshs.61,239,731 against approved budget of Kshs.90,620,666 resulting in an under-performance of Kshs.29,380,935 or 32% of the budget.

The under-collection and under-performance affected implementation of the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

As reported previously, staff advances amounting to Kshs.4,479,440 were written off without the approval of the Cabinet as required under Section 69(3) of the Public Finance

Management Act, 2012 and Regulation 148(8) of the Public Finance Management (National Government) Regulations, 2015. The Public Investments Committee (PIC) in the Report for years 2013/2014 to 2016/2017 recommended that the Tribunal write off the staff advances subject to The National Treasury approval. Although The National Treasury was provided with an investigative report and supporting documents from the Tribunal for further consideration, approval for write off had not been obtained as at 30 June, 2025.

In the circumstances, lack of action on Public Investment Committee recommendations was in contravention of the law.

Other Information

Management is responsible for the Other Information set out on page iv to xxi which comprise of Key Entity Information and Management, the Board Members, Management Team, Report of the Secretary, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board Members and Statement of Board Members Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter 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

Non-Compliance with the State Corporation Act on Appointment of Directors

Review of Gazette Notice No. 108 dated 12 January, 2024 on appointment of members of the Tribunal revealed that one of the members appointed to represent the Institute of Certified Public Accountants (ICPAK) is a serving member of staff of a state corporation

contrary to the provisions of Section 10 of the State Corporations Act which states that a person shall not be qualified to be appointed the chairman, or a member of the Tribunal if he or she is an employee of, or a member of the Board of, a State Corporation.

In the circumstances, the appointing authority was in breach of the law.

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 EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on 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

Understaffing at the Tribunal

As previously reported, review of staff records revealed that only nine (9) officers were actively serving within the Tribunal, compared to the approved establishment of nineteen (19) officers. This staffing shortfall raises concerns regarding the Tribunal's capacity to effectively execute its mandate, as key departments such as Finance and Human Resource had only one staff in position each, potentially impacting service delivery and operational efficiency.

In the circumstances, the Tribunal may not achieve its mandate of dealing with cases of surcharge in State Corporations and provide avenues for redress to those who feel aggrieved from decisions of surcharge made by the Inspectorate of State Corporations.

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 Management and the 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 (Accrual

Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

Those charged with governance are responsible for overseeing Tribunal'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 require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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

13 November, 2025

State Corporations Appeal Tribunal
Annual Report and Financial Statements for the year ended June 30, 2025.

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

		2024-2025	2023-2024
	Note	Kshs	Kshs
Revenue			
Revenue from non-exchange transactions			
Transfers from other Government Entities	6	40,620,666	27,464,836
Revenue from exchange transactions			
Rendering of services-filing fees	7	1,792,875	-
Total Revenue		42,413,541	27,464,836
Expenses			
Use of goods and services	8	41,200,604	36,608,211
Employee costs	9	7,418,531	7,448,832
Board Expenses	10	11,602,522	1,490,725
Depreciation expenses	11	7,257,498	3,762,349
Repairs and maintenance	12	427,814	144,388
Total Expenses		67,906,972	49,454,508
Deficit for the year		(25,493,431)	(21,989,672)

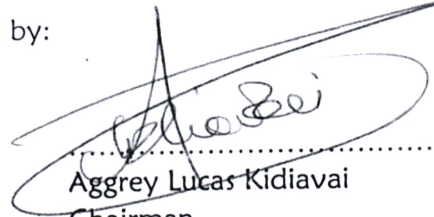
The Financial Statements set out on pages 1 to 7 were signed by:



Sophia Kaindi
Secretary
Date 22/08/2025



Naomi Mwai
Accountant
ICPAK M/No.:10307
Date 22/08/2025



Aggrey Lucas Kidiavai
Chairman
Date 22/08/2025

State Corporations Appeal Tribunal
Annual Report and Financial Statements for the year ended June 30, 2025.

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

	Note	2024-2025	2023-2024 Restated
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	13	1,606,755	24,704,527
Receivables from exchange transactions	14	905,639	905,639
Inventories	15	590,260	-
Total Current Assets		3,102,653	25,610,165
Non-current assets			
Property, Plant & Equipment	16	27,155,838	32,536,036
Non-Current Assets		-	-
Total Assets		30,258,488	58,146,202
Net Assets and Liabilities			
Current liabilities			
Trade and other payables	17	-	2,394,283
Provisions	18	348,000	348,000
Total Current liabilities		348,000	2,742,283
Net Assets (Total Assets-Total Liabilities)		29,910,488	55,403,919
Represented by:			
Accumulated Surplus		29,910,488	55,403,919
Total Net Assets and Liabilities		30,258,488	58,146,202

The Financial Statements set out on pages 1 to 7 were signed by:



Sophia Kaindi

Secretary

Date 22/08/2025

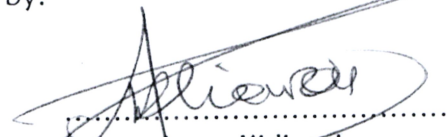


Naomi Mwai

Accountant

ICPAK M/No.:10307

Date 22/08/2025



Aggrey Lucas Kidiavai

Chairman

Date 22/08/2025

16. Statement of Changes in Net Assets for the year ended 30 June 2025.

	Accumulated Surplus
	Kshs
Balance as at 1st July, 2023	77,393,592
Surplus for the year 2023/24	(21,989,672)
Balance as at 30th June, 2024	55,403,919
Balance as at 1st July, 2024	55,403,919
Deficit for the year 2024/25	(25,493,431)
Balance as at 30th June, 2025	29,910,488

17. Statement of Cash Flows for the year ended 30 June 2025.

Cash flows From Operating Activities:	No te	2024-2025	2023-2024(RE- STATED)	2023-2024
Receipts		Kshs	Kshs	
Government Grants	6	40,620,666	27,464,836	27,464,836
Other Incomes	7	1,792,875	-	-
		42,413,541	27,464,836	27,464,836
Payments				
Use of goods and services	20	41,790,864	34,790,106	32,395,823
Employee costs	9	7,418,531	7,448,832	7,448,832
Board Expenses	10	11,602,522	1,490,725	1,490,725
Repairs and maintenance	12	427,814	144,388	144,388
		61,239,731	43,874,051	41,479,768
Net cash flows from operating activities		(18,826,190)	(16,409,215)	(14,014,932)
Cash flow from investing activities				
Purchase of Computers and Laptops	16	(1,782,800)	(2,992,400)	(2,992,400)
Purchase of furniture & fittings	16	-	(21,548,546)	(23,942,829)
Purchase of printer	16	(94,500)	-	-
Payable from payment of partitions	16	(2,394,283)	-	-
Net cash outflow from investing activities		(4,271,583)	(24,540,946)	(26,935,229)
Net decrease in Cash & Cash equivalent		(23,097,773)	(40,950,161)	(40,950,161)
Cash & Cash Equivalent as at July 1st	13	24,704,527	65,654,690	65,654,690
Cash & Cash Equivalent as at 30 th June	13	1,606,755	24,704,527	24,704,527

Reason for restating the statement of cashflow

The statement of cashflow included an amount of Kshs.2,394,283/- being an 10% amount held by the Tribunal on contract fee for renovation. This retention was paid in the financial year 2024/25 and not 2023/24.

The 10% Retention fee had been included in the use of goods and services in the statement of cashflow for 2023/24 overstating the amount, so we have restated by removing the 10% retention. This has been restated in the investing activities - purchase of partitions.

State Corporations Appeal Tribunal
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18. Statement of Comparison of Budget and Actual Amounts for the year ended 30 June 2025.

	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance	
	2024-2025	2024-2025	2024-2025	2024-2025	2024-2025	%
	Ksh	Ksh	Ksh	Ksh	Ksh	
	a	b	c=a+b	d	e=c-d	f=d/c
Revenue						
Government grants	27,060,000	13,560,666	40,620,666	40,620,666	-	100%
AIA/Balances Bf.	50,000,000	-	50,000,000	1,792,875	48,207,125	45%
Other Government funds in account approved in printed estimates	-	-	-	20,625,000	(20,625,000)	100%
Total Revenue	77,060,000	13,560,666	90,620,666	63,038,541	27,582,125	70%
Expenses						
Employee costs	7,820,000	-	7,820,000	7,418,531	401,470	95%
Board Expenses	11,784,773	-	11,784,773	11,602,522	182,251	98%
Repairs and maintenance	422,000	-	422,000	427,814	5,814	101%
Use of goods and services	52,033,227	13,560,666	65,593,893	41,790,864	23,803,029	64%
Cisco telephone purchase	2,500,000	-	2,500,000	-	2,500,000	0%
Accounting software	2,500,000	-	2,500,000	-	2,500,000	0%
Total Expenditure	77,060,000	13,560,666	90,620,666	61,239,731	29,392,564	68%
Surplus for the period	-	-	-	1,798,810	-	
Capital Expenditure	-	-	-	1,877,300	-1,877,300	
Surplus for the Period	-	-	-	-78,493	-	

State Corporations Appeal Tribunal
Annual Report and Financial Statements for the year ended June 30, 2025.

Budget Notes

1. There were significant material variances on general costs because during the current financial year the Tribunal was able to train the staff on new emerging issues relating to operations of the Tribunals and continuous professional development programmes. We also participated in various sensitization programmes to reach out to State Corporations especially in the ASK shows. The Tribunal also held meetings outside the office to develop and review various policies which are key to the operations of the Tribunal.
2. The Tribunal budget was approved with an A-I-A of Kshs.50 million, we were not able to meet our target since the Tribunal relies on cases of surcharge from the Inspector General and in the financial year we received 33cases.
3. The Budget is presented on a cash basis outlining the cash received and paid out during the periods.
4. Reconciliation between the deficit under statement of financial performance and surplus in comparison of budget

	Amount (Kshs)
Deficit in the statement of financial performance	(25,493,431)
Purchase of capital items	(1,877,300)
Inventory	(590,260)
Depreciation	7,257,498
Other Government funds in account approved in printed estimates	<u>20,625,000</u>
Surplus as per the budget statement	<u>(78,493)</u>

Explained by:

Surplus as per the budget statement	<u>(78,493)</u>
Purchase of capital items	1,877,300
Inventory	590,260
Other Government funds in account approved in printed estimates	(20,625,000)
Depreciation	<u>(7,257,498)</u>
Deficit as per the statement of financial performance	<u>(25,493,431)</u>

19. Notes to the Financial Statements

1) General Information

The State Corporations Appeal Tribunal is established and derives its authority and accountability under Section 22 of the State Corporations Act Cap 446. The Tribunal is wholly owned by the Government of Kenya and is domiciled in Kenya.

Tribunal's principal activity is to deal with cases of surcharge/disallowance in State Corporations and also provide an avenue for redress to those who feel aggrieved from decision of surcharge/disallowance made by the Inspector General of State Corporations.

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 Tribunal 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 Tribunal.

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

3) Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>The Standard has no impact on the Tribunal.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>The standard has no impact on the Tribunal.</p>
IPSAS 45: Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that</p>

Standard	Effective date and impact:
	<p>satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under-maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>The Standard has no impact on the Tribunal.</p>
<p>IPSAS 46 : Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>The standard has no impact on the Tribunal.</p>

Standard	Effective date and impact:
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>The standard has no impact on the Tribunal.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>The standard has no impact on the Tribunal.</p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>The Standard has no impact on the Tribunal.</p>
<p>IPSAS 50- Exploration For & Evaluation of Mineral Resources</p>	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.

Standard	Effective date and impact:
	<p>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</p> <p>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cashflows from any exploration and evaluation assets recognized.</p> <p>The Standard has no impact on the Tribunal.</p>

iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in year 2024/2025.

4) Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Tribunal and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

b) Budget information

The original and final budget for FY 2024-2025 was approved by the National Assembly in June 2024, Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Tribunal upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Tribunal received additional appropriations under Supplementary 3 approved in June 2025 and added to the original budget of 2024/25.

The Tribunal's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Tribunal recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

The Tribunal considers expensing assets which are considered personal like mobile phones and ipads purchased for Tribunal officers as they contain personal data of the user.

All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is calculated on straight line basis at annual rates estimated to write off the carrying values of the assets over their useful lives. The annual depreciation rates are as follows:

Motor vehicle	25%
Furniture and fittings	12.5%
Computers, hardware and software	30%
Other equipment.	12.5%

d) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date

of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

e) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

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

f) Provisions

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

g) Nature and purpose of reserves

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

h) Changes in accounting policies and estimates

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

i) Foreign currency transactions

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

j) Related parties

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

k) 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

l) Comparative figures

Comparative figures have been provided for all applicable item lines.

m) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

5) Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Tribunal'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:

a) 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 Tribunal 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 Tribunal. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

b) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

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Note 6: Transfers from Other Government Entities	2024-2025	2023-2024
	Kshs	Kshs
Unconditional grants		
Grants from the National Treasury.	40,620,666	27,464,836
Total	40,620,666	27,464,836
Note 7: Other Incomes	2024-2025	2023-2024
	Kshs	Kshs
Filing fees	1,792,875	-
Total	1,792,875	-
Note 8: Use of goods and services	2024-2025	2023-2024
	Kshs	Kshs
Printing and stationery	118,487	519,517
Postage	10,820	9,850
Consumables	663,650	784,995
Computer supplies	45,700	246,807
General office travelling	77,184	67,600
Foreign travels	282,290	-
Fuel & Oil	522,002	300,000
Vehicle Insurance & Security	44,740	29,500
Telephone expenses-secretariat	180,000	372,000
Internet and email	240,245	141,798
Rent	5,997,318	5,479,268
Corporate Social Responsibility	3,974,200	-
Office cleaning	564,556	611,616
Other allowances & benefits	286,100	-
Insurance for office equipment	12,984	12,984
Audit fees	348,000	348,000
Public awareness and education programmes	3,493,809	3,438,751
Review of strategic plan retreat	3,448,329	2,013,000
Development of Human Resource Instruments	4,780,364	2,273,600

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Development of Annual workplan, Procurement plan & Training Schedule	663,599	671,020
MTEF meetings	690,600	818,800
Staff team building	-	863,938
Development of Registry Manual	803,100	2,826,979
Data Protection Sensitization	-	1,714,184
Staff sensitization on procurement issues	-	2,325,620
Review, finalization and approval of Risk Management Policy Framework	3,009,454	2,039,885
Board Induction	1,626,426	-
Training and capacity Building	9,276,800	8,665,048
Bank charges	39,847	33,451
Total	41,200,604	36,607,211

Note 9: Employee Costs	2024-2025	2023-2024
	Kshs	Kshs
Salaries	3,206,130	3,020,160
House Allowances	1,200,000	1,190,000
Commuter Allowance	336,000	332,000
Leave Allowance	24,000	24,000
Extraneous Allowance	760,000	960,000
Pension	333,649	300,839
NSSF	38,880	92,664
Housing Levy	71,130	80,777
Training Levy	1,650	1,300
Staff Medical & GPA	1,447,092	1,447,092
Total	7,418,531	7,448,832

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Note 10: Board Expenses	2024-2025	2023-2024
	Kshs	Kshs
Honoraria	1,560,000	620,000
Sitting Allowance	3,930,000	410,000
Medical Cover	1,094,116	-
Telephone expenses	348,500	30,000
Training and Seminars	2,845,139	223,525
Subsistence Allowance	1,006,959	207,200
Training Levy	1,900	-
Housing Levy	107,842	-
Board Induction	708,066	-
Total	11,602,522	1,490,725

Note 11: Depreciation Expense	2024-2025	2023-2024
	Kshs	Kshs
Property, Plant and equipment	7,257,498	3,762,349
Total	7,257,498	3,762,349

Note 12: Repairs and Maintenance	2024-2025	2023-2024
	kshs	Kshs
Office Equipment	189,387	20,750
Vehicles	238,427	123,638
Total	427,814	144,388

Note 13: Cash and Cash Equivalents	2024-2025	2023-2024
	Kshs	Kshs
Bank	1,606,755	24,704,527
Cash-on- hand	-	-
Total	1,606,755	24,704,527

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Note 13: B Detailed analysis of the cash and cash equivalents		2024-2025	2023-2024
Financial Institution	Account No:		
Current Account		Kshs	Kshs
National Bank of Kenya	100100911400	596,524	3,977,916
National Bank of Kenya	128500091140 0	10,355	98,800
KCB Bank	1143251776	999,895	20,627,811
Cash on Hand		-	-
Total		1,606,755	24,704,527

Note 14: Receivables from Exchange Transactions	2024-2025	2023-2024
	kshs	Kshs
Telephone and rent deposits	905,639	905,639
Total	905,639	905,639

Note 15: Inventories	2024-2025	2023-2024
	kshs	Kshs
Inventories	590,260	-
Total	590,600	-

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Note 16: Property, Plant and Equipment

PPE	Motor Vehicles	Furniture & Fittings	ICT Equipment	Office Equipment	Total
Cost	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Rate	25%	12.5%	30%	12.5%	
At 1st July,2023	15,828,000	5,266,695	7,880,114	3,992,029	32,966,838
Additions	-	23,042,829	2,992,400	-	26,935,229
Disposals during the year	-	(3,476,636)	-	-	(3,476,636)
At 30 June 2024	15,828,000	25,732,888	10,872,514	3,992,029	56,425,431
At 1st July,2024	15,828,000	25,732,888	10,872,514	3,992,029	56,425,431
Additions during the year	-	1,782,800	94,500	-	1,877,300
At 30 June 2025	15,828,000	27,515,888	10,967,014	3,992,029	58,302,731
Depreciation:					
At 1 July,2023	7,041,750	5,223,951	7,880,114	3,457,867	23,603,682
Charge for the year	3,195,000	21,375	374,050	171,924	3,762,349
Disposal during the year	-	(3,476,636)	-	-	(3,476,636)
At 30 June,2024	10,236,750	1,768,690	8,254,164	3,629,791	23,889,395
At 1 July,2024	10,236,750	1,768,690	8,254,164	3,629,791	23,889,395
Charge for the year	3,195,000	2,992,854	897,720	171,924	7,257,498
At 30 June,2025	13,431,750	4,761,544	9,151,884	3,801,715	31,146,893
N.B.V:30.6.2024	5,591,250	23,964,198	2,618,350	362,238	32,536,036
N.B.V: 30.6.2025	2,396,250	22,754,144	1,815,130	190,314	27,155,838

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Note 17: Trade and other payables	2024-2025	2023-2024
	Kshs	Kshs
Others	-	2,394,283
	-	2,394,283

Note 18: Provisions	2024-2025	2023-2024
	Kshs	Kshs
Audit fees	348,000	348,000
	348,000	348,000

Note 19: Net Cash from Operating activities	2024-2025	2023-2024
	Kshs	Kshs
(Deficit)/Surplus for the Year	(25,493,431)	(21,989,672)
Add back: Depreciation	7,257,498	3,762,349
Payables	-	-
Receivables from exchange transactions	-	-
Increase in inventories	(590,260)	-
Receivables from non-exchange transactions	-	1,818,105
	(18,826,190)	(16,409,215)

Note 20: Use of goods and services	2024-2025	2023-2024
	Kshs	Kshs
As per the Statement of Performance	41,200,604	36,608,211
Add back:	-	-
Inventories Adjustments	590,260	-
Opening Receivables from exchange transactions	-	-
Opening Receivables from non-exchange transactions	-	-
Receivables from non-exchange transactions	-	-
Receivables from non-exchange transactions	-	(1,818,105)
As per the Statement of Cashflow	41,790,864	34,790,106

Other Disclosures

20. Financial Risk Management

The Tribunal's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Tribunal's overall risk management programme focuses on 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 Tribunal 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 Tribunal's financial risk management objectives and policies are detailed below:

i) Credit risk

The Tribunal 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.

The Management sets the Tribunal's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

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

Financial Risk Management

iii) Market risk

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

iv) Interest rate risk

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

Management of interest rate risk

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

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Tribunal's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Tribunal considers relevant and observable market prices in its valuations where possible.

v) Capital Risk Management

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

	2024-2025	2023-2024
	Kshs	Kshs
Retained Earnings	29,910,489	55,403,919
Total Borrowings		
Less: Cash And Bank Balances	1,606,745	24,704,527
Net Debt/ (Excess Cash and Cash Equivalents)		
Gearing	0%	0%

21. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to Tribunal 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.

Government of Kenya

The Government of Kenya is the principal shareholder of the Tribunal, holding 100% of Tribunal's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Tribunal, both domestic and external.

Other related parties include:

- i) The Parent Ministry.
- ii) Key management.

Related party transactions	2024-2025	2023-2024
	Kshs	Kshs
Transactions with related parties		
Grants from national govt	40,620,666	27,464,836
Key management compensation		
Board Expenses	11,602,522	3,541,700

22. Events after the Reporting Period

There were no material adjusting and non- adjusting events after the reporting period.

23. Ultimate And Holding Entity

The Tribunal is a Semi- Autonomous Government Agency under the. Its ultimate parent is the Government of Kenya.

24. Currency

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

25. Appendices

Appendix 1: Implementation Status of Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		Other matters		
1.	Prior year audit matters-Staff Advances Written Off	<p>The Tribunal wrote to the Cabinet Secretary National Treasury vide a letter dated 21st June 2018 seeking approval to write off a staff advance of Kshs.4,479,440.</p> <p>The Tribunal wrote to the Principal Treasury, the National Treasury and Economic Planning on 27th June 2025 attaching a sequence of activities and correspondences, which led to payment of salary arrears to staff. We held a meeting with Director General Accounting services and requested for further documents, which we are compiling to enable the office respond to them.</p>	Not resolved	In 2025/26
2.	Lack of audit function	<p>Basis of conclusion</p> <p>The lack of internal audit function during the period under review is contrary to Section 73(1) of the Public Finance Management Act, 2012 that requires every national government entity to have appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board.</p> <p>In the circumstances, the Tribunal did not benefit from the assurance and advisory services from the internal audit function.</p> <p>The Tribunal was allocated an Internal Auditor with an assistant to provide internal audit services.</p>	Partially done on the basis of the letter dated 24 th March 2025 from the National Treasury Ref. no.NT/IAG/GEN/226/(96)	Partially finalise

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
3.	Lack of Risk Management Policy Framework	<p>The lack of Risk Management Policy Framework exposes the Tribunal to various vulnerabilities and possible loss.</p> <p>The Tribunal wrote to the Internal-Auditor General requesting for assistance to develop a risk management framework for the Tribunal on 21st February 2023 vide a letter Ref.no.446/22/IA (1) 2022/23.</p> <p>The Tribunal finalised on the risk management policy framework and was adopted and approved by the Board on 24th July 2025.</p>	Finalised, submitted and approved on 24/7/25	finalised
4.	Under Staffing of the Tribunal	<p>Due to understaffing of the Tribunal, may make the Tribunal not achieve its mandate of dealing with cases of surcharge in State Corporations and provide avenues for redress to those who feel aggrieved from the decision of surcharge made by the Inspectorate of State Corporations.</p> <p>The Tribunal has received five staff on deployment from the National Treasury and Economic Planning. This brings the number of staff to nine (9) out of 19 in the approved establishment.</p> <p>Further to this, the Tribunal has written to the Principal Secretary, National Treasury and Economic Planning requesting for approval to recruit more staff.</p>	Partially resolved	2025/26



Secretary

Date: 22/8/2025

Appendix II: Projects implemented.

SCAT had no Capital projects in the year under review

Appendix III: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
The National Treasury & Economic Planning	14/8/2024	Recurrent	6,765,000.00						
"	29/10/2024	Recurrent	6,765,000.00						
"	30/01/2025	Recurrent	6,765,000.00						
"	30/04/2025	Recurrent	6,765,000.00						
	07/07/2025	Recurrent	13,560,000.00						
			40,620,666.00						40,620,000.00

Appendix IV: Reporting of Climate Relevant Expenditures

SCAT had no expenditure on climate related issues.

Appendix VI: Disaster Expenditure Reporting Template

There was no expenditure under this category.