

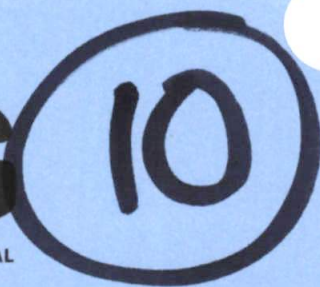


REPUBLIC OF KENYA

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL  
*Enhancing Accountability*



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**COUNTY EXECUTIVE OF KERICHO**

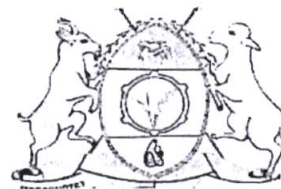
**FOR THE YEAR ENDED**

**30 JUNE, 2025**

| PAPERS LAID        |                             |
|--------------------|-----------------------------|
| DATE               | 17/08/2025                  |
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## **County Government of Kericho**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE 2025**

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**Transitional Financial Statements /Prepared in accordance with the Accrual Basis of Accounting  
Method Under International Public Sector Accounting Standards (IPSAS)**

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

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**1. Acronyms, Abbreviations and Definition of Key Terms**

**A. Acronyms and Abbreviations**

|              |                                                         |
|--------------|---------------------------------------------------------|
| <i>ADP</i>   | <i>Annual Development Plan</i>                          |
| <i>AIE</i>   | <i>Authority to Incur Expenditure</i>                   |
| <i>CA</i>    | <i>County Assembly</i>                                  |
| <i>CARA</i>  | <i>County Allocation of Revenue Act</i>                 |
| <i>CBK</i>   | <i>Central Bank of Kenya</i>                            |
| <i>CECM</i>  | <i>County Executive Committee Member</i>                |
| <i>CE</i>    | <i>County Executive</i>                                 |
| <i>CG</i>    | <i>County Government</i>                                |
| <i>CIDP</i>  | <i>County Integrated Development Plan</i>               |
| <i>COG</i>   | <i>Council of Governors</i>                             |
| <i>CRA</i>   | <i>Commission on Revenue Allocation</i>                 |
| <i>CRF</i>   | <i>County Revenue Fund</i>                              |
| <i>CT</i>    | <i>County Treasury</i>                                  |
| <i>IPSAS</i> | <i>International Public Sector Accounting Standards</i> |
| <i>MCA</i>   | <i>Member of County Assembly</i>                        |
| <i>OAG</i>   | <i>Office of the Auditor General</i>                    |
| <i>OCOB</i>  | <i>Office of the Controller of Budget</i>               |
| <i>OSR</i>   | <i>Own Source Revenue</i>                               |
| <i>PFM</i>   | <i>Public Finance Management</i>                        |
| <i>PSASB</i> | <i>Public Sector Accounting Standards Board</i>         |
| <i>NT</i>    | <i>National Treasury</i>                                |
| <i>WB</i>    | <i>World Bank</i>                                       |
| <i>KRB</i>   | <i>Kenya Roads Board</i>                                |
| <i>Kshs</i>  | <i>Kenya Shillings</i>                                  |
| <i>FY</i>    | <i>Financial Year</i>                                   |

**B. Definition of Key Terms**

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

### **a) Background information**

The County Government of Kericho is one of the 47 devolved units established under the Constitution of Kenya, 2010, with its mandate outlined in the Fourth Schedule. The County's functions include agriculture, health services, county transport, trade development, water and natural resource management, and early childhood education. Kericho is located in the Rift Valley region of Kenya and covers an area of approximately 2,479 square kilometres. It borders Bomet, Kisumu and Nyamira counties to the south, Kisumu to the west, Nakuru County to the east, Nandi and Baringo county to the north. The County headquarters is in Kericho Town.

According to the 2019 Kenya Population and Housing Census, Kericho had a total population of 901,777, with a near-equal distribution between males and females. Based on official projections by the Kenya National Bureau of Statistics, the population in 2024 is estimated at approximately 967,000 people. This growing population presents both opportunities and challenges in terms of service delivery, infrastructure development, and economic planning.

Economically, Kericho is recognised as one of Kenya's leading agricultural hubs, renowned globally for its high-quality tea production, which forms the backbone of the local economy and contributes significantly to national export earnings. During the 2024/25 financial year, coffee remained the second-largest cash crop in Kericho County, with major production taking place in Kipkelion, Soin/Sigowet, Bureti, and Belgut sub-counties. A total of 253,581 kilograms of coffee cherry were sold, earning the county approximately KSh 2.1 billion in revenue and contributing around 10% to Kenya's national coffee output. The County's fertile volcanic soils, reliable rainfall, and temperate climate also support dairy farming, horticulture, and other cash and food crops. According to 2022 estimates, Kericho's nominal Gross County Product (GCP) was approximately USD 1.787 billion, ranking it 17th among Kenyan counties. The per capita GCP for the same period was about USD 1,897, reflecting a moderately strong local economy with potential for further growth through value addition and diversification.

The County Government operates through two main arms: the Executive, headed by the Governor, responsible for policy formulation, execution, and service delivery; and the County Assembly, headed by the Speaker, mandated to legislate, represent the people, and provide oversight. The County's vision is "*A Prosperous County in Economic, Social and Political Development*", while its mission is "*To provide high quality services through efficient and effective utilization of resources*".

For the FY 2024/2025, the County's strategic priorities are anchored on the Kericho County Integrated Development Plan (CIDP) 2023–2027, the Annual Development Plan 2024/2025, and the national government's Bottom-Up Economic Transformation Agenda (BETA). These priorities include expanding access to clean and safe water, upgrading health facilities, improving and maintaining road infrastructure, supporting agricultural productivity and value addition, promoting environmental conservation, and enhancing governance and fiscal discipline.

**Kericho County Executive**  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

The summarized list of the departments in Kericho County Executive and their major responsibilities:

| No. | Department                                                                   | Major Responsibility                                                                                                                                                                                                 |
|-----|------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.  | Finance and Economic Planning                                                | <ul style="list-style-type: none"> <li>• Budgeting and financial management.</li> <li>• Economic planning.</li> <li>• Resource allocation.</li> <li>• Policy formulation.</li> <li>• Financial reporting.</li> </ul> |
| 2.  | Agriculture and Livestock and Fisheries                                      | <ul style="list-style-type: none"> <li>• Promotion of crop and animal production</li> <li>• Support for fisheries and aquaculture</li> <li>• Agricultural extension services</li> </ul>                              |
| 3.  | Education, Culture, Libraries                                                | <ul style="list-style-type: none"> <li>• Management of ECDE centres and vocational training.</li> <li>• Promotion of cultural heritage</li> <li>• Management of libraries</li> </ul>                                 |
| 4.  | Trade, Industrialization, Innovation, Tourism, and Wildlife                  | <ul style="list-style-type: none"> <li>• Promotion of trade and markets</li> <li>• Development of local industries and SMEs</li> <li>• Tourism and wildlife conservation</li> </ul>                                  |
| 5.  | Information, Communication, E-Government, Youth Affairs, Gender, and Sports: | <ul style="list-style-type: none"> <li>• Implementation of ICT and e-government systems</li> <li>• Youth empowerment and sports development</li> <li>• Gender mainstreaming</li> </ul>                               |
| 6   | Water, Environment, Forestry, Energy, and Natural Resources                  | <ul style="list-style-type: none"> <li>• Provision of clean water and sanitation</li> <li>• Environmental conservation</li> <li>• Promotion of renewable energy and forestry</li> </ul>                              |
| 7   | Public Works, Roads, and Transport                                           | <ul style="list-style-type: none"> <li>• Construction and maintenance of county roads</li> <li>• Management of transport systems</li> <li>• Public infrastructure development</li> </ul>                             |
| 8   | Lands, Housing, and Physical Planning                                        | <ul style="list-style-type: none"> <li>• Land administration and planning</li> <li>• Urban and rural housing development</li> <li>• Spatial planning and land use management</li> </ul>                              |
| 9   | Health Services                                                              | <ul style="list-style-type: none"> <li>• Provision of preventive and curative health services</li> <li>• Management of health facilities and medical supplies</li> </ul>                                             |
| 10  | Public Service Management                                                    | <ul style="list-style-type: none"> <li>• Human resource management</li> <li>• Coordination of county administrative functions</li> <li>• Capacity building of public officers</li> </ul>                             |
| 11  | County Public Service Board                                                  | <ul style="list-style-type: none"> <li>• Recruitment and promotion of public servants</li> <li>• Discipline and performance management</li> <li>• Enforcement of service values</li> </ul>                           |
| 12  | Executive Office of the Governor                                             | <ul style="list-style-type: none"> <li>• Coordination of county executive operations</li> </ul>                                                                                                                      |



**Kericho County Executive  
Annual Report and Financial Statements for the year ended June 30, 2025.**

|  |  |                                                                                                                                      |
|--|--|--------------------------------------------------------------------------------------------------------------------------------------|
|  |  | <ul style="list-style-type: none"> <li>• Intergovernmental and public relations</li> <li>• Oversight of development goals</li> </ul> |
|--|--|--------------------------------------------------------------------------------------------------------------------------------------|

**b) Key Management team**

The *County Executive's* day-to-day management is under the following key organs:

| No. | Designation                                                                   | Name                           |
|-----|-------------------------------------------------------------------------------|--------------------------------|
| 1.  | Governor                                                                      | H.E. Dr. Erick Mutai           |
| 2.  | Deputy Governor                                                               | H.E. Eng. Fredrick Kirui       |
| 3.  | CECM-Finance and Economic Planning                                            | Hon. Jackson Rop               |
| 4.  | CECM- Trade, Industrialization, Co-operative Management & Tourism Department. | Hon. John K. Cheruiyot         |
| 5.  | CECM-Lands and Physical Planning                                              | Hon. Joseph Kipsang Korir      |
| 6.  | CECM-Health Services                                                          | Hon. David N. Ekuwam           |
| 7.  | Information, Communication & E-Government                                     | Hon. Beatrice Kaptich          |
| 8.  | CECM-Education, Culture, Youth Affairs, Libraries & Social Services           | Hon. Judith Chepkorir Chirchir |
| 9.  | CECM-Roads, Public Works & Transport                                          | Hon. Brenda Bill               |
| 10. | CECM-Public Service Management                                                | Hon. Jonathan Korir            |
| 11. | CECM-Agriculture, Livestock & Fisheries                                       | Hon. Magerer Langat (OGW)      |
| 12. | CECM-Water, Energy, Natural Resources & Environment                           | Hon. Philemon Kurgat           |
| 13. | Chairman-County Public Service Board                                          | Prof. Joel Koech               |
| 14. | Ag. County secretary & head of County Public Service Board                    | Mr. Lenny Kirui                |

**c) Fiduciary Management**

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

**Kericho County Executive  
Annual Report and Financial Statements for the year ended June 30, 2025.**

| No. | Designation                                                                           | Name                   |
|-----|---------------------------------------------------------------------------------------|------------------------|
| 1   | CECM Finance and Economic Planning                                                    | Hon. Jackson Rop       |
| 2   | Chief Officer - Finance                                                               | CPA.Dr. George Kirer   |
| 3   | Chief Officer- Public Service Management                                              | CPA. Gilbert Bii       |
| 4   | Chief Officer- Water, Energy, Natural Resources & Environment Department              | Eng. John Mitei        |
| 5   | Chief Officer-Health Services                                                         | Dr. Japheth Cheruiyot  |
| 6   | Chief Officer- Trade, Industrialization, Co-operative Management & Tourism Department | Mr. Willy Rop          |
| 7   | Chief Officer-Public Works, Roads & Transport Department                              | Arch. Anderson Terer   |
| 8   | Chief Officer- Lands, Housing & Physical Planning Department                          | Ms Jackeline Chepkemoi |
| 10  | Chief Officer- Agriculture, Livestock Development & Fisheries Department              | CS. Betsy Chebet       |
| 11  | Chief Officer – Education, Culture, Libraries & Social Services Department            | Mr. Richard Tonui      |
| 12  | Chief Officer – Information, Communication & E-Government Department                  | Mr. Geoffrey Kipngeno  |
| 13  | Chief Officer – Economic Planning                                                     | Mr. Alphonse Rotich    |
| 14  | Chief Officer - Livestock                                                             | Dr. Michael Bett       |
| 15  | Secretary/CEO-County Public Service Board                                             | Mr. Charles Chirchir   |
| 16  | Chief officer - Executive office of the Governor                                      | Mr. Lenny Kirui        |

**d) Fiduciary Oversight Arrangements**

For the fiscal year ending 30<sup>th</sup> June 2025, Kericho County executive had several key fiduciary oversight bodies:

**i) Audit and Finance Committee Activities**

The County Audit and Finance Committee, established in accordance with the Public Finance Management Act, 2012, convened quarterly to review internal and external audit reports, assess the adequacy of internal controls, and monitor implementation of audit recommendations. The Committee oversaw the risk management framework, evaluated budget execution reports, and guided strengthening compliance with financial regulations.

**ii) Parliamentary Committee Oversight**

The Senate Standing Committee on Devolution and Intergovernmental Relations and the Senate County Public Accounts Committee (CPAC) examined the Auditor-General's reports on the County Government. During the year, these committees invited County officials to respond to audit queries and provide clarifications on expenditure, revenue performance, and pending bills, ensuring alignment with national fiduciary standards.

**iii) County Assembly Oversight**

The Kericho County Assembly, through its Public Accounts and Finance Committee (PAFC) and Budget and Appropriations Committee (BAC), exercised oversight over the County Executive. PAIC

**Kericho County Executive**  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

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reviewed the Auditor-General's reports and followed up on audit findings, while BAC scrutinized budget proposals, supplementary budgets, and quarterly budget implementation reports. The Assembly conducted public hearings to promote transparency and citizen engagement in resource allocation.

**E) Entity Headquarters**

County Government of Kericho Headquarters  
P.O. Box 112-20200,  
Nakuru-Kericho Road  
Kericho, KENYA

**F) Entity Contacts**

Telephone: (254) 0202635035  
(254) 0522021101  
E-mail: [info@kericho.go.ke](mailto:info@kericho.go.ke)  
Website: [www.kericho.go.ke](http://www.kericho.go.ke)

**G) Entity Bankers**

County Government of Kericho Bankers

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
**NAIROBI, KENYA**
2. Kenya Commercial Bank - Kericho Branch  
Kericho - Kisumu Highway  
P.O. Box 43-20200  
Kericho
3. National Bank of Kenya-  
Kericho - Kisumu Highway  
P.O. Box 72866-00200  
Nairobi  
Kericho Branch
4. Equity Bank-Kericho Branch  
P.O. Box 1562-20200



**Kericho County Executive**  
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Kericho Branch

5. Co-operative Bank-Kericho Branch  
P.O. Box 1742-20200  
Kericho
  6. Access Bank-Kericho Branch  
P.O. Box 2157-20200  
Kericho
  7. Sidian Bank-Kericho Branch  
P.O. Box 1455-20200  
Kericho
  8. SBM Bank Kenya Ltd-Kericho Branch  
P.O. Box 34886-00100  
Nairobi
- (h) **Independent Auditors**  
Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30084 GPO 00100  
Nairobi, Kenya
- (i) **Principal Legal Adviser**  
The Attorney General  
State Law Office and Department of Justice  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

### **3. Governance Statement**

Kericho County is one of the devolved units established under the Constitution of Kenya, 2010. The County operates within the legal framework of the County Governments Act, 2012, the Public Finance Management Act, 2012, and relevant public sector financial and governance regulations.

The governance of Kericho County comprises the following components:

#### **i) Executive Arm**

The Governor is the Chief Executive Officer of the County and is responsible for providing strategic leadership, overseeing policy implementation, and ensuring the efficient management of county resources.

The Deputy Governor assists the Governor in the execution of executive functions.

The County Executive Committee (CEC) is composed of County Executive Committee Members (CECMs) appointed to oversee specific departments. Each CECM is responsible for the formulation and implementation of policies, programs, and budgets within their docket.

The County Secretary, as the Head of the County Public Service, coordinates the functions of the County Executive Committee and ensures effective implementation of county policies and decisions.

#### **ii) Legislative Arm**

The County Assembly is responsible for legislative duties, including the approval of laws, budgets, and oversight of the executive. The Assembly promotes accountability and transparency through its various committees such as the Public Accounts Committee, Budget and Appropriations Committee, and Sectoral Committees.

#### **iii) County Government Entities**

The County has established three semi-autonomous County Government Entities to support service delivery in specific sectors. These entities operate under delegated mandates and are governed by boards or management committees, subject to county policies and oversight mechanisms.

#### **Governance Responsibilities**

The County Executive ensures that resources are managed in accordance with the Public Finance Management Act, 2012, and that financial reporting complies with IPSAS Accrual Standards.

Risk management, internal controls, and performance monitoring frameworks are in place to support efficient governance and service delivery. The County Treasury, under the CECM Finance & Economic Planning, is mandated to coordinate financial management, budget execution, and reporting in accordance with the approved budget and legal requirements.

#### **Oversight and Accountability**

The County Assembly exercises oversight over the Executive, ensuring accountability for the use of public funds. Internal audit and risk management functions are operational and report regularly on compliance and performance.

**Kericho County Executive**  
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The Office of the Auditor-General conducts annual audits of county accounts, and audit findings are presented to the County Assembly and the public for review.

**A) The County Executive**

| <b>S/NO.</b> | <b>DESIGNATION</b>                 | <b>NAME</b>          | <b>PASSPORT SIZE PHOTO</b>                                                            |
|--------------|------------------------------------|----------------------|---------------------------------------------------------------------------------------|
| 1.           | Governor                           | H.E. Dr. Eric Mutai  |    |
| 2.           | Deputy Governor                    | H.E. Eng. Fred Kirui |    |
| 3.           | Ag. County Secretary               | Mr. Lenny Kirui      |  |
| 4            | CECM-Finance and Economic Planning | Hon. Jackson Rop     |  |



**Kericho County Executive  
Annual Report and Financial Statements for the year ended June 30, 2025.**

|    |                                                                            |                                |                                                                                       |
|----|----------------------------------------------------------------------------|--------------------------------|---------------------------------------------------------------------------------------|
| 5  | CECM-Agriculture, Livestock & Fisheries                                    | Hon. Magerer Langat            |    |
| 6. | CECM-Trade, Industrialization, Co-operative Management, Tourism & Wildlife | Hon. John K. Cheruiyot         |    |
| 7. | CECM-Roads, Public Works & Transport                                       | Hon. Brenda Bill               |   |
| 8. | CECM-Public Service Management                                             | Hon. Jonathan Korir            |  |
| 9. | CECM-Education, Culture, Youth Affairs, Libraries & Social Services        | Hon. Judith Chepkorir Chirchir |  |

**Kericho County Executive**  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

|     |                                                     |                           |                                                                                       |
|-----|-----------------------------------------------------|---------------------------|---------------------------------------------------------------------------------------|
| 10. | CECM-Lands and Physical Planning                    | Hon. Joseph Kipsang Korir |    |
| 11. | CECM-Information Communication E-Government         | Hon. Beatrice Kaptich     |    |
| 12. | Health Services                                     | Hon. Dr. David Ekuwam     |   |
| 13. | CECM-Water, Energy, Natural Resources & Environment | Hon. Philemon Kurgat      |  |
| 14. | Chairman-County Public Service Board                | Prof. Joel Koech          |  |

**B) Stakeholders' engagement on the matter of public participation**

Kericho County is required by law to engage its stakeholders—residents, businesses, civil society organizations, and other public institutions—through various mechanisms that promote transparency, accountability, and inclusive governance. Public participation is enshrined in the Constitution of Kenya (2010) and the County Governments Act, 2012.

Through Public Participation, the county government involves citizens in decision-making processes, particularly in the formulation of budgets, development plans, and policies.

The County hold public forums, hearings, and consultations to gather input on critical issues such as the County Integrated Development Plan (CIDP), budgeting, and zoning laws. Stakeholders include local residents, community-based organizations, the private sector, and civil society.

Through various Channels of Communication, the County use multiple channels to reach stakeholders, including public notices, local radio stations, social media, county websites, and public meetings. The county has County Information Office to provide regular updates and announcements.

Feedback Mechanisms; Stakeholders are encouraged to provide feedback through surveys, town hall meetings, and suggestion boxes.

**C) Safeguards against unethical conducts and corruptions**

The County governments has various safeguards in place to combat unethical conduct and corruption. These safeguards are guided by the Constitution, national anti-corruption laws, and county-specific measures. The goal is to promote transparency, accountability, and integrity in county operations. The state and public officers are expected to adhere and observe the following laws;

- i. The Constitution of Kenya (2010) ... Article 10 outlines national values and principles, such as integrity, transparency, and accountability
- ii. Leadership and Integrity Act (2012) establishes ethical standards for public officers. It requires county officials to act with integrity and outlines procedures for handling conflicts of interest, financial disclosure, and disciplinary action for breaches of ethics.
- iii. Public Officer Ethics Act (2003) This act obliges all county employees to adhere to codes of conduct that promote ethical behaviour in public service. It outlines the standards for transparency, accountability, and professionalism, and mandates regular wealth declarations by public officers.
- iv. Ethics and Anti-Corruption Commission (EACC) Investigate corruption cases and prosecute individuals involved in corrupt practices. Provide public education on ethics and anti-corruption to county officials and the public
- v. County Anti-Corruption Policies and Codes of Conduct



- vi. Internal Auditing and Financial Controls County governments have internal audit functions to continuously review the use of county funds and ensure adherence to financial management regulations.
- vii. Whistleblowing Mechanisms; the County encourages whistle-blower that allow employees and the public to report unethical conduct, fraud, or corruption without fear of retaliation.
- viii. Asset Declaration and Conflict of Interest Management County officials are required to declare their assets, liabilities, and income under the Public Officer Ethics Act and Leadership and Integrity Act. These declarations help monitor for unexplained wealth, which can be a sign of corruption. Conflict of Interest; County officials must disclose and recuse themselves from decisions where there is a potential conflict of interest. Clear policies on conflict of interest prevent county officials from using their positions for personal gain.

**D) Engagement with the County Assembly and Senate**

In the Financial Year 2024/2025, the County Executive engaged actively with the County Assembly and the Senate in discharging its mandate on governance, accountability, and financial oversight. The engagements formed a vital part of ensuring prudent use of public resources and compliance with legal and institutional frameworks.

**i) Review and Approval of Statutory Documents**

The Executive presented and defended the following documents in compliance with the Public Finance Management Act, 2012:

- Annual Development Plan (ADP)
- County Fiscal Strategy Paper (CFSP)
- County budget review outlook paper(C-BROP)
- Budget Estimates
- Finance Bill

These documents were subjected to public participation and reviewed through the respective County Assembly Committees.

**ii) Ad Hoc Committee on Pending Bills**

The County Executive appeared before the Ad Hoc Committee on Pending Bills to provide progress on the verification, prioritization, and settlement of eligible pending bills. A full report of the Committee and Management's responses are published in county website.

**iii) Office of the Auditor-General Report – FY 2023/2024**

Management responded to queries raised by the Auditor-General and appeared before the County Assembly Public Accounts and Investments Committee (CPAIC) to clarify matters raised. The detailed management response and implementation status of audit recommendations have been documented and annexed.

**iv) Committee on Lands, Housing and Physical Planning**

The Executive engaged with the Lands and Housing Committee to discuss matters relating to:

- Urban and rural housing programs

- Land adjudication and planning
- Infrastructure and spatial planning within major towns

v) **Recruitment of County Staff**

The Executive, through the County Public Service Board, briefed the Assembly on the recruitment process conducted across various departments. This ensured that staff recruitment aligned with the approved establishment and budgetary ceilings.

vi) **Kericho County Revenue Board Bill**

The Executive spearheaded and participated in the legislative process of the Kericho County Revenue Board Bill. The bill seeks to enhance revenue mobilization, streamline collection processes, and establish a semi-autonomous revenue agency. Stakeholder engagement and technical input from the Executive were provided prior to the bill's approval.

**D2: Engagement with the Senate**

i) **Appearance Before Senate CPAC**

The County Executive appeared before the Senate County Public Accounts Committee (CPAC) to respond to audit reports for FY 2020/2021 and FY 2021/2022. Clarifications, evidence, and responses to audit queries were submitted during these sessions.

ii) **Submission of Statutory Reports**

The Executive submitted key financial and performance reports to the Senate through the Controller of Budget and the Auditor-General. These included:

- Annual financial statements
- Quarterly budget implementation reports
- Audit responses and corrective action plans

**E) Risk Management**

The County Government recognizes that effective risk management is essential for sound financial management, service delivery, and public accountability. As such, it has put in place structured arrangements and internal controls to identify, assess, mitigate, and monitor risks across its operations.

**Arrangements for Risk Management and Internal Control**

The County has adopted a Risk Management Framework aligned to the guidelines provided by the Public Sector Risk Management Framework issued by the National Treasury. The framework is implemented through the internal audit function and individual departmental risk champions under the coordination of the County Audit Committee and the Audit and Risk Management Unit.

Internal control systems are embedded in the county's operational procedures, financial reporting mechanisms, procurement processes, and performance monitoring tools. These controls ensure compliance with relevant laws and safeguard public resources.

i) **Formal Processes to Identify and Assess Risks**

Each department conducts annual and quarterly risk assessments as part of the strategic and operational planning processes. Risks are identified through: Departmental risk registers, Internal audits, Budget planning forums, External audits and performance reviews. The risk identification process considers financial, operational, reputational, legal, and environmental exposures.



**ii) Formal Processes to Analyse and Manage Risks**

Identified risks are analyzed using a risk matrix, which evaluates the likelihood of occurrence and potential impact on service delivery. This analysis forms the basis for deciding on the appropriate response strategy, including: Risk avoidance, Risk transfer (e.g., through insurance), Risk mitigation (e.g., through improved controls), Risk acceptance (for low-impact, low-likelihood risks), Mitigation plans are then incorporated into departmental work plans and reviewed periodically.

**iii) Processes to Assess Environmental Changes**

The County continuously monitors internal and external environmental factors that could affect operations. This is done through: Mid-year and end-year performance reviews, Engagement with stakeholders and the County Assembly, Monitoring national policy shifts, climate change impacts, public health trends, and political developments, Scenario analysis during budget-making processes. Such reviews ensure emerging risks (e.g., changes in revenue collection, natural disasters, or legal reforms) are captured and addressed in real time.

**iv) Risk Identification and Management During the Period**

During the reporting period, several risks were identified and managed, including:

- i) Revenue underperformance was addressed through automation and stricter enforcement of collection mechanisms. An in-house automation system was developed, tested, and approved by the CRA to enhance revenue collection efficiency
- ii) Procurement delays: Mitigated through capacity building and stricter adherence to procurement plans.
- iii) Pending bills and budget absorption risks: Managed by close monitoring and prioritization of payments.
- iv) Climate-related risks (e.g., drought and flooding): Responded to through emergency interventions, water project scaling, and inter-agency coordination.

**F) Description of appointment, operation and membership of the audit committee and its charter.**

During the reporting period, the County Audit Committee was not fully constituted and, therefore, was not operational as required under Section 155(5) of the Public Finance Management Act, 2012 and the Public Finance Management (County Governments) Regulations, 2015.

Although internal audit functions continued under the Office of the Head of Internal Audit, the absence of an operational Audit Committee limited the effectiveness of independent assurance and governance oversight mechanisms during the period.

The County Treasury initiated the establishment of the Audit Committee in line with National Treasury guidelines by advertising for qualified, independent members. Recruitment was finalized in June 2025, followed by member training in July 2025. The Committee is expected to be fully operational in the next financial year.

**G) Compliance with Laws and Regulations**

The County Government is committed to operating within the confines of the Constitution and all relevant statutory provisions. During the reporting period, the County adhered to the legal and



regulatory frameworks that govern its operations, in compliance with IPSAS 24 requirements on accountability and transparency in financial reporting.

#### **Legal and Regulatory Framework**

The County Government's operations were guided by the following key laws and regulations:

- i) The Constitution of Kenya, 2010
- ii) The Public Finance Management (PFM) Act, 2012
- iii) The County Governments Act, 2012
- iv) The Public Procurement and Asset Disposal Act, 2015
- v) The Public Audit Act, 2015
- vi) The Leadership and Integrity Act, 2012
- vii) The Employment Act, 2007
- viii) Environmental Management and Coordination Act (EMCA), 1999
- ix) Other sector-specific laws and regulations relevant to the functions assigned to counties under the Fourth Schedule of the Constitution

#### **Compliance Reporting and Oversight**

The County Government prepared and submitted statutory reports in line with these legal requirements. The reports include; Quarterly and annual budget implementation reports to the Controller of Budget, Annual financial statements to the Office of the Auditor-General and the County Assembly, Procurement plans and compliance reports to the Public Procurement Regulatory Authority (PPRA), Audit responses to the Senate and County Assembly Public Accounts Committee, Human resource reports to the County Public Service Board and relevant agencies, Environmental compliance documentation to NEMA and other regulatory bodies.

These reports were discussed at appropriate levels within the County Executive, reviewed by the County Assembly where applicable, and submitted to relevant national government offices and oversight agencies.

#### **Other Governance Matters**

In addition to the County Executive Committee and the County Assembly, the County Government has established various governance committees and structures to enhance transparency, accountability, and service delivery. These committees play an oversight, advisory, or coordination role in policy implementation and operations.

##### **i) Budget and Economic Forum (CBEF)**

In accordance with Section 137 of the Public Finance Management Act, 2012, the County has established a County Budget and Economic Forum (CBEF). The forum comprises representatives from the County Government and non-state actors including civil society, business communities, and professional associations. It provides a platform for consultation on:

- i) Budget preparation and validation.
- ii) County Integrated Development Plan (CIDP) development.
- iii) Economic development priorities.

##### **ii) Pending Bills Committee**

The County has constituted a Pending Bills Committee mandated to: Review and verify all pending bills from previous financial years, prioritize payments based on legality, completeness, and availability of funds, recommend settlement plans in line with the approved budgets and fiscal strategy, The report is published in county website.

**iii) County Audit and Risk Committee (*currently in progress*)**

While not operational during the reporting period, efforts were underway to constitute a County Audit and Risk Committee in accordance with PFM Regulations. Once in place, it will provide independent oversight over internal controls, audit findings, and risk management processes.

**iv) County Executive Performance Management Committee**

This committee is responsible for monitoring and evaluating the performance of County departments. It oversees the implementation of: Departmental work plans and performance contracts, The County Monitoring and Evaluation Framework, Mid-year and annual performance reviews.

**v) County Climate Change Planning Committee**

Climate change poses a serious threat to the development pursuits in the County. To ensure that climate change issues are mainstreamed into county government functions as required by Section 19 of the Climate Change Act, 2016, the County enacted the Kericho County Climate Change Act, 2021. The policy and regulatory frameworks will assist the county in enhancing its response to climate change and building community resilience to climate change impacts.

A participatory agreement for the FLLoCA program was signed, and the program aims at strengthening local resilience to the impact of climate change, natural hazards, and other shocks/stressors.

The County has appointed a CEC designate in charge of climate change matters and has trained climate change steering and planning committees composed of Executive members and chief officers, respectively.

In addition, the county has established the County Climate Change Fund & a functional County Climate Change Unit with 17 No. Technical staff drawn from various sectors to ensure climate change issues are mainstreamed into sectors' planning and budgeting plans.

Trainings undertaken to County Climate Change Steering and Planning Committees, according to Sections 4 and 7, respectively of the Kericho County Climate Change Act, 2021 on Climate Change Policy, Planning, and Budgeting.

In addition, Members of the County Assembly (MCAs) have been capacity built on Climate change policy and budgeting.

In compliance with CCRI grant, the department has developed Feasibility reports, ESIA (Nema approval), Water Quality Test, and WRA Abstraction Permits for climate-resilient projects.

**vi) Sector Working Groups (SWGs)**

To strengthen the planning and budgeting process, the County has institutionalized Sector Working Groups comprising technical officers, planners, and stakeholders. These groups develop sector reports and consolidate priorities into the annual budget and policy documents.

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The existence of these committees reflects the County Government's commitment to inclusive governance, participatory decision-making, and improved public service delivery through institutional accountability and stakeholder engagement.



#### **4. Foreword by CECM Finance and Economic Planning**

As Provided under the County Governments Act, 2012 and the Constitution of Kenya, 2010. The functions and responsibilities of the County Government of Kericho are guided by the Constitution of Kenya (2010) and the County Governments Act, 2012, which provide the legal and institutional framework for devolved governance.

Under Article 185(2) of the Constitution, the County Assembly exercises legislative authority and makes laws necessary for the effective performance of the functions and exercise of the powers of the County Government.

As per the Fourth Schedule (Part 2) of the Constitution, the County Government is mandated to perform the following functions:

1. Agriculture – including crop and animal husbandry, livestock sale yards, county abattoirs, plant and animal disease control, and fisheries.
2. County Health Services – including promotion of primary health care, county hospitals, pharmacies, ambulances, and licensing of health facilities.
3. Control of Air and Noise Pollution, Other Public Nuisances, and Outdoor Advertising.
4. Cultural Activities, Public Entertainment, and Public Amenities – including betting, casinos, libraries, museums, sports, and recreational facilities.
5. County Transport – including county roads, street lighting, traffic and parking, public road transport, and ferries and harbors not on national waterways.
6. Trade Development and Regulation – including markets, trade licenses, fair trading practices, and local tourism.
7. County Planning and Development – including statistics, land survey and mapping, boundaries, housing.
8. Pre-Primary Education, Village Polytechnics, Homecraft Centers, and Childcare Facilities.
9. Implementation of Specific National Government Policies on natural resources, environmental conservation, and disaster management.
10. County Public Works and Services – including storm water drainage, water and sanitation, and fire-fighting services.
11. Animal Control and Welfare, including licensing of dogs and facilities for their care.
12. Control of Drugs and Pornography.
13. Ensuring and Coordinating the Participation of Communities and Locations in Governance at the Local Level and Building their Capacity for Effective Participation.

#### **BUDGETARY PERFORMANCE**

##### **4.0 REVENUE**

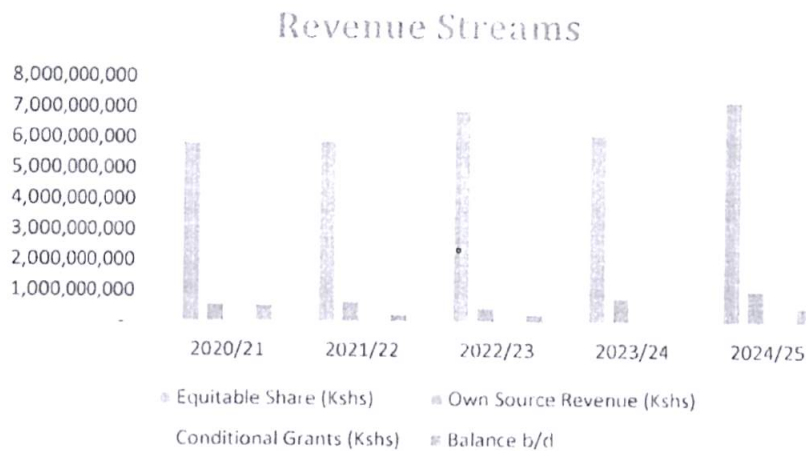
The revenue performance over the last five year is shown in the table chart below

##### **4.1. Revenue Performance Trends (FY 2020/21 – FY 2024/25)**

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| Financial Year | Equitable Share (Kshs) | Own Source Revenue (Kshs) | Donor/Conditional Grants (Kshs) | Balance b/d | Total Revenue (Kshs) |
|----------------|------------------------|---------------------------|---------------------------------|-------------|----------------------|
| 2020/21        | 5,843,223,000          | 595,976,653               | 870,087,652                     | 565,380,551 | 7,874,667,856        |
| 2021/22        | 5,916,211,733          | 693,663,005               | 231,244,026                     | 266,715,728 | 7,107,834,492        |
| 2022/23        | 6,945,118,115          | 501,291,120               | 179,423,861                     | 283,890,120 | 7,909,723,216        |
| 2023/24        | 6,166,879,532          | 834,758,500               | 425,082,978                     | 15,376,949  | 7,442,097,959        |
| 2024/25        | 6,738,465,915          | 1,072,372,746             | 193,291,601                     | 536,250,393 | 8,540,380,655        |

**Figure 1: 5-Year Revenue Growth by Source**  
*(stacked bar chart showing each source by year)*



**Revenue Analysis – FY 2024/2025**

In FY 2024/2025, the County Government of Kericho recorded total revenue of Kshs 8.5 billion, representing a 14% increase compared to Kshs 7.44 billion in FY 2023/2024. The growth was driven primarily by an increase in Equitable Share allocation from the National Treasury and significant improvement in Own Source Revenue (OSR) collection.

**1) Equitable Share**

The Equitable Share remained the County's largest revenue source, accounting for 80.1% of total receipts in FY 2024/2025. The allocation rose to Kshs 6.74 billion from Kshs 6.17 billion in FY 2023/2024, reflecting a 9.2% year-on-year increase in line with national revenue growth and revised Commission on Revenue Allocation (CRA) disbursement formulas. Over the past five years, the equitable share has grown steadily from Kshs 5.84 billion in FY 2020/2021.

**2) Own Source Revenue (OSR)**

OSR collections reached an all-time high of Kshs 1.08 billion, marking a 29.3% increase from Kshs 834.76 million in the previous year. The improvement was attributed to:

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- Enhanced automation of revenue collection systems, including NHIF/SHA reimbursement.
- Broadened revenue base through registration of additional trade licences and market fees.
- Strengthened enforcement and compliance mechanisms.

This performance saw OSR contribution to total revenue rise to 11.9% from 11.2% in FY 2023/2024, bringing the County closer to its medium-term target of 15%.

**3) Conditional Grants**

Conditional grants totaled Kshs 193.29 million in FY 2024/2025, accounting for 2.1% of total revenue—representing a 54.5% decrease from Kshs 425.08 million in FY 2023/2024. The decline was primarily attributed to non-disbursement of donor-funded programs such as NACDP and Flocca, as well as reduced infrastructure-related transfers from the national government, particularly under the RMLF grant.

**4) Balance Brought Forward**

The balance brought forward from the previous financial year stood at Kshs 536.25 million, significantly higher than the Kshs 15.38 million carried forward in FY 2023/2024. This increase was largely attributed to unspent development funds and pending commitments rolled over to the new fiscal year.

**Trend Observations:**

- Equitable share has grown by 24.5% over the five-year period, remaining the primary revenue source.
- OSR recorded 81% growth over five years, reflecting successful revenue mobilisation strategies.
- Conditional grants have fluctuated, with a notable decline in the last two years due to national policy changes.
- Carry-forward balances vary significantly depending on budget absorption and project rollovers.

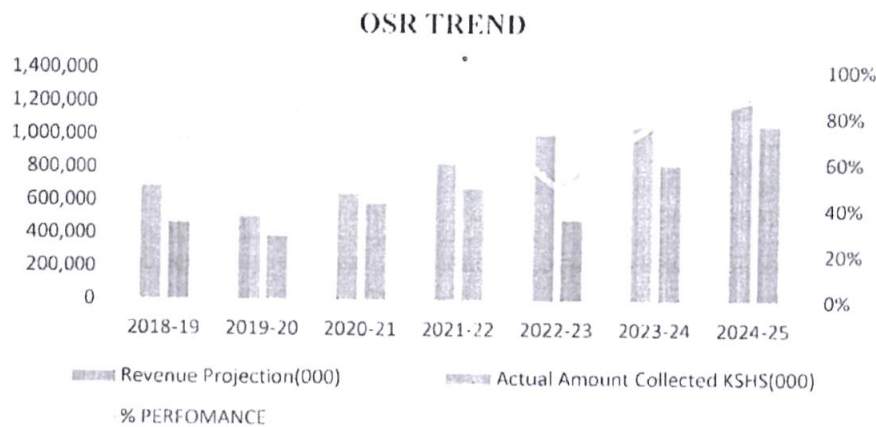
**1.2 Own Source Revenue Collection**

The local revenue collections performance over the years is as shown below.

**OWN SOURCE REVENUE PERFORMANCE**

| Financial Year                        | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23   | 2023-24   | 2024-25   | TOTALS    |
|---------------------------------------|---------|---------|---------|---------|-----------|-----------|-----------|-----------|
| Revenue Projection<br>Kshs.. 000      | 694,819 | 512,294 | 654,058 | 842,386 | 1,019,388 | 1,065,456 | 1,222,599 | 6,011,000 |
| Actual Amount<br>Collected Kshs.. 000 | 473,694 | 394,054 | 595,977 | 693,663 | 501,291   | 834,758   | 1,072,372 | 4,565,809 |
| % PERFORMANCE                         | 68%     | 77%     | 91%     | 82%     | 49%       | 78%       | 88%       | 76%       |





**Observations:**

In the Financial Year 2024/2025, the County Government continued its efforts to strengthen fiscal autonomy by enhancing Own Source Revenue (OSR) mobilization. During the period under review, the county projected to collect Kshs. 1,222,599,311, out of which it realized an actual collection of Kshs. 1,072,372,746. This represents a performance rate of 88%, marking a notable improvement from the previous year’s performance of 78%.

Over the past seven years (FY 2018/19 to FY 2024/25), the County had cumulatively projected to raise Kshs. 6.01 billion in local revenue. Actual receipts over the same period amounted to Kshs. 4.57 billion, translating to an overall performance of 76%. This trajectory reflects both the county’s revenue mobilization efforts and the economic realities affecting compliance and collection.

The performance trend shows variability across the years. The highest OSR performance was recorded in FY 2020/21 at 91%, while the lowest was observed in FY 2022/23 at 49%—likely due to over-projection and external economic shocks. The strong rebound in FY 2023/24 (78%) and FY 2024/25 (88%) suggests effective reforms, improved enforcement, and enhanced stakeholder engagement.

The performance in FY 2024/25 reflects the county’s ongoing commitment to strengthening internal revenue mechanisms. The achievements were driven by expanded automation of revenue streams, field audits, improved compliance monitoring, and stronger engagement with revenue-paying entities.

Moving forward, the County Government of Kericho will prioritize; Full digitization of all revenue streams; Capacity building of revenue officers; Timely enforcement of county finance laws; Exploration of untapped revenue potential areas.

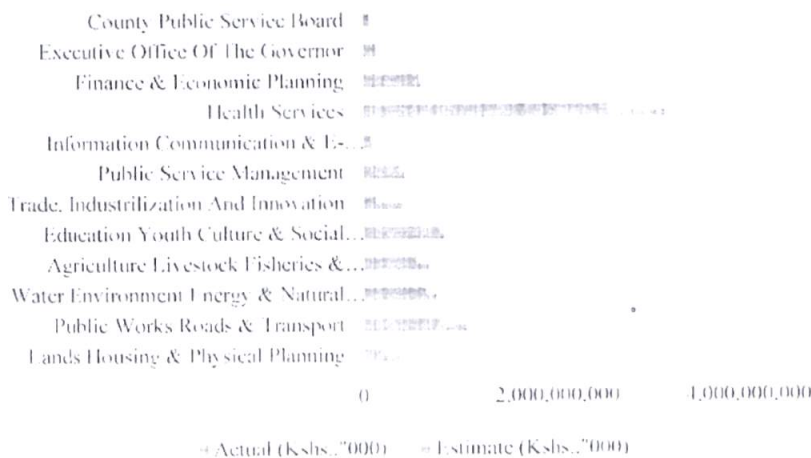
### 4.3 Expenditure and Budget Performance

#### 4.3.1 Overall Expenditure

During the reporting period, the County Executive had a total approved budget of Kshs. 8.77 billion (excluding transfers to County Assembly) across various departments. Actual expenditure amounted to Kshs. 7.04 billion, translating to an overall absorption rate of 80%, reflecting a commendable level of budget execution. See Table & bar chart below

| Department                                               | Consolidated      |                 |              |
|----------------------------------------------------------|-------------------|-----------------|--------------|
|                                                          | Estimate (Kshs..) | Actual (Kshs..) | % Absorption |
| Lands Housing & Physical Planning                        | 382,976,466       | 206,037,806     | 54%          |
| Public Works Roads & Transport                           | 1,074,574,154     | 814,112,256     | 76%          |
| Water Environment Energy & Natural Resources             | 768,477,337       | 664,129,377     | 86%          |
| Agriculture Livestock Fisheries & Cooperative Management | 693,135,042       | 565,475,657     | 82%          |
| Education Youth Culture & Social Services                | 857,513,796       | 809,367,031     | 94%          |
| Trade, Industrilization And Innovation                   | 421,831,646       | 142,363,297     | 34%          |
| Public Service Management                                | 445,310,048       | 382,493,006     | 86%          |
| Information Communication & E-Government                 | 114,731,262       | 94,035,996      | 82%          |
| Health Services                                          | 3,146,204,625     | 2,543,549,944   | 81%          |
| Finance & Economic Planning                              | 621,117,251       | 591,801,764     | 95%          |
| Executive Office Of The Governor                         | 161,256,392       | 150,400,330     | 93%          |
| County Public Service Board                              | 82,743,700        | 79,123,292      | 96%          |
|                                                          | 8,769,871,719     | 7,042,889,755   | 80%          |

Consolidated expenditure:  
 Budgets vs Actual



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Several departments registered excellent performance in budget utilization, with the County Public Service Board leading at 96%, followed closely by Finance and Economic Planning (95%), Education, Youth, Culture & Social Services (94%), and the Executive Office of the Governor (93%). These results reflect improved financial discipline, timely procurement processes, and strengthened internal controls across these sectors.

Notably, departments critical to service delivery such as Health Services and Agriculture, Livestock, Fisheries & Cooperative Management posted strong absorption rates of 81% and 82% respectively, ensuring continued access to essential health care and agricultural support services.

However, some departments, notably Trade, Industrialization and Innovation (34%) and Lands, Housing & Physical Planning (54%), faced absorption challenges largely due to delayed procurement processes, pending legal matters, and project implementation bottlenecks. These areas are being addressed through enhanced capacity building, improved planning, and early procurement initiation to ensure improved performance in subsequent years.

#### **4.3.2 Recurrent Expenditure.**

During the year under review, the county allocated Kshs. 5.32 billion for recurrent expenditure. Out of this, Kshs. 4.52 billion was utilized, resulting in an overall recurrent absorption rate of 85%. This reflects strong expenditure management and adherence to public financial management principles.

| Department                                               | Recurrent Expenditure |                      |              |
|----------------------------------------------------------|-----------------------|----------------------|--------------|
|                                                          | Estimate (Kshs..)     | Actual (Kshs..)      | % Absorption |
| Lands Housing & Physical Planning                        | 165,962,467           | 111,106,188          | 67%          |
| Public Works Roads & Transport                           | 105,308,742           | 102,093,965          | 97%          |
| Water Environment Energy & Natural Resources             | 174,994,615           | 165,765,917          | 95%          |
| Agriculture Livestock Fisheries & Cooperative Management | 189,870,333           | 166,979,966          | 88%          |
| Education Youth Culture & Social Services                | 616,031,470           | 611,064,367          | 99%          |
| Trade, Industrialization And Innovation                  | 66,767,379            | 59,956,801           | 90%          |
| Public Service Management                                | 424,359,708           | 366,743,700          | 86%          |
| Information Communication & E-Government                 | 73,731,262            | 69,841,204           | 95%          |
| Health Services                                          | 2,904,160,750         | 2,307,255,351        | 79%          |
| Finance & Economic Planning                              | 350,133,239           | 326,643,089          | 93%          |
| Executive Office Of The Governor                         | 161,256,392           | 150,400,330          | 93%          |
| County Public Service Board                              | 82,743,700            | 79,123,292           | 96%          |
|                                                          | <b>5,315,320,057</b>  | <b>4,516,974,169</b> | <b>85%</b>   |

Key departments achieved high absorption levels, demonstrating commendable operational efficiency. Notably:

- Education, Youth, Culture & Social Services recorded 99% absorption, ensuring the consistent provision of education and youth empowerment services.



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- Public Works, Roads & Transport and Water, Environment, Energy & Natural Resources posted absorption rates of 97% and 95% respectively, indicating steady operation of critical infrastructure services.
- The Executive Office of the Governor and Finance & Economic Planning both posted strong performances at 93%, reinforcing their leadership in coordination and fiscal policy implementation.
- The County Public Service Board followed closely with 96% absorption, ensuring continued delivery of human resource functions.

Despite these successes, some departments experienced moderate performance due operational challenges. For instance:

- Health Services, which holds the largest recurrent allocation at Kshs. 2.9 billion, recorded a 79% absorption rate, attributed to non-transfer of recurrent grants (FIF) supplies which are being spent at facility level and not reflected in the County Revenue Fund.
- Lands, Housing & Physical Planning registered the lowest at 67%, due to pending legal processes and project execution delays. The department is undergoing reforms to improve planning and expenditure tracking.

#### **4.3.3 Development Expenditure.**

In FY 2024/2025, the County Government of Kericho continued to prioritize development spending as a key driver of socio-economic transformation. Out of the total allocated Kshs. 3.45 billion for development programs across all departments, Kshs. 2.53 billion was absorbed, reflecting an overall development absorption rate of 73%.

| Department                                               | Development Expenditure |                      |              |
|----------------------------------------------------------|-------------------------|----------------------|--------------|
|                                                          | Estimate (Kshs..)       | Actual (Kshs..)      | % Absorption |
| Lands Housing & Physical Planning                        | 217,013,999             | 94,931,618           | 44%          |
| Public Works Roads & Transport                           | 969,265,412             | 712,018,291          | 73%          |
| Water Environment Energy & Natural Resources             | 593,482,722             | 498,363,460          | 84%          |
| Agriculture Livestock Fisheries & Cooperative Management | 503,264,709             | 398,495,691          | 79%          |
| Education Youth Culture & Social Services                | 241,482,326             | 198,302,664          | 82%          |
| Trade, Industrilization And Innovation                   | 355,064,267             | 82,406,496           | 23%          |
| Public Service Management                                | 20,950,340              | 15,749,306           | 75%          |
| Information Communication & E-Government                 | 41,000,000              | 24,194,793           | 59%          |
| Health Services                                          | 242,043,875             | 236,294,593          | 98%          |
| Finance & Economic Planning                              | 270,984,012             | 265,158,676          | 98%          |
| Executive Office Of The Governor                         | -                       | -                    | 0%           |
| County Public Service Board                              | -                       | -                    | 0%           |
|                                                          | <b>3,454,551,662</b>    | <b>2,525,915,586</b> | <b>73%</b>   |

Several departments registered notable success in the execution of their development mandates:

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- Health Services and Finance & Economic Planning led with an impressive 98% absorption, demonstrating high levels of efficiency in project implementation and financial discipline.
- Water, Environment, Energy & Natural Resources absorbed 84% of its development budget, reinforcing the county's commitment to expanding clean water access and environmental sustainability.
- Agriculture, Livestock, Fisheries & Cooperative Management posted a respectable 79%, supporting key projects aimed at enhancing food security and boosting farmers' productivity.

Departments such as Education, Youth, Culture & Social Services (82%) and Public Works, Roads & Transport (73%) also recorded solid performance, ensuring continued investments in infrastructure, education facilities, and youth development initiatives.

However, the Trade, Industrialization and Innovation department had a significantly low development absorption rate of 23%, mainly attributed to delayed limited uptake of industrial development programs. Lands, Housing & Physical Planning also faced absorption challenges, recording 44%, due to pending approvals and protracted stakeholder engagements.

It is worth noting that both the Executive Office of the Governor and County Public Service Board had no development allocations during the reporting period.

**Physical Progress Based on Outputs, Outcomes and Impacts Since Establishment of County Government**

**I) Finance And Economic Planning**

- i) Improve financial management, enhance revenue collection, and ensure compliance with statutory obligations during the review period.
- ii) Coordinated preparation and implementation of County planning and budget plans and policies ( CIDPs, ADPs, CFSPs, and Budget estimates)
- iii) Improved the county's Own Source Revenue (OSR) collection from KShs 489 million in 2016 to KShs. 1.072 billion in 2025, representing 78.8% growth over the years. This was due to the adoption of a revenue automation system and increased workforce in revenue collection and enforcement.

**II) Health Services**

**Health Infrastructure:**

- i) Increased the number of operational government health facilities from 110 in 2012 to 192 in 2025, enhancing geographical coverage.
- ii) Five (5) hospitals were upgraded to Sub-County Hospital status, improving referral systems and service scope.
- iii) Major diagnostic service expansions implemented at Londiani, Fort Ternan, and Roret.
- iv) Establishment of the first ICU and Renal Units at Kericho County Referral Hospital (KCRH) and Kapkatet.
- v) Construction and commissioning of medical stores at 4 key hospitals to ensure drug availability and improve stock management.



- vi) Installation of blood bank equipment, modern dental units, and a microbiology laboratory.
- vii) Operationalization of oxygen plants and 5,000L oxygen storage tanks at KCRH and Kapkatet, enhancing critical care support.

**Universal Health Care Access:**

- i) Health sector budget allocation increased to 32% of the total County Budget.
- ii) Trained and deployed 2,012 Community Health Promoters (CHPs), up from 100 in 2012.
- iii) Established 200 functional Community Health Units (CHUs).
- iv) Achieved 46% SHA registration, placing Kericho at rank 9 of 47 counties nationally.

**Flagship Projects:**

- i) Construction and Equipping of Non-Communicable Disease Centre at KCRH (Kshs. 343 million) to provide specialized care for cancer, diabetes, hypertension, and other chronic illnesses.
- ii) Upgrading of Kunyak Dispensary to a Health Centre with a new MCH unit, kitchen, staff housing, and OPD renovations.
- iii) Transformation of Sosiot Health Centre into a Sub-County Hospital through construction of emergency and casualty units, OPD, maternity renovations, and kitchen.
- iv) Upgrade of Cheborgei Health Centre through construction of a new outpatient unit.

**Outcomes: Improved Service Access and Quality**

- i) Access to healthcare facilities improved significantly, with average distance reduced to 3.8 km, down from previous averages, through consistent construction and upgrades.
- ii) Skilled deliveries in health facilities rose to 87.6% from 65.8% in 2016, reflecting improved maternal care.
- iii) Immunization coverage reached 78.9%, supporting child survival initiatives.
- iv) ANC 4+ visits among pregnant women improved to 55.8% from 38.6% in 2016.
- v) De-worming coverage among school-going children stood at 82%.
- vi) Achieved 100% ARV coverage for HIV-positive women, supporting PMTCT (Prevention of Mother-to-Child Transmission).
- vii) Laboratories at KCRH and Londiani attained ISO 15189:2022 certification, demonstrating commitment to international quality standards.

**Impacts: Long-Term Health System Strengthening**

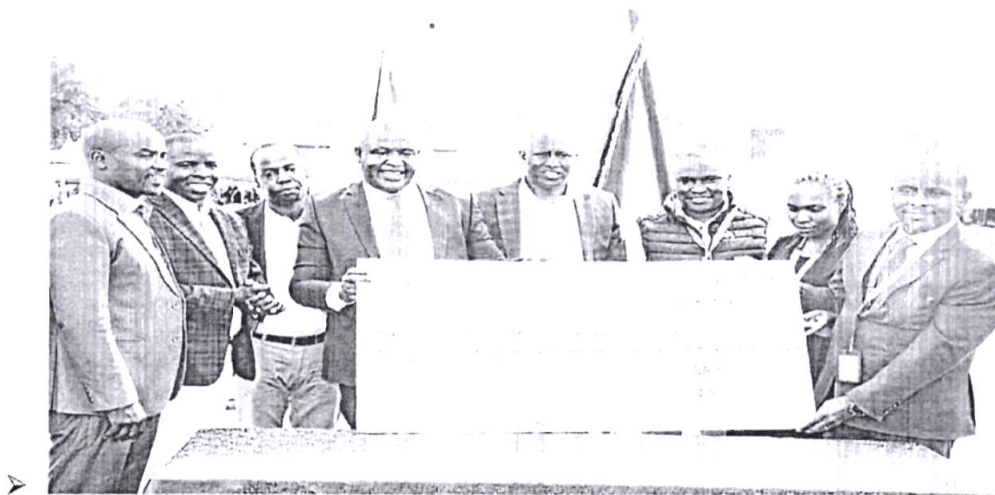
- i) Reduced referrals to external counties due to availability of specialized care locally (e.g., renal, oncology, cardiovascular).
- ii) Improved maternal and neonatal outcomes due to enhanced MCH infrastructure and skilled staff presence at rural and urban levels.
- iii) Greater health system resilience due to increased human resource capacity, medical infrastructure, and reliable oxygen supply.
- iv) Economic gains through health-induced productivity improvements and decreased out-of-pocket expenditure on healthcare.
- v) The integrated health projects contribute to Kericho County's competitiveness, fostering sustainable human capital development that aligns with broader economic, agribusiness, and industrialization goals.

**iii) EDUCATION, YOUTH AFFAIRS, LIBRARIES AND CULTURE**

- i) Increase the number of ECDE centres from 223 in 2013 to 674 in 2025



- ii) Improved ECDE enrolment rates to 82.6% with 34,658 learners in Public and 15,669 learners in private across the County. This is a result of continuous improvement of ECDE classrooms, Sanitation facilities, and the distribution of learning materials to ECDE centers across the County.
- iii) Improved teacher-pupil ratio to 1:30, resulting from employment and confirmation of 1144 ECDE teachers, continuous training of ECDE teachers, and implementation of competence-based curriculum.
- iv) Disbursed a total of KSH 451,421,350 M to 113,389 needy and vulnerable beneficiaries across the county from 2020.



- v) Recorded an increase in enrollment from 1,759 in 2017 to 4,773 in 2025 students in Vocational training centers, representing a 142.15% increment through support of 1,075 students under the scholarship programme and partnership with Kenya Commercial Bank Limited, benefiting 900 students. This was also attributed to additional Construction of 1 new VCT, bringing the number to 13, up from 12, and additional ongoing construction of 6 new VTCs currently ongoing.



**Chepseon VTC-Administration block**

- vi) Fully devolved library services through renovation and equipping of Kericho main Library and ongoing completion of Kipkelion Library.

#### **IV)PUBLIC WORKS, ROADS AND TRANSPORT**

Since 2013, the county has made tremendous strides in improving our county's road infrastructure through construction of 6,974.9 kilometres of new access roads constructed to gravel standard, while an additional 2,642.7 kilometres have been maintained across the county.

In the current financial year, 2024/2025, the county opened up a total of 176.8 kilometres of new roads and maintained approximately 144.9 kilometres in various wards. This has improved accessibility and ease of movement of goods and services, improving access to social amenities such as schools, hospitals, churches, and also improving access to facilities such as Tea buying centres and Tea Factories as well as reducing transportation cost.

In Construction of Road Structures ( Culverts and footbridge) the County through the Department of Public Works, roads and Transport Department, has constructed a total of 252 box culverts, 14 cross-pipe culverts, and 9 footbridges across the county. These structures have improved connectivity, especially for small-scale traders, school children, and teachers, making daily movement safer and more reliable.

In addition, the County has tarmacked a total of 4.4Km to bitumen standards in Londiani town, improving business environment and condition in the town.





Bridge condition before and after the footbridge completed



Ongoing footbridge construction works, Complete steel fabricated footbridge  
Chepseon Ward

#### **V) MUNICIPAL BOARDS**

Under Kericho and Litein Municipality, the County has undertaken a total of construction of 5.8 km Storm Water Drainage Facilities, ongoing construction of one modern market and installation of seven (7) flood lights, construction of a total of 2.5km non-motorized transport facilities at Kericho town, Kapsoit, and Kapsuser, Beautification of Uhuru gardens and the construction of a fire station in Kapsurer



**VI) Trade, Industrialisation, Wildlife And Tourism**

- i) Completed renovation of a sanitary facility at European market (Kapkugerwet), resulting in improved hygiene; the facility serves over 3000 traders.
- ii) Constructed four (4) modern markets across the county, resulting to improved trading environment.
- iii) Constructed twenty-two (22) ablution blocks in twenty-two (22) trading centres across the county to improve hygiene and sanitation.
- iv) Completed installation of a 30 metre floodlight at Sosiot market serving more than 2000 traders in the shopping centre.
- v) Stakeholders' engagement with shoes shiners team leaders resulted in mapping out shoes shiners stations within the municipalities.
- vi) Stakeholders' engagement with bodaboda leaders led to the development of six (6) bodaboda sheds and the formation of two (2) bodaboda cooperative societies, resulting in improved service delivery.
- vii) Collaboration with the national government on market development led to the establishment of Economic Stimulus Programs (ESP) markets at Kapkatet, Chepseon, and Sosiot that are at various stages. Participated and sponsored 25 county exhibitors and innovators at the East Africa MSEs exhibition in various East African cities.
- viii) In partnership with Tourism Regulatory Authority (TRA) eight (8) hotels in the county were given accreditation awards.
- ix) In partnership with Kenya Tourism Board (KTB) we participated in a destination marketing series that culminated in mapping and exploring tourism sites within Kericho.
- x) Training and sensitization of 950 licensed liquor operators
- xi) Secured a five (5) acre land at Londiani for construction of a Rehabilitation centre and Kenya Bureau of Standards (KBS) Regional Laboratory.

**VII) Water and environment sector**

**Implemented Projects and Interventions**

**a) Water Services**

- i) Increased access to safe and reliable drinking water from an average of 38.06% to 43.7% for rural households and up to 66% for urban populations since the onset of devolution.
- ii) Constructed 3 new water supply schemes, benefitting 820 households.
- iii) Rehabilitated and expanded 7 existing water schemes, serving 1,210 households.
- iv) Drilled 6 new boreholes, rehabilitated 9 existing boreholes (serving 1,260 households), and equipped 2 boreholes (benefitting 160 households).
- v) Adopted sustainable energy solutions by installing solar systems on 16 community water projects, promoting long-term sustainability and reducing energy costs.
- vi) Protected 12 critical springs, securing 1,400 households by:
  - a) Demarcating and fencing off catchment areas
  - b) Constructing cattle watering troughs and washing bays
  - c) Installing proper spring protection structures

**b) Environment and Natural Resources**

- i. Rehabilitated Kericho and Londiani dumpsites, improving county-wide solid waste management and mitigating public health risks.
- ii. Installed a modern weighbridge (with digital tracking) at the main dump site in partnership with the French Government, leading to:
  - Improved data on waste volumes

- Optimized garbage collection routes
  - Better budgeting, efficiency, and accountability
  - Forestry and Climate Action
  - Increased county forest cover to 23.92%, up from 18.4% in 2013.
- iii. Planted over 2,028,750 tree seedlings on:
- Farmlands
  - Schools and public institutions
  - Riparian zones
  - Water catchment areas
  - Hilltops and landslide-prone region.
- iv. Collaborated with NEMA and NLC to restore degraded ecosystems:
- Restored Kiboito and Kapnawai wetlands by removing eucalyptus and replanting indigenous trees
  - Distributed indigenous tree seedlings to schools, public institutions, and community-based organizations for afforestation and conservation efforts.

**Outcomes: System and Community-Level Improvements**

- i) Expanded water access to more rural households, reducing travel time and improving quality of life.
- ii) Improved sustainability of rural water schemes through solar-powered systems, reducing energy reliance and operational costs.
- iii) Enhanced protection of water sources led to reduced pollution, higher water quality, and long-term availability of natural springs.
- iv) Improved solid waste disposal has led to better sanitation in urban centers, curbed illegal dumping, and reduced vector-borne disease risks.
- v) Digital waste tracking through the weighbridge system improved operational efficiency, reduced fuel consumption, and provided data for evidence-based decision-making.
- vi) Increased forest and tree cover enhanced biodiversity, reduced soil erosion, supported carbon sequestration, and contributed to climate change mitigation.
- vii) The restoration of wetlands helped regenerate biodiversity, recharge groundwater, and reduce human-wildlife conflicts due to encroachment.

**Impacts: Long-Term Environmental, Economic, and Social Benefits**

- i) Improved access to safe water supports better health outcomes, economic productivity, and resilience to droughts and climate variability.
- ii) Sustainable waste management fosters urban cleanliness, better aesthetics, and public health protection.
- iii) Growth in forest cover and wetlands restoration contributes to climate resilience, soil stabilization, and water catchment conservation, aligning with SDGs and national environmental targets.
- iv) Solarization of water projects reduces long-term energy costs and promotes green energy transition in rural areas.
- v) Environmental conservation and improved resource governance strengthen livelihoods, especially for communities dependent on natural resources, while supporting Kericho County's green economy vision.

**Comment on each of the County's flagship projects and how they have been achieved.**

**Water**



In a strategic move to address perennial water shortages and improve access to clean and reliable drinking water, Kericho County has initiated and implemented several flagship water projects across various sub-counties. These projects, currently nearing completion, are designed to transform the livelihoods of residents by providing sustainable water supply solutions, enhancing health outcomes, and promoting socio-economic development.

One of the key projects is the **Kimologit Water Project**, located in Kamasian Ward, Kipkelion West Sub-County. This project is set to benefit approximately 700 households, three schools, and two health centres. It aims to eliminate the long-standing water scarcity challenges that have affected the area, ensuring that communities no longer have to rely on unsafe and inconsistent water sources. Once fully operational, the project will greatly enhance public health, reduce the burden on women and children who often fetch water, and support educational and health institutions.



Photo: Composite Filtration Units At Kimologit Water Project



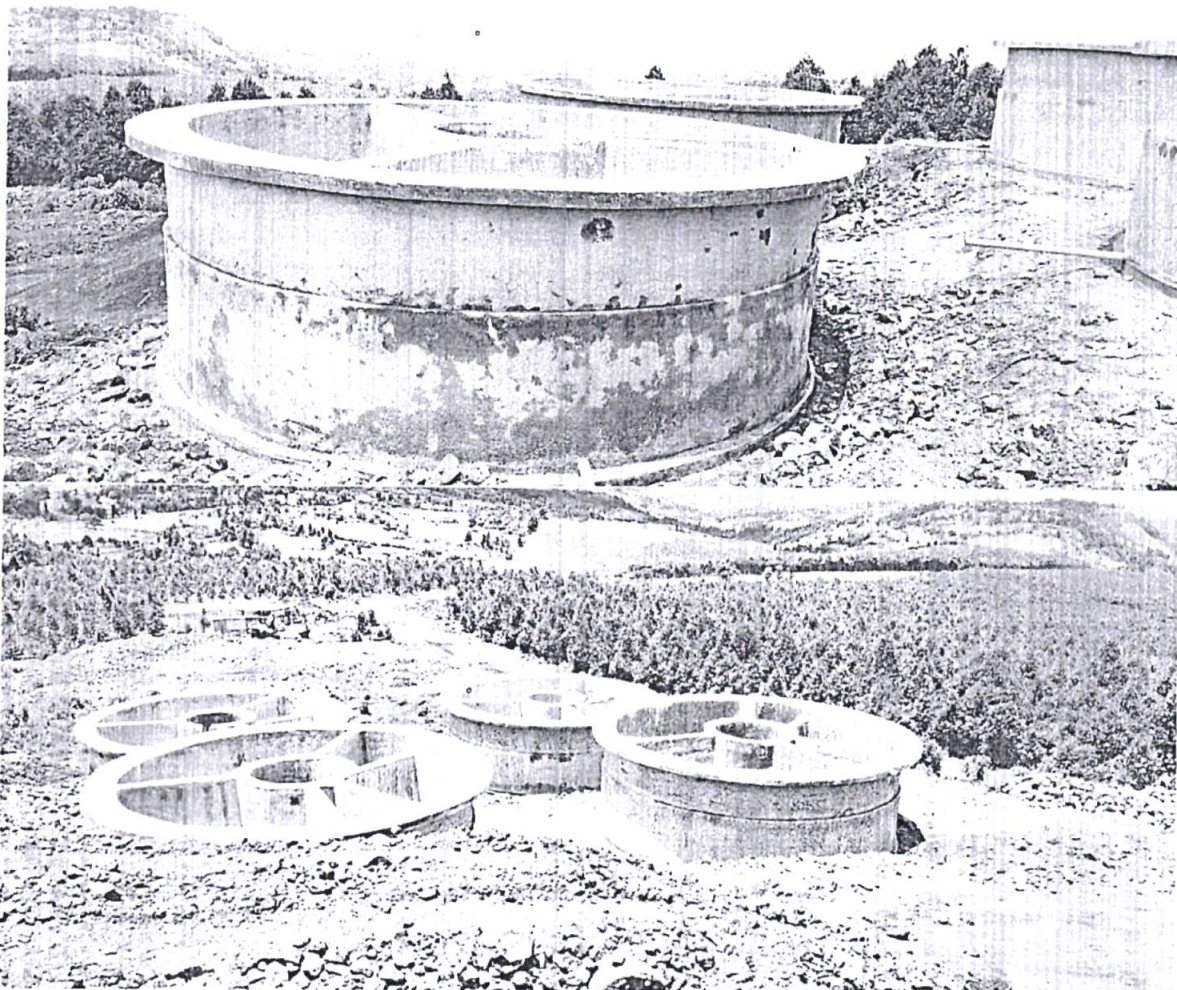


Photo: Composite Filtration Units At Kimologit Water Project

Similarly, the **Kapkures Water Project**, located in Chilchila Ward, Kipkelion West Sub-County, is a transformative initiative targeting the communities of Songoyet, Sereng, Chepkitar, and Kapkures. These areas have historically suffered from unreliable and unsafe water sources, with residents forced to walk long distances in search of water. The project will ensure that these communities gain access to safe and sustainable water closer to their homes, contributing to improved hygiene, time-saving for households, and increased agricultural potential.

In Ainamoi Sub-County, the **Kiptunoi Water Project** is a major intervention serving the lower parts of Kapsoit Ward. The construction of intake infrastructure, a main rising line, tanks, and water distribution points has been completed. Plans are underway to further expand the distribution network to reach a larger population. Additionally, the **Kapsoit Last Mile Connectivity** project, which extended the KEWASCO pipeline, is enhancing the delivery of safe drinking water to more residents, closing the access gap, and boosting household water security in the area.

**Trade, industrialization, tourism and innovation**



Kericho County has embarked on a transformative journey through the implementation of several strategic flagship projects aimed at promoting economic growth, boosting livelihoods, and enhancing the region's competitiveness, significantly uplifting trade, agriculture, and industrial development within the county.

The **Sondu Modern Market**, located in the cosmopolitan trading centre of Sondu, stands out as a critical investment due to its unique positioning at the border of three counties. This market is designed to host over 300 traders, making it a central hub for inter-county commerce and community integration. Once complete, it is expected to be a game-changer by creating numerous job opportunities, enhancing competitiveness among traders, and stimulating economic activity in the region.

The **Kericho Town Market**, supported under the Kenya Urban Support Programme, is another major milestone in the county's development agenda. The project aims to offer a secure, modern, and inclusive trading environment that will uplift the livelihoods of the Kericho business community. By providing improved infrastructure, sanitation, and spatial planning, the market will not only increase trader capacity but also enhance consumer experience, supporting the growth of micro and small enterprises across sectors.

The **County Aggregation and Industrial Park (CAIP)**, located in Soin/Sigowet Sub-County, is a KES 500 million partnership between the national and county governments. This strategic project is envisioned as an industrial hub that provides investors and farmers with an enabling environment for aggregating, processing, and marketing agricultural products. It will play a critical role in reducing post-harvest losses, enhancing value addition, encouraging innovation in modern agriculture, and creating both skilled and unskilled employment. The park is expected to significantly contribute to the county's economic diversification and social transformation.

#### **Commentary on Value-for-Money Achievements**

The County Government of Kericho has remained firmly committed to the principles of value for money (VfM) in the implementation of its programs and use of public resources. This commitment is anchored in the Public Finance Management Act, 2012 and Article 201 of the Constitution, which emphasize efficiency, effectiveness, accountability, and transparency in public expenditure.

#### **Key Value-for-Money Achievements in FY 2024/25 include:**

##### **i) Cost-Efficient Project Delivery**

The County has realized significant savings through improved contract management, in-house supervision of works, and competitive procurement processes. For example, the fabrication of over 16 bodaboda sheds and 14 market stalls was delivered within budget through centralized procurement and use of locally available materials, saving an estimated 15% of projected costs.

##### **ii) High Budget Absorption in Priority Sectors.**

Development budget absorption remained above 80% in key departments such as Health, Water and Sanitation, and Education, demonstrating effective planning, implementation, and alignment to CIDP priorities.

**iii) Investment in Sustainable Infrastructure.**

The County has prioritized infrastructure with long-term impact and low maintenance costs. Projects such as the solar street lighting at Chepseon and Kamasian, and water pans in arid zones, are yielding long-term returns in terms of reduced operating costs and enhanced community resilience.

**iv) Strategic Partnerships and Leverage of External Funding.**

By leveraging funding through partnerships with development partners—such as the World Bank (FLLoCA) and Cereal Growers Association (CGA)—the County has accessed additional resources for climate resilience, agriculture, and environment, without overburdening the county's own-source revenue.

**v) Integrated Systems for Cost Control and Transparency**

The County's digitization of revenue and expenditure tracking through IFMIS, UHRIS, and the new County Revenue Management System (CRMS) has improved accountability, reduced pilferage, and enhanced data-driven decision-making.

**vi) Service Delivery Impact per Shilling Spent**

Projects such as ECDE classroom construction, health centre equipping, and vocational training modernization have delivered measurable outcomes such as increased enrolment, reduced patient referral rates, and higher youth employment—demonstrating improved returns on investment.

**vii) Community Involvement and Demand-Driven Projects**

Structured public participation and ward-based planning have ensured that funded projects directly respond to community needs. This has reduced project rejection and abandonment, ensuring sustainability and increased beneficiary ownership.

**Implementation Challenges and County Outlook**

While the County Government of Kericho has registered significant progress in the implementation of its strategic objectives, several challenges have affected the pace and effectiveness of program delivery:

**i) Budgetary Constraints and Rising Recurrent Costs**

A growing wage bill, pending bills, and operational costs continue to exert pressure on development expenditure. In FY 2024/25, over 63% of the total budget was absorbed by recurrent needs, limiting the resource envelope for development priorities.

**ii) Delays in Equitable Share Disbursements**

Unpredictable timelines in the release of national transfers have disrupted cash flow planning and delayed project implementation.

**iii) Revenue Mobilization Gaps**

Despite progress in digitization, revenue collection remains below potential due to leakages, outdated valuation rolls, and low compliance levels in informal sectors.

**iv) Capacity Constraints**

Technical and human resource gaps, particularly in project design, procurement planning, monitoring, and engineering services, affect the quality and speed of service delivery.

**v) Climate Variability and Disaster Risks**

Erratic rainfall, flash floods, and fire outbreaks (notably in FY 2024/25) impacted agricultural output, displaced families, and increased unplanned spending on disaster response and recovery.

**vi) Land and Legal Disputes**

Several planned infrastructure projects have faced delays due to unresolved land ownership claims and community disputes.



### **Major Risks Facing the County.**

The County Government acknowledges that effective risk identification and management is essential for maintaining stability, enhancing service delivery, and safeguarding public resources. In the Financial Year 2024/2025, the County faced the following significant risks:

**i) Revenue Shortfalls and Delayed Disbursements:**

The County continued to experience delays in the release of equitable share from the National Treasury, as well as shortfalls in local revenue collection. These cash flow constraints led to delays in project implementation, especially in critical sectors such as health, roads, and water.

**ii) Accumulation of Pending Bills**

The County faced growing liabilities in the form of unpaid bills to contractors and suppliers. This trend strained financial planning and led to delayed completion of ongoing development projects and legal exposure from suppliers.

**iii) Non-Realization of Key Donor Grants (KDSP II & FLoCCA)**

The County had anticipated financing from development partners, notably the Kenya Devolution Support Programme Phase II (KDSP II) and the Financing Locally-Led Climate Action (FLoCCA) programme. However, failure to meet conditionalities and reporting requirements led to non-disbursement of these grants. This affected budget performance, delayed capacity-building efforts, and stalled planned climate action interventions.

**iv) Leadership Instability – Impeachment Proceedings**

During the year, the County experienced political instability due to the initiation of impeachment proceedings against the County Governor. This led to disruptions in executive decision-making, project approvals, and weakened intergovernmental coordination. The instability also created uncertainty among development partners and key stakeholders.

**v) Inadequate Human Resource Capacity**

Despite ongoing recruitment efforts, the County continues to face staffing gaps in critical technical areas such as procurement, engineering, health, and project management. In some departments, workforce aging and slow succession planning further compound service delivery risks.

**vi) Weak Monitoring and Evaluation Systems**

The County lacks a fully integrated Monitoring and Evaluation (M&E) framework and reporting tools to track project progress and impact. This limits accountability, delays corrective action, and hampers performance-based decision-making.

**vii) Cybersecurity Threats and ICT Infrastructure Gaps**

Increased reliance on digital systems such as IFMIS, IPPD, and the County Revenue Management System, without commensurate investment in ICT security, exposes the County to cyber threats, system outages, and potential data loss.

**viii) Climate Change and Environmental Vulnerabilities**

Erratic rainfall, floods, and prolonged droughts disrupted water supply, agriculture, and road infrastructure across several sub-counties. These climate-related risks increased emergency expenditures and negatively impacted economic productivity and rural livelihoods.

**ix) Political and Legislative Risks**

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Frequent legislative motions and changes in policy priorities by the County Assembly affected the continuity of projects and implementation of strategic plans. Interference in procurement and budgeting processes has also delayed service delivery.

**x) Public Health Risks**

The County experienced intermittent outbreaks of diseases such as cholera and waterborne infections, especially in informal settlements and rural areas with poor sanitation. These events increased the burden on health infrastructure and required reallocation of funds toward emergency response.



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Hon. Jackson Rop

**CECM Finance and Economic Planning & Head of County Treasury**  
**County Government of Kericho**

**5. Statement of Performance against Predetermined Objectives**

The key development objectives of Kericho County's CIDP are to:

- i) Promote prudent use of public funds
- ii) Improve own-source revenue collection strategies and build connections for external resource mobilization
- iii) Increase productivity, commercialization, and competitiveness of agricultural commodities
- iv) Increase livestock productivity through improved nutrition, disease management, and vector/pest control
- v) Decrease incidences of communicable and non-communicable diseases
- vi) Improve access to and quality of learning
- vii) Safeguard county land against encroachment
- viii) Increase connectivity within sub-counties
- ix) Increase access to and availability of safe and adequate water
- x) Improve solid waste management services in the county
- xi) Build resilience against climate change vulnerabilities and shocks in key sectors

**The key development objectives of the Kericho per sector in the County's 2023-2027 CIDP are:**

|   | <b>Strategic Objective</b>              | <b>Key Focus Areas</b>                                                                      |
|---|-----------------------------------------|---------------------------------------------------------------------------------------------|
| 1 | Economic Growth and Resource Management | Mobilize and allocate financial resources effectively.                                      |
|   |                                         | Promote trade, tourism, and cooperative societies.                                          |
|   |                                         | Enhance income diversification and environmental sustainability.                            |
|   |                                         | Strengthen disaster management.                                                             |
| 2 | Agriculture and Livestock Development   | Increase productivity, commercialization, and competitiveness in agriculture and livestock. |
|   |                                         | Improve practices in nutrition, disease management, and pest control.                       |
| 3 | Health and Community Well-being         | Improve health outcomes and reduce preventable diseases.                                    |
|   |                                         | Enhance socio-economic empowerment and psycho-social support.                               |
|   |                                         | Promote sports and talent development.                                                      |
| 4 | Education and Skills Development        | Enhance access to quality education and technical training.                                 |
| 5 | Cultural and Environmental Preservation | Preserve cultural heritage and manage environmental resources sustainably.                  |
| 6 | Infrastructure Development              | Develop efficient urban management and improve housing and settlement environments.         |
|   |                                         | Provide effective road networks and ensure safe, orderly transportation.                    |



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|   | <b>Strategic Objective</b>         | <b>Key Focus Areas</b>                                                                                                                            |
|---|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| 7 | Communication and Service Delivery | Modernize communication infrastructure and service delivery systems.<br>Ensure citizens have access to reliable information and quality services. |

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Below we present the progress made in attaining the objectives of the CIDP III 2023 – 2027 for Kericho County.

The Kericho County's CIDP 2023-2027 has identified nine key strategic development objectives across the departments. Broadly, these objectives have been identified through a participatory process that reviewed the development priorities of the Governor's Manifesto, the National Government's Vision 2030, SDGs and the MTP III. The strategic objectives are a synthesised product of the aforementioned planning frameworks that amalgamate the thematic focus and development aspirations in these policy frameworks.

*Table 1: Programme performance*

| <i>S/No</i> | <i>Strategic Objective as per CIDP (present the objectives on a high and strategic level)</i>                                | <i>Targeted Outcome</i> | <i>Performance/Progress made up since inception from the latest CIDP</i> | <i>Remarks (Explain the reasons for underperformance/ Overperformance)</i>                             |
|-------------|------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| 1           | Increase the acreage under coffee cultivation                                                                                | 200 acres               | 200 acres                                                                | Target achieved because of early planning                                                              |
|             | Increase the acreage under coffee cultivation.                                                                               | 50 acres                | 41.8 acres                                                               | Target not achieved because of Constraints in budget allocation                                        |
|             | Increase the acreage under pyrethrum cultivation                                                                             | 56                      | 57                                                                       | Target achieved because of early planning                                                              |
|             | Increase the acreage under avocado cultivation                                                                               | 74                      | 70                                                                       | Target not achieved because of Constraints in budget allocation                                        |
| 2           | To enhance capacity building and transfer of improved production technologies for adoption by poultry common interest groups | 372                     | 312                                                                      | Target not achieved because of budget deficit                                                          |
| 3           | To accelerate reduction of the burden of communicable conditions                                                             | 100                     | 100                                                                      | Elaborate preventive, promotive and curative services in HIV programme                                 |
| 4           | To improve access and quality of learning                                                                                    | 64 ECDE Centres         | 41 ECDE Centres                                                          | Lack of capacity Of contractors, delays in the procurement resulted in late initiation of construction |
| 5           | To safeguard County land against encroachment                                                                                | 3 markets               | 2 markets surveyed                                                       | Delay in implementation of the project.                                                                |

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|   |                                                                                |                   |                           |                                                                                                                                                                                                                                                                                                                                                  |
|---|--------------------------------------------------------------------------------|-------------------|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6 | To transform County Economy through infrastructural development                | Maintaining 700km | 499.9 km maintained       | Non responsive bids for the works. Retendering the works delayed commencement and completion of the works in time. Heavy rainfalls experienced during the construction process. Slowed or stopped Works, hence not completed in time Limited capacity of some local contractors. Some projects not completed within the required contract period |
| 7 | To increase access and availability of safe and adequate water                 | 40%               | 39.5%                     | Inadequate funding                                                                                                                                                                                                                                                                                                                               |
| 8 | To improve solid waste management services in the county                       | 3                 | 3 dumpsites rehabilitated | Pressure to ensure clean environment                                                                                                                                                                                                                                                                                                             |
| 9 | To build resilience against climate change vulnerability shocks in key sectors | 3 policies        | 3 policies developed      | Developed and adopted the Kericho County Participatory Climate Risk Assessment Report and Climate Change                                                                                                                                                                                                                                         |

**AGRICULTURE, LIVESTOCK AND FISHERIES**

| Programme                            | Sub-programme                                    | Strategic objective                                                              | Performance/Output Indicator                        | Baseline (30 <sup>th</sup> June 2023) | Projected Annual Targets (% , KM, No.HH) (A) | Actual Annual Achievements as at 30 <sup>th</sup> June 2025 (B) | Variance between target and achievement C= (B-A) | Remarks (reasons for underperformance/ Over performance) |
|--------------------------------------|--------------------------------------------------|----------------------------------------------------------------------------------|-----------------------------------------------------|---------------------------------------|----------------------------------------------|-----------------------------------------------------------------|--------------------------------------------------|----------------------------------------------------------|
|                                      |                                                  |                                                                                  |                                                     |                                       | June 2024                                    | 2024/2025                                                       |                                                  |                                                          |
| Industrial Crops Development Program | Construction and renovation of tea buying Centre | To increase the proportion of households (HH) with access to a tea-buying center | Proportion of HH is accessing the tea buying centre | 42900HH<br>60%                        | 53400HH=<br>100%,                            | 52500HH=<br>98.3%                                               | 900HH=<br>1.7%                                   | Target achieved because of adequate budget allocation    |
|                                      | Procurement and distribution of Coffee seedlings | Increase the acreage under coffee cultivation.                                   | Acreage under coffee cultivation                    | 160 acres                             | 200 acres                                    | 200 acres                                                       | 0                                                | Target achieved because of early planning                |



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| Programme                                            | Sub-programme                                                               | Strategic objective                                                                                                          | Performance/Output Indicator                                                                               | Baseline (30 <sup>th</sup> June 2023) | Projected Annual Targets (% , KM, No.HH) (A) | Actual Annual Achievements as at 30 <sup>th</sup> June 2025 (B) | Variance between target and achievement C= (B-A) | Remarks (reasons for underperformance/ Over performance)        |
|------------------------------------------------------|-----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|---------------------------------------|----------------------------------------------|-----------------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------------------|
|                                                      |                                                                             |                                                                                                                              |                                                                                                            |                                       | June 2024                                    | 2024/2025                                                       |                                                  |                                                                 |
|                                                      | Procurement and distribution of tea seedlings                               | Increase the acreage under tea cultivation.                                                                                  | Acreage under tea cultivation                                                                              | 100 acres                             | 50 acres                                     | 41.8 acres                                                      | 9.2 acres                                        | Target not achieved because of Constraints in budget allocation |
|                                                      | Procurement and distribution of pyrethrum splits and seeds                  | Increase the acreage under pyrethrum cultivation                                                                             | Acreage under pyrethrum cultivation                                                                        | 76                                    | 56                                           | 57                                                              | 1                                                | Target not achieved because of Constraints in budget allocation |
| Horticulture crop development                        | Procurement and distribution of avocado seedlings                           | Increase the acreage under avocado cultivation                                                                               | Acreage under avocado cultivation                                                                          | 37                                    | 74                                           | 70                                                              | 4                                                | Target not achieved because of Constraints in budget allocation |
| Livestock improvement, feeds, and product processing | Procurement and supply of day-old chicks to poultry common interest groups. | To enhance capacity building and transfer of improved production technologies for adoption by poultry common interest groups | No of poultry common interest groups trained and equipped with inputs of day old chicks and starter feeds  | 450                                   | 372                                          | 312                                                             | (60)                                             | Target not achieved because of budget deficit                   |
|                                                      | Procurement and supply beehives to common interest groups.                  | To enhance capacity building and transfer of improved production technologies for                                            | No of bee keeping common interest groups trained and equipped with beehives and honey processing equipment | 60 CIGs                               | 60 CIGs                                      | 28 CIGs                                                         | 32                                               | Target was not achieved because of inadequate budget allocation |

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| Programme                                      | Sub-programme                                               | Strategic objective                                                                                                                                               | Performance/Output Indicator                                                                                                        | Baseline (30 <sup>th</sup> June 2023)                                                                            | Projected Annual Targets (% , KM, No.HH) (A)                                                                     | Actual Annual Achievements as at 30 <sup>th</sup> June 2025 (B)                                                  | Variance between target and achievement C= (B-A) | Remarks (reasons for underperformance/ Over performance)                                     |
|------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|----------------------------------------------------------------------------------------------|
|                                                |                                                             |                                                                                                                                                                   |                                                                                                                                     |                                                                                                                  | June 2024                                                                                                        | 2024/2025                                                                                                        |                                                  |                                                                                              |
|                                                |                                                             | adoption by bee keeping common interest groups                                                                                                                    |                                                                                                                                     |                                                                                                                  |                                                                                                                  |                                                                                                                  |                                                  |                                                                                              |
| Livestock pests and diseases control programme | Procurement and supply of livestock vaccines and acaricides | To reduce notifiable livestock disease incidence rates, and improve accessibility to livestock markets                                                            | livestock disease incidence rates and all year accessibility to livestock markets                                                   | Cumulative disease incidence of 38%                                                                              | Cumulative disease incidence of 10%                                                                              | Cumulative disease incidence of 20%                                                                              | (10%) deficit                                    | Constraints in budget allocation<br>For the procurement of livestock vaccines and acaricides |
| Livestock breeds improvement program           | Procurement and supply of livestock bull semen              | To improve the proportion uptake of livestock breeding technologies for the genetic improvement of the dairy herd through established dairy cooperative societies | Proportional uptake of livestock Artificial breeding technologies to the dairy herd through established dairy cooperative societies | 50% of the dairy herd attached to dairy cooperatives societies uptake livestock artificial breeding technologies | 70% of the dairy herd attached to dairy cooperatives societies uptake livestock artificial breeding technologies | 55% of the dairy herd attached to dairy cooperatives societies uptake livestock artificial breeding technologies | (15%) deficit                                    | Constraints in budget allocation                                                             |

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| Programme                             | Sub-programme                                                                             | Strategic objective                                                                                                                 | Performance/Output Indicator                                                                                                                                                  | Baseline (30 <sup>th</sup> June 2023) | Projected Annual Targets (% , KM, No.HH) (A) | Actual Annual Achievements as at 30 <sup>th</sup> June 2025 (B) | Variance between target and achievement C= (B-A) | Remarks (reasons for underperformance/ Over performance)     |
|---------------------------------------|-------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|----------------------------------------------|-----------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------------------|
| Veterinary public health              | Construction of new, and rehabilitation of existing livestock abattoirs                   | To improve access to hygienic and environmentally compliant livestock abattoirs for wholesome meat processing for human consumption | Proportion of meat outlets/ butchers utilizing hygienic and environmentally compliant livestock abattoirs                                                                     | 70%                                   | 100% June 2024                               | 70% 2024/2025                                                   | (-30)                                            | Constraints in budget allocation                             |
| Fish production and productivity      | Procurement and supply of fish feeds to farmers.                                          | To enhance capacity building and transfer of improved production technologies for adoption by fish farmer                           | The number of fish farmers trained on improved production technologies.                                                                                                       | 90                                    | 100                                          | 83                                                              | 18                                               | Target was not achieved because inadequate budget allocation |
| Cooperative Promotion and Development | Procurement of pulper machines, construction of coffee parchment stores and drying tables | To improve post-harvest processing and storage efficiency for coffee farmer groups and improve the quality and                      | The number of coffee farmers whose produce has demonstrated improved quality grades, and the increase in the volume of coffee sold at premium prices due to enhanced quality. | 21,000 members                        | 8,000 members                                | 5,000 members                                                   | 3,000 members                                    | Target was not achieved because inadequate budget allocation |



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| Programme | Sub-programme | Strategic objective      | Performance/Output Indicator | Baseline (30 <sup>th</sup> June 2023) | Projected Annual Targets (% , KM, No.HH) (A) | Actual Annual Achievements as at 30 <sup>th</sup> June 2025 (B) | Variance between target and achievement C= (B-A) | Remarks (reasons for underperformance/ Over performance) |
|-----------|---------------|--------------------------|------------------------------|---------------------------------------|----------------------------------------------|-----------------------------------------------------------------|--------------------------------------------------|----------------------------------------------------------|
|           |               |                          |                              |                                       | June 2024                                    | 2024/2025                                                       |                                                  |                                                          |
|           |               | marketability of coffee. |                              |                                       |                                              |                                                                 |                                                  |                                                          |

**HEALTH SECTOR**

| Programme                                | Sub-programme         | Objective                                                            | Performance Indicator                                                                                                    | Baseline (30 <sup>th</sup> June 2024) | Projected Annual Targets | Actual Annual Achievements as at 30 <sup>th</sup> June 2025 (B) | Variance between target and achievement C= (B-A) | Remarks (Reasons for underperformance/ Overperformance)                         |
|------------------------------------------|-----------------------|----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|---------------------------------------|--------------------------|-----------------------------------------------------------------|--------------------------------------------------|---------------------------------------------------------------------------------|
|                                          |                       |                                                                      |                                                                                                                          |                                       | 24/24                    | 2024/25                                                         |                                                  |                                                                                 |
| Preventive and Promotive Health Services | HIV                   | To accelerate the reduction of the burden of communicable conditions | Proportion of HIV+ pregnant mothers receiving preventive ARVs to reduce the risk of mother-to-child transmission (PMTCT) | 99.7                                  | 100                      | 100                                                             | 0                                                | Elaborate preventive, promotive, and curative services in the HIV programme     |
| Preventive and Promotive Health Services | Immunization Services | To accelerate reduction of communicable conditions among children    | % Of children under 1 year of age fully immunized                                                                        | 86.7                                  | 100                      | 78.2                                                            | -21.8                                            | Stock out of vaccines. Shortage of staff leading to scheduling of immunizations |
| Preventive and Promotive Health Services | Malaria               | To accelerate reduction of communicable conditions among children    | under 1 distributed with Long Lasting Insecticide Treated Nets (LLITNs) in endemic and epidemic districts                | 7067                                  | 30272                    | 15101                                                           | -15,171                                          | Currently Private and FBO facilities are not offering the nets                  |
| Preventive and                           | Malaria               | To accelerate reduction of                                           | Number of pregnant women                                                                                                 | 7076                                  | 30272                    | 20289                                                           | -13,213                                          | Currently Private and FBO facilities                                            |

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| Programme                                | Sub-programme                                                | Objective                                                             | Performance Indicator                                                                    | Baseline (30 <sup>th</sup> June 2024) | Projected Annual Targets | Actual Annual Achievements as at 30 <sup>th</sup> June 2025 (B) | Variance between target and achievement C= (B-A) | Remarks (Reasons for underperformance/ Overperformance)                                   |
|------------------------------------------|--------------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------------------------------|---------------------------------------|--------------------------|-----------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------------------------------------------------|
|                                          |                                                              |                                                                       |                                                                                          |                                       | 24/24                    | 2024/25                                                         |                                                  |                                                                                           |
| Promotive Health Services                |                                                              | communicable conditions among children                                | distributed with Long Lasting Insecticide Treated Nets in endemic and epidemic districts |                                       |                          |                                                                 |                                                  | are not offering the nets                                                                 |
| Preventive and Promotive Health Services | Reproductive Maternal Neonatal Child Health (RMNCH) Services | To halt, and reverse the rising burden of non-communicable conditions | % Of Women of Reproductive Age screened for cervical cancer                              | 15                                    | 20                       | 26.95                                                           | 6.95                                             | Formation and operationalization of NCD TWG                                               |
| Preventive and Promotive Health Services | Reproductive Maternal Neonatal Child Health (RMNCH) Services | To halt, and reverse the rising burden of non-communicable conditions | Proportion of adolescent girls vaccinated with HPV vaccine                               | HPV 54%                               | 100%                     | HPV 63.87%,                                                     | HPV -36.13%                                      | Few outreaches were carried out due to inadequate financial support and shortage of staff |
| Curative and Rehabilitative Health       | Primary health facility services                             | To reduce the burden of violence and injuries                         | New outpatient cases attributed to gender-based violence                                 | 3468                                  | 3,000                    | 1,201                                                           | -1,799                                           | Issues of reporting and Introduction of new tools                                         |
| Curative and Rehabilitative Health       | Primary health facility services                             | To reduce the burden of violence and injuries                         | Road traffic injuries per 1000 OPD visits                                                | 2.7                                   | 2.7                      | 1.7                                                             | 1                                                |                                                                                           |
| Preventive and Promotive Health Services | Reproductive Maternal Neonatal Child Health (RMNCH) Services | To provide essential health services                                  | % Of Pregnant women attending at least 4 ANC visits                                      | 43.8%                                 | 50                       | 55.4                                                            | 5.4                                              | Increased number of community units from 157 to 170 hence strengthen referral strategy    |



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| Programme                                | Sub-programme                                                | Objective                                               | Performance Indicator                                                                     | Baseline (30 <sup>th</sup> June 2024) | Projected Annual Targets | Actual Annual Achievements as at 30 <sup>th</sup> June 2025 (B) | Variance between target and achievement C= (B-A) | Remarks (Reasons for underperformance/ Overperformance)                                                                                                                                                          |
|------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------|-------------------------------------------------------------------------------------------|---------------------------------------|--------------------------|-----------------------------------------------------------------|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                          |                                                              |                                                         |                                                                                           |                                       | 24/24                    | 2024/25                                                         |                                                  |                                                                                                                                                                                                                  |
| Preventive and Promotive Health Services | Reproductive Maternal Neonatal Child Health (RMNCH) Services | To provide essential health services                    | % Of Women of reproductive age (WRA) receiving family planning (FP) commodities           | 23                                    | 50                       | 23.4                                                            | -26.6                                            | stock out of FP commodities, On reporting by the private chemists and clinics                                                                                                                                    |
| Preventive and Promotive Health Services | Reproductive Maternal Neonatal Child Health (RMNCH) Services | To increase provide essential services                  | % of deliveries conducted by skilled attendants in health facilities                      | 85                                    | 100                      | 87.6                                                            | -12.4                                            | Yearly Population estimates is used to project estimated deliveries, however there was no significant increase in number of pregnancies during the year (2022/23pregnancies :25197, 2023/24 pregnancies:25,974 ) |
| Preventive and Promotive Health Services | Nutrition Services                                           | To minimize exposure to health risk factors             | Percentage of children 0-5 (<6 months) months who were exclusively breastfed              | 74.4                                  | 80                       | 80.1                                                            | 0.1                                              | Increased number of community units from 157 to 170 hence enhance health promotion                                                                                                                               |
| Preventive and Promotive Health Services | Nutrition Services                                           | To strengthen collaboration with health-related sectors | Proportion of Children under 5 years attending Child Welfare Clinics who are under weight | 3.6                                   | 2.5                      | 4.1                                                             | 1.6                                              | Health education in all health facilities                                                                                                                                                                        |



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| Programme                                | Sub-programme                                            | Objective                                               | Performance Indicator                   | Baseline (30 <sup>th</sup> June 2024) | Projected Annual Targets | Actual Annual Achievements as at 30 <sup>th</sup> June 2025 (B) | Variance between target and achievement C= (B-A) | Remarks (Reasons for underperformance/ Overperformance)                               |
|------------------------------------------|----------------------------------------------------------|---------------------------------------------------------|-----------------------------------------|---------------------------------------|--------------------------|-----------------------------------------------------------------|--------------------------------------------------|---------------------------------------------------------------------------------------|
|                                          |                                                          |                                                         |                                         |                                       | 24/24                    | 2024/25                                                         |                                                  |                                                                                       |
| Preventive and Promotive Health Services | Environmental Health, Water and Sanitation Interventions | To strengthen collaboration with health-related sectors | % of Households with functional toilets | 91                                    | 95                       | 93.6                                                            | -1.4                                             | increased number of community units from 157 to 170, hence enhancing health promotion |

**Education, Culture & social services**

| Programme                                    | Sub-programme       | Objective                                                                                                                                                              | Performance Indicator                                      | Baseline (30 <sup>th</sup> June 2024) | Projected Annual Targets (% , KM, No.HH) (A) | Actual Annual Achievements as at 30 <sup>th</sup> June 2025 (B) | Variance between target and achievement C= (B-A) | Remarks (reasons for underperformance/ Over performance)                                                   |
|----------------------------------------------|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|---------------------------------------|----------------------------------------------|-----------------------------------------------------------------|--------------------------------------------------|------------------------------------------------------------------------------------------------------------|
|                                              | VTC Sponsorship     | To improve access, retention and completion rates in Vocational training among needy and deserving youths in Public Vocational Training Centres within Kericho County. | -Increase in VTCs' enrolment                               |                                       | 3000                                         | 1,975                                                           | (1025)                                           | Budgetary Constraints on the side of the partner hence the 3000 target was not met.                        |
| Early childhood development education (ECDE) | ECDE Infrastructure | To improve access and quality of learning.                                                                                                                             | No. of new and modern classrooms constructed and utilized. | 766                                   | 42                                           | 27                                                              | (13)                                             | -Lack of capacity amongst some contractors.<br><br>- Natural climatic conditions limitations (Heavy Rains) |

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| Program                            | Sub-programme                                   | Objective                                                                                                                    | Performance Indicator                         | Baseline (30 <sup>th</sup> June 2024) | Projected Annual Targets (% , KM, No.HH) (A) | Actual Annual Achievements as at 30 <sup>th</sup> June 2025 (B) | Variance between target and achievement C= (B-A) | Remarks (reasons for underperformance/ Over performance)                              |
|------------------------------------|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|---------------------------------------|----------------------------------------------|-----------------------------------------------------------------|--------------------------------------------------|---------------------------------------------------------------------------------------|
|                                    |                                                 | To improve sanitation                                                                                                        | No. of ablution blocks constructed            | 658                                   | 45                                           | 39                                                              | (9)                                              |                                                                                       |
| Vocational Training Centres (VTCs) | VTC Infrastructure                              | To improve access and quality of technical training                                                                          | No. of workshops constructed                  | 1                                     | 4                                            | 4                                                               | 0                                                | -Good capacity of the Contractors                                                     |
|                                    | VTC Development Grants                          | To improve access and quality of technical training                                                                          | No. of Vocational Training Centres benefitted | 12                                    | 12                                           | 12                                                              | 0                                                | -Timely disbursement                                                                  |
| Development of library services    | Development of Library Services                 | To bring the information service close to the people                                                                         | No. of Branded Chairs Purchased               | 0                                     | 100                                          | 100                                                             | 0                                                | Support of the County to newly devolved Library services                              |
|                                    | Building, renovation and equipping of libraries | To increase literacy, promote research and Library use in the County.                                                        | No. of Libraries Refurbished/ Renovated       | 0                                     | 1                                            | 1                                                               | 0                                                |                                                                                       |
| Culture and Arts Development       | Preservation of indigenous knowledge            | To celebrate Cultural Heroes                                                                                                 | No. of Celebrations                           | 0                                     | 1                                            | 1                                                               | 0                                                |                                                                                       |
|                                    |                                                 | To construct a cultural satellite Museum for displaying and preserving cultural artefacts                                    | No. of Satellite Museums Constructed          | 0                                     | 1                                            | 1                                                               | 0                                                | Phase I (Skeleton Structure) complete. Phase II (Finishing and Equipping) completed . |
| Social Services                    | Social protection                               | Promote socio-economic empowerment and psycho-social support for persons with disability in the community within the county. | No. of PWDs Supported with assistive devices  | 1500                                  | 383                                          | 383                                                             | 0                                                |                                                                                       |

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**Land housing and physical planning**

| Programme                                                              | Sub-programme                                                     | Objective                                                      | Performance Indicator                                         | Baseline (30th June 2023) | Projected Annual Targets (% , KM, No. HH) (A) | Actual Annual Achievements as at 30th June 2025 (B) | Variance between target and achievement C= (B-A) | Remarks (reasons for underperformance/ Over performance)                      |
|------------------------------------------------------------------------|-------------------------------------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------|---------------------------|-----------------------------------------------|-----------------------------------------------------|--------------------------------------------------|-------------------------------------------------------------------------------|
|                                                                        |                                                                   |                                                                |                                                               |                           | 2023/2024                                     | 2023/2024                                           |                                                  |                                                                               |
| Preparation of GIS based Land Information System                       | Upgrading of the GIS Lab                                          | To map out county resources                                    | No of softwares updated                                       | 1                         | 1                                             | 1                                                   | 0                                                | Availability of resources and timely planning of the procurement process      |
| Survey of County owned property                                        | Survey of market centres                                          | To safeguard county land against encroachment                  | No of Market centres surveyed                                 | 3                         | 3                                             | 2 (One is ongoing)                                  | 1                                                | Delay in the implementation of the project.                                   |
| Maintenance of county Owned residential and non-residential facilities | Renovation of County owned residential and non-residential houses | To provide adequate non-residential and residential facilities | No of county residential and non-residential houses renovated | 11                        | 10                                            | 9 (One is ongoing)                                  | 1                                                | The ongoing project was set to be undertaken within two financial years       |
| Physical Planning of towns and market centres                          | Preparation of development plans                                  | To provide for optimal land use                                | Security of tenure                                            | 5                         | 4 (Sosiot, Kalyet, Kapkatet & Lavington)      | 1                                                   | 4                                                | Inadequate resources (planned resources were 20m against an allocation of 3m) |



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PUBLIC WORKS ROADS AND TRANSPORT

| Programme                                                 | Sub-Programme                                              | Objective                                                                                  | Performance Indicator                                                | Baseline (30 <sup>th</sup> June 2024) | Annual Targets (% , KM, No, HH) a | Annual Achievements b | Variance between target and achievements (b-a) | Remarks (Reasons for underperformance/ Over performance)                                                    |
|-----------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------------------------------------------|----------------------------------------------------------------------|---------------------------------------|-----------------------------------|-----------------------|------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
|                                                           |                                                            |                                                                                            |                                                                      |                                       | 2024/2025                         | 2024/2025             |                                                |                                                                                                             |
| Roads Improvement                                         | Rural Roads Improvement                                    | To Design, develop, maintain and rehabilitate county road network for economic development | Km of gravelled roads                                                | 2273.8                                | 300                               | 192.1                 | (107.9)                                        | Limited capacity of some local contractors. Some projects not completed within the required contract period |
| Roads Improvement                                         | Rural Roads Improvement                                    | To Design, develop, maintain and rehabilitate county road network for economic development | KM of roads newly opened                                             | 648.1                                 | 300                               | 349.0                 | 49.0                                           | Enough funds                                                                                                |
| Drainage Structures and other infrastructural Civil Works | Design and Construction of Bridges and Drainage Structures | To increase Connectivity within Sub-Counties                                               | No. of box culverts and Drainage Structures designed and constructed | 245                                   | 25                                | 7                     | -18                                            | Reallocation of funds during supplementary Limited capacity of awarded contractors                          |
|                                                           | Design and Construction of Bridges                         | To ease access and Connectivity within Sub-Counties                                        | No. of Bridges Designed and Constructed                              | 14                                    | 3                                 | 0                     | (3)                                            | Lack of funds                                                                                               |
|                                                           | Design and Construction                                    | To ease access and Connectivity within Sub-Counties                                        | No of Footbridges                                                    | 8                                     | 2                                 | 1                     | (1)                                            | Insufficient funds                                                                                          |

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| Programme | Sub-Programme     | Objective | Performance Indicator    | Baseline (30 <sup>th</sup> June 2024) | Annual Targets (% , KM, No. HH) a | Annual Achievements b | Variance between target and achievements (b-a) | Remarks (Reasons for underperformance/ Over performance) |
|-----------|-------------------|-----------|--------------------------|---------------------------------------|-----------------------------------|-----------------------|------------------------------------------------|----------------------------------------------------------|
|           |                   |           |                          |                                       | 2024/2025                         | 2024/2025             |                                                |                                                          |
|           | n of foot Bridges |           | Designed and Constructed |                                       |                                   |                       |                                                |                                                          |

**WATER, ENVIRONMENT, ENERGY, FORESTRY, AND NATURAL RESOURCES**

| Programme                                     | Sub-programme                                             | Objective                                                      | Performance Indicator                                        | Baseline (30th June 2023) | Projected Annual Targets (% , KM, No.HH) (A) | Actual Annual Achievements as at 30th June 2025 (B) | Variance between target and achievement C= (B-A) | Remarks (reasons for underperformance/ Over performance) |
|-----------------------------------------------|-----------------------------------------------------------|----------------------------------------------------------------|--------------------------------------------------------------|---------------------------|----------------------------------------------|-----------------------------------------------------|--------------------------------------------------|----------------------------------------------------------|
|                                               |                                                           |                                                                |                                                              |                           | 2023/2024                                    | 2023/2024                                           |                                                  |                                                          |
| Water Resources Management                    | Regulated water Supply                                    | To increase access and availability of safe and adequate water | % reduction for unaccounted for water.                       | 49                        | 4                                            | 0                                                   | (4)                                              |                                                          |
| Water and Sewerage Infrastructure Development | Enhance access to potable water for all county residents. | To increase access and availability of safe and adequate water | % of rural households With access to potable water           | 38                        | 40                                           | 41                                                  | 1                                                | Attributed to Increased last mile connectivity           |
|                                               |                                                           |                                                                | % of urban household with access to potable water            | 66                        | 69                                           | 66                                                  | 0                                                | Inadequate funding                                       |
|                                               |                                                           |                                                                | No of households connected to a sewage system in urban areas | 5300                      | 100                                          | 0                                                   | (100)                                            | Inadequate Resource mobilisation                         |
|                                               | Rainwater harvesting                                      |                                                                | No. of Households with access to water from                  | 500                       | 400                                          | 0                                                   | (400)                                            | Inadequate Funding                                       |

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|                                         |                                                                                                    |                                                                                                   |                                                                                                                          |    |    |    |     |                                                                                                                                   |
|-----------------------------------------|----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|----|----|----|-----|-----------------------------------------------------------------------------------------------------------------------------------|
|                                         |                                                                                                    |                                                                                                   | Rainwater infrastructure (dams/pans)                                                                                     |    |    |    |     |                                                                                                                                   |
| Alternative Energy Technologies         | Policy development on Energy                                                                       | To facilitate and promote the uptake of green energy to ensure environmental sustainability       | Number of policy documents developed and implemented                                                                     | 1  | 1  | 1  | 0   | County Energy Plan Developed                                                                                                      |
| Solid Waste Management                  | Rehabilitation of dumpsites                                                                        | Improvement of solid waste management infrastructure and services in the county                   | Number of dumpsites rehabilitated to create more space for dumping                                                       | 2  | 2  | 2  | 0   |                                                                                                                                   |
|                                         | Outsource streets, market, drainage cleaning, and collection services through management contracts | Ensure a Clean healthy and safe environment by increasing service provision in garbage collection | Number of Zones mapped and covered under outsourced management contracts<br>Garbage collection complaints reduced by 30% | 7  | 7  | 12 | 5   | Garbage collection complaints were reduced by 30 attributed by sub-contracting more zones for the provision of garbage collection |
| Environmental Protection and Management | Environmental Education, Monitoring, Compliance and Enforcement                                    | Reduced Pollution-related nuisances and complaints about waste management practices               | Number of sensitization forums on environmental clean-up exercises to enhance waste recycling and segregation            | 66 | 12 | 9  | (3) | Inadequate budget allocation from the county. All the exercises done were from CSRs in collaboration with institutions            |
|                                         |                                                                                                    | Reduced noise pollution-related nuisances and complaints                                          | Number of Noise meters procured to reduce nuisance from noise pollution                                                  | 1  | 1  | 0  | (1) | Inadequate budget allocation                                                                                                      |
|                                         | Watershed Management and                                                                           | Restore, protect, and conserve degraded sites                                                     | Number of the sites/wetlands/farmlands                                                                                   | 21 | 6  | 2  | (4) | Inadequate budget allocation                                                                                                      |



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|                       |                                              |                                                                             |                                                      |    |     |     |     |                               |
|-----------------------|----------------------------------------------|-----------------------------------------------------------------------------|------------------------------------------------------|----|-----|-----|-----|-------------------------------|
|                       | rehabilitation of degraded sites             |                                                                             | rehabilitated to reduce encroachment                 |    |     |     |     |                               |
| Climate Change Action | Financing Locally Led Climate Change Actions | Build resilience against climate change vulnerability shocks in Key sectors | No. of Policy documents reviewed                     | 3  | 3   | 0   | (3) | Inadequate budget allocation  |
|                       |                                              |                                                                             | CCU staff trained on policy, budgeting, and planning | 27 | 17  | 23  | 6   | Proper planning and budgeting |
|                       |                                              |                                                                             | Number of CCC Planning Committee members trained     | 12 | 14  | 29  | 15  | Proper planning and budgeting |
|                       |                                              |                                                                             | No. of CC ward committee members trained             | 0  | 270 | 270 | 0   | Proper planning and budgeting |
|                       |                                              |                                                                             | No. of public sensitization forums                   | 0  | 30  | 30  | 0   | Proper planning and budgeting |

**TRADE, INDUSTRIALISATION, TOURISM AND WILDLIFE**

| Programme           | Sub-programme                                  | Objective                                   | Performance Indicator                          | Outcome Indicator                                                      | Outcome                                                      | Baseline (30 <sup>th</sup> June 2024) | Projected Annual Targets (% , KM, No.HH) (A) | Actual Annual Achievements as at 30 <sup>th</sup> June 2025 (B) | Variance between target and achievement C=(B-A) | Remarks (Reasons for underperformance / Over performance) |
|---------------------|------------------------------------------------|---------------------------------------------|------------------------------------------------|------------------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------|----------------------------------------------|-----------------------------------------------------------------|-------------------------------------------------|-----------------------------------------------------------|
|                     |                                                |                                             |                                                |                                                                        |                                                              |                                       | 2024/2025                                    | 2024/2025                                                       |                                                 |                                                           |
| Markets Development | Construction of sanitary facilities in Markets | To improve sanitation in markets            | No. of sanitary facilities constructed         | % Improvement in sanitation and hygiene conditions in markets          | Improved sanitation and hygiene in markets by 5.2%           | 2                                     | 2                                            | 2                                                               | 0                                               | Target met successfully                                   |
| Bodaboda sheds      | Fabrication and installation of bodaboda sheds | To provide a conducive business environment | No. of bodaboda sheds fabricated and installed | % Improvement in operating business environment for bodaboda operators | Improved business environment for bodaboda operators by 7.5% | 0                                     | 3                                            | 2                                                               | 1                                               | Target not met due to budgetary constraints               |

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|             |                                             |                                             |                                             |                                        |                                                                               |   |   |   |   |            |
|-------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|----------------------------------------|-------------------------------------------------------------------------------|---|---|---|---|------------|
| Floodlights | Fabrication and installation of floodlights | To provide a conducive business environment | No. of floodlights fabricated and installed | % increase in business operating hours | Increased business operating hours by 36.4% for 2000 traders at Sosiot market | 0 | 1 | 1 | 0 | Target met |
|-------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|----------------------------------------|-------------------------------------------------------------------------------|---|---|---|---|------------|

## **6. Environmental and Sustainability Reporting**

Kericho County Government exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on three pillars: Economic sustainability, social sustainability, Environmental sustainability. Below is a brief highlight of our achievements in each pillar.

### **a) Sustainability Strategy and Profile**

The County Government of Kericho recognizes environmental sustainability as a cornerstone for inclusive development and the long-term well-being of its residents. Guided by the Constitution of Kenya 2010, Vision 2030, and the Sustainable Development Goals (SDGs), the County has embedded sustainability into its policies, planning, budgeting, and project implementation.

### **Sustainability Vision**

To foster a green, resilient, and resource-efficient Kericho County through inclusive governance, responsible environmental stewardship, and sustainable use of natural resources.

### **Strategic Objectives**

- a) Enhance environmental conservation and climate resilience through afforestation, land restoration, and conservation programs.
- b) Promote sustainable water resource management by protecting catchment areas, promoting rainwater harvesting, and improving water use efficiency.
- c) Integrate climate change adaptation and mitigation into county planning and development.
- d) Foster a circular economy through improved waste management, green procurement, and resource recovery initiatives.
- e) Empower local communities and institutions in environmental stewardship through training and civic education.

### **Policy and Regulatory Framework**

The County's sustainability agenda is guided by:

- a) The County Integrated Development Plan (CIDP III, 2023–2027)
- b) The County Climate Change Act (2023)
- c) The Environment Management and Coordination Act (EMCA, 1999)
- d) National Climate Change Action Plan (NCCAP)
- e) Sustainable Waste Management Act (2022)
- f) Other sectoral policies on water, agriculture, energy, and health
- g) Environmental performance

### **Key Interventions in FY 2024/2025**

| <b>Program Area</b>           | <b>Key Interventions</b>                                                                 | <b>Status</b>    |
|-------------------------------|------------------------------------------------------------------------------------------|------------------|
| Water Resource Management     | Protection of 15 springs, rehabilitation of 4 pans, drilling & equipping of 12 boreholes | Ongoing          |
| Afforestation & Reforestation | 120,000 tree seedlings planted in schools, hospitals, and public land                    | Completed/Annual |



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|                             |                                                                                  |                  |
|-----------------------------|----------------------------------------------------------------------------------|------------------|
| Waste Management            | Solid waste segregation in major towns; development of 3 waste transfer stations | In Progress      |
| Clean Energy Initiatives    | Promotion of LPG and improved cookstoves in health and ECDE centres              | Initiated        |
| Climate Resilience Projects | Establishment of community rainwater harvesting systems in 6 wards               | Completed/In Use |
| Sustainability Partnerships | Collaboration with NEMA, Kenya Forest Service (KFS), and community CBOs          | Ongoing          |

**Performance Indicators**

| Indicator                                     | Target (FY 2024/25) | Achievement | % Achievement |
|-----------------------------------------------|---------------------|-------------|---------------|
| Springs protected                             | 15                  | 13          | 87%           |
| Trees planted                                 | 100,000             | 120,000     | 120%          |
| Tonnes of waste segregated and recycled       | 300                 | 220         | 73%           |
| Households accessing clean water (rural)      | 68%                 | 65%         | 96%           |
| Institutions using clean energy (pilot phase) | 10                  | 7           | 70%           |

**Integration with Public Finance**

The County Government has integrated sustainability and climate responsiveness in its Programme-Based Budget (PBB) and procurement planning through:

- Climate tagging of budget allocations (pilot in water, agriculture, and health sectors)
- Environmental Impact Assessments (EIAs) conducted for all infrastructure projects
- Conditional grants and partner funds applied toward green initiatives

**Challenges and Mitigation Measures**

| Challenge                              | Mitigation                                                                  |
|----------------------------------------|-----------------------------------------------------------------------------|
| Inadequate awareness on sustainability | Ongoing civic education and stakeholder forums                              |
| Limited funding for green initiatives  | Leveraging external partnerships (e.g., World Bank's FLLoCA, DANIDA)        |
| Waste management infrastructure gaps   | Investment in transfer stations and development of County Waste Master Plan |

**Commitment Going Forward**

The County remains committed to:

- Expanding sustainability reporting to align with SDGs and the Global Reporting Initiative (GRI)
- Mainstreaming gender and youth inclusion in climate action
- Scaling up renewable energy and green infrastructure programs
- Implementing the County Climate Action Plan (CCAP)

**b) Environmental Performance**

The County Government of Kericho has continued to make notable progress in promoting sustainable environmental management and enhancing climate resilience. Environmental performance for FY 2024/2025 was evaluated based on implementation outcomes across key thematic areas, as aligned with the County Integrated Development Plan (CIDP III), national environmental laws, and global sustainability benchmarks.

**i) Solid Waste Management**

**Performance Highlights:**

- a) 3 new waste transfer stations constructed (Kipkelion, Belgut, and Kericho Town).
- b) 58% of waste collected in urban areas was segregated at source.
- c) Pilot recycling programs initiated in 6 markets and 4 secondary schools.

**Performance Gaps:**

- Only 42% of rural areas covered by formal waste management systems.
- Inadequate composting facilities for organic waste.

**ii) Water Resource Protection and Climate Resilience**

**Achievements:**

- a) 13 springs protected (against a target of 15).
- b) 4 community pans desilted and rehabilitated.
- c) 12 boreholes drilled and 9 equipped.
- d) Rainwater harvesting systems installed in 17 public institutions.

**Outcome:**

Improved access to safe water for over 42,000 rural residents.  
Reduced pressure on catchment ecosystems.

**iii) Reforestation and Biodiversity Conservation**

**Key Results:**

- a) 120,000 tree seedlings planted (indigenous and exotic mix).
- b) 8 community forest associations (CFAs) supported with tools and training.
- c) 5 degraded riparian areas rehabilitated (via fencing and replanting).

**Ecological Impact:**

Increased tree cover and erosion control in the highlands and tea zones.

- i) Improved microclimates and wildlife protection.

**iv) Clean Energy Promotion**

**Progress Made:**

- a) ECDE centers and 3 health facilities equipped with clean cookstoves.
- b) LPG kits distributed to 300 low-income households through green subsidy program.

**Challenge:**

High upfront cost of LPG kits has limited broader uptake.

**iv) Environmental Governance and Compliance**

**Achievements:**

- a) 22 Environmental Impact Assessments (EIAs) conducted for public projects.
- b) Environmental audits carried out for 5 major infrastructure projects.

- c) 18 enforcement actions taken on illegal quarrying, effluent discharge, and deforestation.

Progress:

Increased environmental compliance rate from 68% in FY 2023/24 to 77% in FY 2024/25.

**c) Employee Welfare**

The County Government of Kericho remains committed to ensuring the health, safety, motivation, and professional growth of its workforce. Employee welfare is recognized not only as a statutory obligation but also as a strategic enabler of service delivery, organizational performance, and sustainable development.

**i) Occupational Safety and Health (OSH)**

- a) The County implemented safety protocols across all departments, including health facilities, public works, and water projects.
- b) 12 County OSH officers conducted regular risk assessments and compliance audits.
- c) Over 1,200 employees trained on workplace safety, first aid, and emergency response.
- d) Installation of fire safety equipment and hazard signage in all sub-county offices and Level 4 hospitals.

**ii) Staff Medical Cover and Health Access**

- a) Continued provision of comprehensive medical insurance to all county staff and their dependents through NHIF/SHA and private schemes.
- b) 97% of employees accessed outpatient services, with an increase in utilization of wellness services (nutrition, counselling).
- c) Health camps organized in collaboration with the Department of Health, targeting county staff with NCD screening

**iii) Capacity Building and Career Development**

A total of 486 staff benefited from short courses, workshops, and professional certification training across all departments.

Key focus areas included:

- a) Financial reporting (IPSAS, IFMIS, e-TIMS)
- b) Environmental management and compliance
- c) Project management and M&E
- d) Public health and clinical governance
- e) Supported 24 employees pursuing degree or postgraduate studies on part-time basis.

Training Budget FY 2024/25: Kshs 52.8 million (92% absorption rate)

**iv) Staff Housing, Sanitation & Work Environment**

- a) Renovated and equipped 3 staff housing blocks in remote health facilities (Londiani, Kapsuser, Cheborge).
- b) Installed gender-sensitive sanitation facilities in 11 county offices.
- c) Initiated landscaping and green compound programs in 7 sub-county offices to enhance workplace ambiance.



**v) Gender, Equity and Inclusion**

- a) The county maintained a balanced gender representation across mid- and senior-level positions (48% women).
- b) 42 PWD (Persons with Disabilities) employees served in various roles, supported through adaptive infrastructure and flexible hours.
- c) County wellness policy revised to address menstrual hygiene and mental health support for staff.

**d) Marketplace Practices**

**a) Responsible Supply Chain and Supplier Relations**

The County Government of Kericho is committed to fostering ethical and responsible supply chain management. Guided by the Public Procurement and Asset Disposal Act (2015), the County promotes fair competition, local economic empowerment, and sustainability across all procurement processes.

**i) Procurement Transparency and Compliance**

- a) All tenders above the threshold were advertised on the county website and the Public Procurement Information Portal (PPIP).
- b) Prequalification, evaluation, and contract award processes were carried out in compliance with relevant procurement laws.
- c) 100% of procurement plans were uploaded on the Integrated Financial Management Information System (IFMIS) and adhered to quarterly procurement progress reporting.

Enhanced procurement compliance rating from 78% in FY 2023/24 to 89% in FY 2024/25 (as per internal audit and PPRA checklists).

**ii) Promotion of Local and Special Category Suppliers**

| Supplier Category                | Reserved Allocation (%) | Actual Award (%) |
|----------------------------------|-------------------------|------------------|
| Youth-Owned Enterprises          | 30%                     | 25%              |
| Women-Owned Enterprises          | 20%                     | 22%              |
| Persons with Disabilities (PWDs) | 5%                      | 4%               |
| Local Suppliers (Kericho-based)  | 40%                     | 37%              |

- 95% of payments to AGPO-compliant firms were processed within 30 days.
- County hosted 4 supplier sensitization forums reaching over 600 suppliers, focusing on bid preparation, documentation, and compliance.

**AGPO:** Access to Government Procurement Opportunities initiative for youth, women & PWDs.

**iii) Ethical Supply Chain Practices**

- a) All awarded suppliers signed a Supplier Code of Conduct covering anti-corruption, conflict of interest, and environmental responsibility.
- b) Tender documents included mandatory environmental and social safeguard clauses for infrastructure projects (e.g., waste disposal, labor standards).
- c) 18 supplier contracts included climate-friendly procurement criteria (e.g., energy-efficient equipment, sustainable construction materials).

**b) Responsible Ethical Practices**

The County Government of Kericho promotes ethical conduct, transparency, and accountability across all its departments, public entities, and interactions with external stakeholders. These values

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are rooted in the Constitution of Kenya, the Leadership and Integrity Act (2012), the Public Officers Ethics Act (2003), and the County Government Act (2012).

**i) Ethical Governance Framework**

- a) All public officers are required to sign and adhere to Code of Conduct and Ethics as guided by the Public Service Commission.
- b) Annual declarations of income, assets, and liabilities were filed by 98% of designated officers.
- c) Regular sensitization on Chapter 6 of the Constitution and Leadership & Integrity principles was conducted across departments.

**ii) Ethical Public Procurement**

- a) Tender evaluation committees were re-trained on conflict of interest, bidder fairness, and confidentiality.
- b) Declaration of interest forms were mandatory for all procurement staff.
- c) All tenders above Ksh. 5 million were subjected to post-evaluation due diligence checks on suppliers.

**iii) Fair Labor Practices**

Zero tolerance policy on workplace harassment, discrimination, and coercion was enforced across all departments.

An internal staff grievance redress system handled 23 formal complaints:

- 18 resolved at departmental level.
- 5 escalated to the County Public Service Board.

**iv) Civic Education and Public Engagement**

The County Civic Education Unit conducted 14 public forums across wards to raise awareness on:

- Rights and responsibilities of citizens in public governance
- How to report unethical behavior
- Budget transparency and project oversight

Over 3,000 residents reached through barazas, media, and CBO networks.

**c) Stewardship of Goods and Services**

The County Government of Kericho upholds the principles of accountability, value-for-money, and sustainability in the management and utilization of public goods and services. Stewardship ensures that all county-acquired assets and services contribute effectively and efficiently to public service delivery.

**i) Asset Management and Inventory Control**

- The County maintained an up-to-date Fixed Assets Register in compliance with IPSAS 17.
- All new assets (vehicles, medical equipment, ICT tools) were tagged and recorded using a digital asset tracking system integrated into IFMIS.
- Annual physical asset verification was conducted jointly by the Audit, Finance, and User Departments.
- Asset verification coverage: 93% of all county departments and sub-county units



**ii) Maintenance and Servicing**

A preventive maintenance program was implemented for:

- Medical equipment in 6 Level 4/5 hospitals
- 26 utility vehicles and heavy machinery under Roads and Public Works
- ICT infrastructure (computers, printers, servers) across 12 sub-county offices
- Response time for repairs was reduced to an average of 4 working days, down from 9 in FY 2023/24.

**iii) Sustainable Use of Public Goods**

- County departments were issued circulars on responsible resource use, including fuel, paper, electricity, and internet.
- Transition to energy-efficient appliances (e.g., LED lighting, solar water heaters) was piloted in 5 health facilities.
- E-Procurement and E-TIMS adoption reduced paper use in finance and supply chain operations by over 45%.

**iv) Waste Reduction and Resource Recovery**

- Expired medical supplies were securely disposed of in partnership with NEMA-accredited firms.
- Scrap metal, condemned equipment, and e-waste were disposed of via public auction under transparent guidelines.
- Initiated internal recycling and re-use policy for furniture and office electronics.

**e) Community Engagements**

The County Government of Kericho prioritizes inclusive governance by promoting active citizen participation in planning, budgeting, implementation, and monitoring of county programs. Community engagement ensures that development is people-centered, responsive, and sustainable.

**i) Public Participation in Planning and Budgeting**

The County conducted public participation forums in all 30 wards during the formulation of:

- a) Annual Development Plan (ADP)
- b) County Fiscal Strategy Paper (CFSP)
- c) Budget Estimates FY 2024/2025
- d) Participation was facilitated through ward administrators, civil society, faith-based organizations, youth groups, and women's networks.

Over 8,200 residents took part in county planning and budget deliberations.

**ii) Community-Based Monitoring and Feedback**

- a) Implementation of the County Citizen Feedback Mechanism allowed communities to track progress of projects such as borehole drilling, road rehabilitation, and ECDE infrastructure.
- b) 48 citizen project monitoring reports were submitted through ward development committees.
- c) The "Huduma Mashinani" initiative allowed county officers to directly address community concerns during mobile service delivery events.

Notable outcomes: Completion of 9 stalled projects after citizen escalation.

**iii) Civic Education and Awareness**

The County Civic Education Unit held **17 outreach forums** targeting:

- Rights and duties of citizens under devolution



- Understanding county budgeting and procurement processes
- Role of public participation in enhancing transparency

Civic materials (brochures, posters, and audio messages) were distributed in local languages through chiefs and religious institutions.

**iv) Social Inclusion in Engagements**

Community forums were inclusive of marginalized groups:

- PWDs, older persons, and the youth were given speaking opportunities and logistical support to attend.
- Focus groups were held for women in leadership, youth in agriculture, and forest-dependent communities.

62% of participants in community forums were women and youth.

**v) Collaboration with Non-State Actors**

The County partnered with CBOs, NGOs, and national agencies to implement community-driven development programs including:

- a) Water catchment conservation (KFS, WRMA, WWF)
- b) Climate-smart agriculture (GROOTS Kenya, World Vision)
- c) Maternal health outreach (Amref Health Africa)

These partnerships extended service reach to over 65,000 beneficiaries in remote wards.

## 7. Management Discussion and Analysis

### a) Overview of the National Economy

The Kenyan economy recorded a growth rate of 4.8% in 2024, recovering moderately from global and domestic economic shocks. Key drivers of national growth included improved agricultural output, a rebound in the tourism and service sectors, and increased infrastructure spending. However, macroeconomic risks such as public debt servicing, inflation (averaging 7.2%), and a weakening Kenya shilling continued to impact county-level resource flows.

### b) County Economic Performance – Kericho Context

Kericho County's economy is predominantly driven by agriculture, trade, and micro-enterprises, with tea production, dairy farming, and informal commerce playing a central role in household income and employment. The County experienced moderate economic activity growth in FY 2024/25, largely supported by favorable rainfall and continued investment in local infrastructure, though this was tempered by delayed funding flows and inflationary pressure on farm inputs.

#### d) Key Economic Indicators for Kericho County – FY 2024/2025

| Indicator                          | FY<br>2023/2024 | FY<br>2024/2025 | %<br>Change | Remarks                                                                       |
|------------------------------------|-----------------|-----------------|-------------|-------------------------------------------------------------------------------|
| Coffee Production (Metric Tons)    | 2,400           | 2,700           | +12.5%      | Increase attributed to rehabilitation of cooperatives and extension support   |
| Tea Production (Metric Tons)       | 312,000         | 327,500         | +5.0%       | Recovery due to favorable rainfall and farm inputs support                    |
| Milk Production (Litres)           | 78 million      | 81.4 million    | +4.4%       | Steady growth from smallholder dairy farmers and improved veterinary services |
| Cattle Market Turnover (KES)       | 114 million     | 126 million     | +10.5%      | Growth driven by improved access roads and demand in Kipkelion and Belgut     |
| Informal Trade Volume (KES)        | 2.1 billion     | 2.3 billion     | +9.5%       | Strong recovery in market centers (Kapkatet, Ainamoi, Londiani, etc.)         |
| Agricultural Input Cost Index      | 118             | 130             | +10.2%      | Fertilizer and fuel price increases impacted farm margins                     |
| Employment in Tea Sector (Jobs)    | 58,000          | 59,800          | +3.1%       | Mostly seasonal jobs across large- and small-scale estates                    |
| Sugarcane Production (Metric Tons) | 1,080,000       | 1,150,000       | +6.5%       | Boosted by expanded acreage and support to out-grower schemes                 |

### Financial Performance Overview

Over the past five financial years, the County Government of Kericho has maintained a generally positive fiscal balance, with total revenue consistently exceeding total expenditure. The trend analysis demonstrates prudent fiscal management and a deliberate approach to aligning expenditure with available resources.

| Financial Year | Actual Revenue (Kshs..000) | Actual Expenditure (Kshs..000) |
|----------------|----------------------------|--------------------------------|
| 2020/21        | 7,874,667                  | 6,901,109                      |
| 2021/22        | 7,107,834                  | 6,850,613                      |

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|         |           |           |
|---------|-----------|-----------|
| 2022/23 | 7,909,723 | 7,279,176 |
| 2023/24 | 7,442,097 | 6,981,550 |
| 2024/25 | 7,916,223 | 7,042,889 |

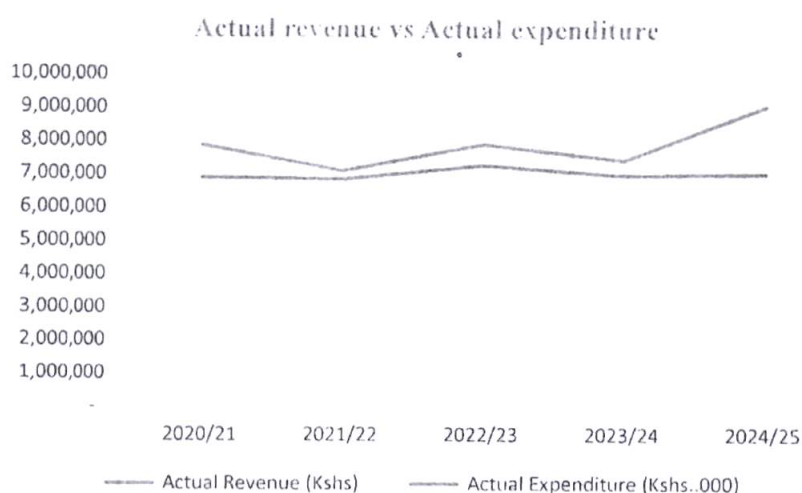


Fig 1: Revenue vs Expenditure over 5 year period

**Trend Analysis (FY 2020/21 – 2024/25)**

- i) 2020/21: Total revenue stood at Kshs 7.87 billion against expenditure of Kshs 6.90 billion, yielding a surplus of approximately Kshs 973 million.
- ii) 2021/22: Revenue decreased to Kshs 7.11 billion, while expenditure reduced marginally to Kshs 6.85 billion, narrowing the fiscal surplus.
- iii) 2022/23: Revenue rebounded to Kshs 7.91 billion, with expenditure increasing to Kshs 7.28 billion, reflecting expansion in service delivery programs.
- iv) 2023/24: A revenue decline to Kshs 7.44 billion was observed, accompanied by a moderate drop in expenditure to Kshs 6.98 billion.
- v) 2024/25: Revenue recorded the highest growth in the five-year period, reaching Kshs 7.9 billion, while expenditure remained stable at Kshs 7.04 billion.

This sustained surplus position has strengthened the county's capacity to finance priority projects, reduce dependency on borrowing, and enhance fiscal sustainability. The growth in FY 2024/25 is attributed to increased own-source revenue mobilization, timely disbursement of equitable share, and prudent expenditure controls.

**Workforce Overview**

As at 30th June 2025, the County Government of Kericho had a workforce of 3,746 staff, with 61.8% female and 38.2% male employees. Key departments such as Education and Health accounted for the majority of personnel. Gender equity continues to improve, particularly in social sectors. However, a gender imbalance remains in senior job groups (P–T), where males dominate. The largest staff



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concentration is in Job Group H, driven by health and education functions. The workforce is mature, with 68.7% aged between 36–55 years, and only 24.3% under 35, falling short of the national youth inclusion benchmark of 30%.

| Gender       | Number of Staff | Percentage (%) |
|--------------|-----------------|----------------|
| Male         | 1,430           | 38.2%          |
| Female       | 2,316           | 61.8%          |
| <b>Total</b> | <b>3,746</b>    | <b>100%</b>    |

workforce: male vs female



■ Male ■ Female

The County's HR and payroll operations are guided by the Constitution, County Governments Act, and PFM Act. Recruitment is based on merit, budget ceilings, and sustainability targets. Payroll is integrated with IFMIS and UHRIS, ensuring compliance with statutory deductions and public service norms.

#### Sectoral overviews

##### **Agriculture, Livestock, Cooperative Development & Climate-Smart Initiatives**

- During FY 2024/25, the County prioritized food security, climate resilience, and value chain enhancement. Key achievements include:
- Support to farmers through distribution of certified seeds, subsidized fertilizer, disease surveillance, and expanded artificial insemination services.
- Empowerment of cooperative societies, with investment in coffee storage facilities and modern office blocks.
- Operationalization of agro-processing plants, including the Kedowa Maize Mill and Roret Pineapple Processing Plant, aimed at improving market access and boosting farmer incomes.
- Strategic MoU with the Cereal Growers Association (CGA) to promote afforestation, carbon credit generation, and achieve 22% forest cover by 2032.
- Under the FLLoCA program, over 6,000 Hass avocado seedlings were distributed to 378 farmers in Sigowet Ward to promote climate-smart agriculture, income diversification, and environmental conservation.
- As part of the World Bank-supported Financing Locally Led Climate Action (FLLoCA) program, the County Government distributed over 6,000 Hass Avocado seedlings to 378 farmers in Sigowet Ward. This initiative: Promotes income diversification, nutrition, and

climate-smart agriculture, Supports carbon sequestration, soil and water conservation, Enhances farmer resilience and long-term environmental sustainability



h)

### **Education and Social Services Sector**

The sector saw continued investments in Early Childhood Development (ECD) and Youth Empowerment:

- a) ECD Infrastructure: 129 ECDE projects have been implemented since 2022, with 48 completed in FY 2024/25. Public ECDE enrolment reached 34,658 learners, supported by 1,144 teachers (teacher-pupil ratio: 1:30).
- b) Youth Vocational Training: The County, in partnership with the Kenya Commercial Bank Foundation, expanded vocational and enterprise skills training. This included the construction and equipping of polytechnic centers, apprenticeships, curriculum alignment with industry needs, and collaboration with local leaders to increase youth awareness and participation in training programs.

### **Department of Trade**

During the reporting period, the Department of Trade made significant strides in enhancing business infrastructure and promoting inclusive economic development across the County. Key achievements include:

- a) Market Infrastructure Improvement: Renovation of Kericho Main Market at Kapkurgewet, benefiting over 1,500 traders, and completion of market stalls and sheds at various locations including Ainamoi, Kapsoit (14 stalls), and Nyagacho (electrification of 24 stalls).
- b) Support to Informal Sector (Boda boda and Shoe Shiners): Fabrication and installation of 16 boda boda sheds across multiple wards including Kunyak, Kipchimchim, Soin, Kibera, and Kapsuser, as well as 6 five-seater shoe shiners' sheds at Kapsoit.
- c) Urban Lighting and Safety: Installation of solar street lights at Kasheen (Kamasian) and Chepseon to improve security and extend business hours.
- d) Public Sanitation: Construction of a 4-door toilet block at Kasheen Market, improving hygiene and service delivery for traders and customers.
- e) Trade Regulation Support: Procurement and delivery of weights and measures standards, testing tools, and equipment to enhance fair trade practices.
- f) Tourism Promotion: Fabrication of directional and promotional signages for key tourism attraction sites in Kericho County



**Water, Environment and Climate Resilience**

- a) Water service coverage improved in several rural wards through the equipping of boreholes, spring protection, and pipeline expansions.
- b) Delays in FloCCA grant disbursement affected the roll-out of key climate resilience interventions.
- c) Deforestation and soil erosion remain a threat to catchment areas, especially in Kipkelion West and Belgut.

**Health Sector**

- a) Progress was made in the construction and equipping of dispensaries and health centers.
- b) Staffing remained a challenge in remote facilities.
- c) Public health campaigns improved vaccination rates and reduced waterborne disease cases.

**Roads, Public Works, and Transport**

- a) Construction and maintenance of over 850 km of county access roads.
- b) Upgrading of bridges and culverts to improve all-weather access.
- c) Installation of street lighting in urban centres, enhancing safety and extending business hour

**Compliance with Statutory Requirements**

The County Government has continued to operate within the framework of the Public Finance Management Act, 2012, the County Governments Act, 2012, and other relevant laws.

- a) **Financial Reporting:** Financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and submitted to the Office of the Auditor-General within the statutory timelines.
- b) **Procurement Compliance:** Procurement processes are guided by the Public Procurement and Asset Disposal Act, 2015, with annual procurement plans prepared and approved.
- c) **Tax Compliance:** PAYE and other statutory deductions for staff have been remitted to the Kenya Revenue Authority (KRA) as required, although occasional delays have been experienced due to cash flow constraints.
- d) **Performance Contracting:** Annual performance contracts are signed and reported to the State Department for Devolution.

**Major Risks Facing the County.**

The County Government of Kericho acknowledges that effective risk identification and management is essential for maintaining stability, enhancing service delivery, and safeguarding public resources. In the Financial Year 2024/2025, the County faced the following significant risks:



**a) Revenue Shortfalls and Delayed Disbursements:**

The County continued to experience delays in the release of equitable share from the National Treasury, as well as shortfalls in local revenue collection. These cash flow constraints led to delays in project implementation, especially in critical sectors such as health, roads, and water.

**b) Accumulation of Pending Bills**

The County faced growing liabilities in the form of unpaid bills to contractors and suppliers. This trend strained financial planning and led to delayed completion of ongoing development projects and legal exposure from suppliers.

**c) Non-Realization of Key Donor Grants (KDSP II & FLoCCA)**

The County had anticipated financing from development partners, notably the Kenya Devolution Support Programme Phase II (KDSP II) and the Financing Locally-Led Climate Action (FLoCCA) programme. However, failure to meet conditionalities and reporting requirements led to non-disbursement of these grants. This affected budget performance, delayed capacity-building efforts, and stalled planned climate action interventions.

**d) Leadership Instability – Impeachment Proceedings**

During the year, the County experienced political instability due to the initiation of impeachment proceedings against the County Governor. This led to disruptions in executive decision-making,

project approvals, and weakened intergovernmental coordination. The instability also created uncertainty among development partners and key stakeholders.

**e) Inadequate Human Resource Capacity**

Despite ongoing recruitment efforts, the County continues to face staffing gaps in critical technical areas such as procurement, engineering, health, and project management. In some departments, workforce aging and slow succession planning further compound service delivery risks.

**f) Weak Monitoring and Evaluation Systems**

The County lacks a fully integrated Monitoring and Evaluation (M&E) framework and reporting tools to track project progress and impact. This limits accountability, delays corrective action, and hampers performance-based decision-making.

**g) Cybersecurity Threats and ICT Infrastructure Gaps**

Increased reliance on digital systems such as IFMIS, IPPD, and the County Revenue Management System, without commensurate investment in ICT security, exposes the County to cyber threats, system outages, and potential data loss.

**h) Climate Change and Environmental Vulnerabilities**

Erratic rainfall, floods, and prolonged droughts disrupted water supply, agriculture, and road infrastructure across several sub-counties. These climate-related risks increased emergency expenditures and negatively impacted economic productivity and rural livelihoods.

**i) Political and Legislative Risks**

Frequent legislative motions and changes in policy priorities by the County Assembly affected the continuity of projects and implementation of strategic plans. Interference in procurement and budgeting processes has also delayed service delivery.

**j) Public Health Risks**

The County experienced intermittent outbreaks of diseases such as cholera and waterborne infections, especially in informal settlements and rural areas with poor sanitation. These events increased the burden on health infrastructure and required reallocation of funds toward emergency response.

**Future Developments**

The County Government of Kericho remains committed to advancing inclusive, sustainable development and prudent fiscal management. Guided by the County Integrated Development Plan (CIDP 2023–2027), the Annual Development Plan (ADP 2025/2026), and aligned with the national Bottom-Up Economic Transformation Agenda (BETA), the County has outlined key strategic priorities for the upcoming financial year:

- a) Revenue Mobilization and Financial Reforms: Roll-out of a digitized County Revenue Management System (CRMS), automation of revenue streams, and strengthened budget control measures to improve revenue performance and reduce pending bills.
- b) Strategic Infrastructure Investment: Continued improvement of rural roads, and expansion of urban infrastructure—including drainage, lighting, and waste management—in Kericho Town, Litein, Londiani, and other urban centers.
- c) Water and Climate Resilience: Fast-tracking water projects (boreholes, water pans, rural pipelines) and operationalizing climate financing partnerships under FLLoCA and the Green Climate Fund, alongside ecosystem restoration efforts.

- d) Agricultural Diversification and Value Addition: Support for agro-processing in tea, milk, and avocado; expansion of extension services and digital farmer registration; and promotion of irrigation and climate-smart agriculture in arid zones.
- e) Health Systems Strengthening: Completion and equipping of rural health facilities, hiring of specialized personnel, piloting of county-wide telemedicine, and implementation of a digitized Health Information Management System (HIMS).
- f) Youth, ICT, and Innovation: Establishment of digital innovation hubs and expansion of the Youth and Women Enterprise Fund to foster entrepreneurship and digital employment opportunities.
- g) Education and Human Capital Development: Investment in ECDE infrastructure and feeding programs, and modernization of Vocational Training Centres (VTCs) in partnership with industry and technical institutions.
- h) Public Sector Governance and Citizen Engagement: Strengthening internal audit functions through a new County Audit Committee, and enhancing public participation and feedback mechanisms.
- i) Disaster Preparedness and Risk Management: Enhancement of fire safety systems, emergency response capacity, and disaster financing in response to risks such as fire incidents and public health emergencies.

#### **Statutory Deductions**

During the financial year under review, the County Government of Kericho recorded material arrears in the settlement of statutory and other financial obligations, arising mainly from budget execution constraints, delayed exchequer releases, and pending verification of historical liabilities.

##### **i) Pending Bills (Trade Payables)**

As at 30th June 2025, the County reported cumulative pending bills totaling Kshs. 1.8 billion comprising:

- Development-related bills from contractors and suppliers for works completed but not paid,
- Recurrent obligations, including supply of goods and services, and
- Utility arrears (electricity, water, and telephone services).

The County has committed to verify and settle eligible pending bills in a phased manner, subject to availability of funds and in line with guidelines from the National Treasury and the Office of the Auditor-General.

##### **ii) Staff Claims and Allowances**

There were outstanding claims relating to staff travel, unpaid allowances, and gratuities for retirees. Delays in processing and settlement may affect workforce morale.

##### **iii) Loan Deductions and Sacco Remittances**

in the year under reporting, the County did not experienced delays in remitting third-party deductions such as loans to banks, SACCOs, and insurance providers.



**iv) Court Awards and Legal Settlements**

Several court-awarded claims and compensations arising from labor disputes, land matters, and contract breaches remain unsettled due to resource limitations. The County has engaged the Office of the Attorney General and the County Attorney to prioritize negotiated settlements and avoid asset recovery actions.

**Any other information considered relevant to the users of the financial statements.**

In addition to the financial disclosures and statutory information presented in this report, the County Government of Kericho provides the following supplementary information to enhance the understanding and interpretation of the financial statements:

**A) IFMIS and Financial System Usage**

The County continued to utilize the Integrated Financial Management Information System (IFMIS) for budget execution, procurement, and payment processing. While system uptime and connectivity improved during the year, challenges persist in internet access for remote sub-county offices, affecting real-time data entry and reporting.

**B) Public Participation and Stakeholder Engagement**

All major plans and budget processes were undertaken in line with the Public Finance Management Act, 2012 and the County Government Act, 2012. Stakeholder forums, ward-level barazas, and sector hearings were conducted to ensure inclusivity in prioritization of projects and allocation of resources.

**C) Support from Development Partners**

In the FY 2024/2025, the County received both technical and financial support from various development partners including:

- World Bank (through KDSP I and II & FLoCCA) – for institutional strengthening and climate action planning.
- UNICEF and USAID – in supporting maternal health, child nutrition, and water access programmes.
- GIZ and FAO – in capacity-building and sustainable agricultural practices.

Efforts are underway to meet disbursement conditions and reporting benchmarks to fully unlock remaining grant balances in the coming financial year.

**D) Legal Matters and Litigations**

The County is currently involved in a number of legal proceedings, primarily relating to land disputes, labor cases, and contract enforcement. The County Legal Unit is working closely with the Office of the Attorney General to resolve these matters and mitigate exposure to financial loss or asset recovery actions. Contingent liabilities related to these cases have been disclosed in the notes to the financial statements.

**E) Asset Management and Inventory Control**

The County conducted a partial physical verification of its fixed assets, with full rollout of a digitized Asset Management System planned in FY 2025/2026. This will improve tracking, accountability, and reporting of public assets across departments and sub-counties.

**F) Emerging Issues and Risks**

The County notes the following emerging issues with potential fiscal or operational implications:

**Kericho County Executive**  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

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- i. Ongoing political tensions linked to executive-legislative relations following the impeachment process.
- ii. Climate-related risks (e.g. erratic rainfall, flash floods) affecting agricultural output and rural infrastructure.
- iii. Rising cost of living, which may influence service demand, wage bill pressures, and public expectations

## **8. Statement of Management Responsibilities**

Section 164 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer of a County Government Entity to prepare financial statements in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The County Executive Committee (CEC) member for Finance and Economic planning of the County Government is responsible for the preparation and presentation of the County Executive's financial statements, which give a true and fair view of the state of affairs of the County Executive 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 county Executive/assembly; (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 county Executive; (v) Selecting and applying appropriate accounting policies; and (iv) Making accounting estimates that are reasonable in the circumstances.

The CEC member for finance accepts responsibility for the County Executive's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The CEC member for finance is of the opinion that the County Executive's financial statements give a true and fair view of the state of the County Executive's transactions during the financial year ended June 30, 2025, and of its financial position as at that date.

The CEC member for finance further confirms the completeness of the accounting records maintained for the County Executive which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

The CEC member for finance confirms that the County Executive has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Executive'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 CEC member for finance confirms that the County Executive's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

The County *entity's* financial statements were approved and signed by the CEC member on 27<sup>th</sup> OCT 2025.

.....  
Hon. Jackson Rop

**CECM – Finance and Economic Planning & Head of County Treasury**

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
E-mail: 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 COUNTY EXECUTIVE OF KERICHO FOR THE YEAR ENDED 30 JUNE, 2025**

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### **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 Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not 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 are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Adverse Opinion**

I have audited the accompanying transitional IPSAS financial statements of County Executive of Kericho set out on pages 1 to 85 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 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the transitional IPSAS financial statements do not present fairly, in all material respects, the financial position of County Executive of Kericho 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 (including the transitional provisions permitted under IPSAS 33) and do not comply with the County Governments Act, 2012 and the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

### **Basis for Adverse Opinion**

#### **1. Unsupported Opening Balances**

The statement of financial position reflects total assets and total liabilities opening balances of Kshs.606,588,886 and Kshs.1,211,995,248, respectively, resulting in negative net assets opening balance of Kshs.605,406,362. However, these balances were not supported by transition project co-ordination committee report. The listing of the assets and liabilities was also not provided for audit review.

Further, the statement reflects property, plant and equipment opening balance of Kshs.345,658,601. However, the amount differs with the balance of Kshs.15,560,830,144 reflected in the summary of non-current assets register for the previous year resulting in unexplained variance of Kshs.15,215,171,543.

In the circumstances, the accuracy and completeness of the net assets opening balance of negative Kshs.605,406,362 could not be confirmed.

#### **2. Inaccuracy of Use of Goods and Services**

The statement of financial performance and as disclosed in Note 10 to the financial statements reflects use of goods and services amounting to Kshs.2,171,715,695. However, the amount includes various expenditure items totalling Kshs.174,583,661 which differs with the supporting general ledgers that had amounts totalling Kshs.172,521,661 resulting in unexplained variance of Kshs.2,062,000 as shown below:



|   | <b>Expenditure</b>                             | <b>Amount as per the<br/>Financial<br/>Statements<br/>(Kshs)</b> | <b>Amount as per<br/>the General<br/>Ledger<br/>(Kshs)</b> | <b>Variance<br/>(Kshs)</b> |
|---|------------------------------------------------|------------------------------------------------------------------|------------------------------------------------------------|----------------------------|
| 1 | Hospitality<br>supplies and<br>services        | 96,327,277                                                       | 91,927,277                                                 | 4,400,000                  |
| 2 | Office and<br>general supplies<br>and services | 58,658,888                                                       | 59,996,888                                                 | (1,338,000)                |
| 3 | Routine<br>maintenance-<br>other assets        | 19,597,496                                                       | 20,597,496                                                 | (1,000,000)                |

In the circumstances, the accuracy and completeness of use of goods and services amounting to Kshs.174,583,661 could not be confirmed.

### **3. Inaccuracy of Employee Costs**

The statement of financial performance reflects employee costs amounting to Kshs.3,388,084,170 which does not agree with Note 9 of the financial statements that reflect an amount of Kshs.3,387,953,221 resulting in unexplained variance of Kshs.130,949. Further, the amount reported in the statement of financial performance differs with payroll and supporting schedules for employee costs totalling Kshs.3,335,801,370 resulting in unexplained variance of Kshs.52,282,800.

In the circumstance, the accuracy and completeness of employee costs amounting to Kshs.3,388,084,170 could not be confirmed.

### **4. Inaccuracy of Transfers to Bomet Water and Sanitation Company Limited**

The statement of financial performance reflects transfer to other Government entities amounting to Kshs.502,651,539. The amount includes transfers to Bomet Water and Sanitation Company Limited amounting to Kshs.18,433,620 as disclosed in Note 11 to the financial statements. However, review of records revealed that only two payments of Kshs.7,500,000 each were made on 21 August, 2024 and 21 January, 2025 all totalling Kshs.15,000,000 resulting in unexplained variance of Kshs.3,433,620.

Further, the records of Bomet Water and Sanitation Company Limited reflected receipts of Kshs.15,000,000 which was at variance with the amount reported by the County Government of Kericho.

In the circumstance, the accuracy and completeness of transfers to Bomet Water and Sanitation Company Limited amounting Kshs.18,433,620 could not be confirmed.

## **5. Unsupported Expenditure and Inaccurate Transfers to National Agricultural Value Chain Development Project (NAVCDP)**

The statement of financial performance reflects transfer to other Government entities amounting to Kshs.502,651,539. The amount includes transfers to National Agricultural Value Chain Development Project (NAVCDP) amounting to Kshs.144,514,015 as disclosed in Note 11 to the financial statements. However, the amount differs with the IFMIS payment details amount of Kshs.89,383,098 resulting in unexplained variance of Kshs.55,130,917.

Further, the Project's opening bank balance at 1 July, 2024 was Kshs.134,927,319 and that during the year the project received Kshs.144,514,015 and the closing bank balance was Kshs.413,304 which shows that the total expenditure for the project was Kshs.279,028,030. However, the respective expenditure returns together with the related accountability supporting documents were not provided for audit review.

In the circumstance, the accuracy and the completeness of Kshs.144,514,015 included under transfers to other government entities in Note 11 could not be determined.

## **6. Unsupported Property, Plant and Equipment**

The statement of financial position and as disclosed in Note 26 to the financial statements reflects property, plant and equipment balance of Kshs.854,402,767. However, no depreciation was charged on property, plant and equipment in the year. This was contrary to Policy 4(d) of the summary of significant accounting policies for the financial statements which states that all property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. In addition, the assets register and listing of assets in support of the disclosed amounts were also not provided for audit review.

Further, the amount includes an expenditure amounting to Kshs.4,851,724 incurred on the purchase of 0.5 hectares of land for the construction of a ward office at Kapsurer Ward. However, the title deed for the land was not provided for audit review. The amount also includes work-in-progress totalling Kshs.137,299,890 whose details of the nature of works, commencement date, expected date of completion, name of the contractor engaged, contract amount, interim certificates and progress reports were not provided for audit verification.

Additionally, the property, plant and equipment balance included Kshs.2,100,000 in respect of motor vehicles additions during the year which differs with the respective IFMIS payment details of Kshs.6,000,000 resulting to unreconciled variance of Kshs.3,900,000.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.854,402,767 could not be confirmed.

## **7. Unsupported Intangible Assets**

The statement of financial position and as disclosed in Note 27 to the financial statements reflects intangible assets totalling Kshs.20,316,233 in respect of additions in the year



under review. However, review of payment records revealed that software items that were procured during the year amounted to Kshs.13,873,100 resulting in unexplained variance of Kshs.6,443,133. The names of software procured, their purpose or function, where they operate from and the installation and hand over reports were not provided for audit review. Payment vouchers in support software payment of Kshs.1,500,000 made during the year were also not provided.

Further, the intangible assets have not been amortized. This was contrary to Policy 4(g) of the summary of significant accounting policies of the financial statements which states that intangible assets are stated at cost less accumulated amortization and impairment losses.

In the circumstances, the accuracy and completeness of intangible assets totalling Kshs.20,316,233 could not be confirmed.

#### **8. Inaccuracy of Trade and Other Payables**

The statement of financial position and as disclosed in Note 32 to the financial statements reflects trade and other payables totalling Kshs1,884,953,574. However, the amount does not include twenty-one (21) court awards made against the County Executive over the years totalling Kshs.69,083,118 which had not been paid and there was no evidence of appeal by Management.

Further, the amount does not include payables to KEMSA. However, collaborative evidence from Kenya Medical Supplies Agency (KEMSA) revealed that the County Executive owed KEMSA Kshs.61,140 for medical supplies which was not disclosed in the financial statements of the County Executive.

In the circumstance, the accuracy and completeness of trade and other payables totalling Kshs1,884,953,574 could not be confirmed.

#### **9. Inaccuracy of Accumulated Surplus**

The statement of financial position reflects accumulated surplus balance of Kshs.188,862,932. The balance includes opening surplus amounting to Kshs.173,161,379 as reflected in the statement of changes in net assets. However, the opening balance differs with the prior year audit surplus amounting to Kshs.229,908,705 resulting in an unreconciled and unexplained variance of Kshs.56,747,326.

Further, the balance includes unexplained and unsupported negative adjustments to recognize assets and liabilities amount of Kshs.778,567,740 as reflected in the statement of changes in net assets. In addition, the adjustments differ with the negative net assets totalling Kshs.605,406,362 reflected in the opening statement resulting in unexplained variance of Kshs.173,161,378.

In the circumstances, the accuracy and completeness of accumulated surplus balance of Kshs.188,862,932 could not be confirmed.



## **10. Unsupported Printing, Advertisement and Information Supplies**

The statement of financial performance reflects use of goods and services amounting to Kshs.2,171,715,695. The amount includes printing, advertising and information supplies and services amounting to Kshs.31,258,398 as disclosed in Note 10 to the financial statements. However, payment documents in support of payments totaling Kshs.19,376,766 that were included in the expenditure were not provided for audit review.

In the circumstance, the accuracy and completeness of printing, advertising and information supplies and services amounting to Kshs.19,376,766 could not be confirmed.

## **11. Unsupported Insurance Costs**

The statement of financial performance reflects use of goods and services amounting to Kshs.2,171,715,695. The amount includes insurance costs amounting to Kshs.82,439,739 as disclosed in Note 10 to the financial statements. The insurance costs expenditure of Kshs.40,939,739 incurred on motor vehicle insurance was not supported by, valuation reports, signed contract and policy documents for the insured motor vehicles were not provided for audit review. In addition, seven (7) motor vehicles with GK registration valued at Kshs.27,164,000 were insured at total premium of Kshs.747,000 yet the vehicles were not in the asset register under the category of motor vehicles, and no respective log books were provided for audit review.

Further, the insurance costs include Kshs.41,500,000 part payment to an Insurance Broker through Unserialized payment voucher dated 20 June, 2025 for provision of comprehensive medical insurance and group life cover to the County Executive staff at a contract sum of Kshs.200,000,139 effective 1 May, 2025. The Contract document signed between the Executive and the service provider did not provide the details of the names and number of members of staff covered, their dependents and the medical cover limits. No explanation was provided for not signing the insurance with the underwriter and paying the insurance broker instead of the underwriter. The accrued insurance cost of Kshs.158,500,139 has also not been disclosed as a payable.

In the circumstances, the accuracy, completeness and propriety of insurance costs amounting to Kshs.82,439,739 could not be confirmed.

## **12. Unsupported Transfers to Vocational Training Centers**

The statement of financial performance reflects transfer to other Government entities amounting Kshs.502,651,539. The amount includes transfers to vocational training centers amounting to Kshs.39,308,107 as disclosed in Note 11 to the financial statements. However, expenditure returns, acknowledgement from beneficiary Institutions were not provided for audit review.

In the circumstance, the accuracy, completeness and propriety of transfers to vocational training centers amounting to Kshs.39,308,107 could not be confirmed.

### **13. Unsupported Access Road Expenditure**

The statement of financial performance reflects use of goods and services amounting to Kshs.2,171,715,695. The amount includes access roads expenditure amount of Kshs.653,436,226 as disclosed in Note 10 to the financial statements. However, Management did not provide details of the roads repaired or constructed, contract amount for each road done and payment documents in support of this expenditure for audit review.

Further, the access road expenditure includes legal expenses amounting to Kshs.9,897,699. However, the legal expenses have been wrongly charged to access roads and Management did not explain the anomaly.

In the circumstance, the accuracy and completeness of access roads expenditure amounting to Kshs.653,436,226 could not be confirmed.

### **14. Unsupported Cash and Cash Equivalents**

The statement of financial position and as disclosed in Note 21 to the financial statements reflects cash and cash equivalents balance of Kshs.86,230,126. However, the balance was not supported by certificate of bank balances, bank statements, board of survey reports and bank reconciliation statements.

In the circumstance, the accuracy and completeness of cash and cash equivalents balance of Kshs.86,230,126 could not be confirmed.

### **15. Inaccuracy of Other Grant and Subsidies**

The statement of financial performance and as disclosed in Note 13 to the financial statements reflects other grants and subsidies amounting to Kshs.101,397,753. The amount differs with the general ledger balance of Kshs.103,497,953 resulting in an unexplained variance of Kshs.2,100,200.

In the circumstance, the accuracy and completeness of other grants and subsidies amounting to Kshs.101,397,753 could not be confirmed.

### **16. Unexplained Integrated Financial Management Information System (IFMIS) Transactions**

The statement of financial performance reflects total expenses amounting to Kshs.6,163,967,157. Review of the respective ledgers and IFMIS payment details revealed that transaction amounting to Kshs.3,321,920,045 and Kshs.166,819,466 were made to Kericho County Government and Kericho Chief Officer-Finance, respectively all totalling Kshs.3,488,739,511. However, the nature of the payments and the ultimate beneficiaries was not explained or provided for audit review.

In the circumstance, the accuracy and completeness of the total expenses of Kshs.6,163,967,157 could not be confirmed.



### **17. Unsupported Management Health Team (HSSF) and Community Health Partners (CHP) Stipend Account Expenditure**

The statement of financial performance reflects total expenses amounting to Kshs.6,163,967,157. The amount includes Kshs.54,281,275 and Kshs.33,540,000 paid to Kericho Health Management Team and CHP Stipend account totaling Kshs.87,821,275 which was not supported with expenditure returns and lists of beneficiaries.

In the circumstance, the nature of the expenditure of Kshs.87,821,275 could not be confirmed.

### **18. Kericho County KUSP Urban Development Grant**

The statement of financial performance reflects total expenses amounting to Kshs.6,163,967,157. Review of the respective IFMIS payment details revealed that an amount of Kshs.29,399,011 was paid to Kenya Urban Support Program (KUSP). However, the expenditure was not supported with the expenditure returns and the related supporting documentation.

In the circumstance, the accuracy and completeness of the payment of Kshs.29,399,011 paid into Kericho County KUSP Urban Development Grant account could not be confirmed.

### **19. Unexplained Cash Payments**

The statement of financial performance reflects total expenses amounting to Kshs.6,163,967,157. The amount included Kshs.141,055,481 paid under cash sub item to suppliers and individuals and another Kshs.75,692,646 paid as late duty allowances which were not supported with requisite documents including payment vouchers and the related documentation and lists of beneficiaries among others.

In the circumstances, the propriety of the cash payments of Kshs.216,740,127 could not be determined.

### **20. Payment for Emergency Relief**

The statement of financial performance reflects total expenses amounting to Kshs.6,163,967,157. Review of the respective IFMIS ledger revealed that an amount of Kshs.32,000,000 was paid to cater for emergency relief on food, medicine, blanket items, cash grants, tents and other temporary shelter which differs with the transfers under emergency item in the financial statements of Kshs.17,000,000 resulting to unexplained variance of Kshs.15,000,000.

In the circumstance, the accuracy and completeness of total expenses of Kshs.6,163,967,157 could not be confirmed.

## **21. Variances Between the Statement of Financial Performance and Integrated Financial Management Information System (IFMIS) Vote book**

The following variances were observed between the financial statements and amounts in the Integrated Financial Management Information System (IFMIS) Vote Book report:

| <b>Expenditure</b>                       | <b>Note</b> | <b>Financial Statement Amount (Kshs)</b> | <b>IFMIS Vote Book Amount (Kshs)</b> | <b>Variance (Kshs)</b> |
|------------------------------------------|-------------|------------------------------------------|--------------------------------------|------------------------|
| ICT Network and communications Equipment | 26          | 18,716,769                               | 15,043,100                           | 3,673,669              |
| Access Roads                             | 10          | 653,436,226                              | 709,228,292                          | 55,792,066             |
| Other Infrastructure and Civil works     | 10          | 35,479,394                               | 561,169,208                          | 525,689,814            |

In the circumstances, the accuracy and completeness of the amounts reflected in the financial statements could not be confirmed.

## **22. Unexplained Payments**

Review of IFMIS payment details revealed that an amount of Kshs.681,495,360 was paid as Grants to individuals and companies. Further, IFMIS payment details also show that the Management made payments in amounts above Kshs.10 Million to thirty (36) suppliers totaling Kshs.779,316,616. However, the details of beneficiaries and suppliers were not provided for audit review.

In the circumstance, the nature of the expenditure of Kshs.681,495,360 and Kshs.779,316,616 could not be confirmed.

## **23. Pre-feasibility, Feasibility and Appraisal Study Payments**

An amount of Kshs.14,798,420 was paid for Pre-feasibility, Feasibility and Appraisal Studies but no supporting documentation and justification was provided for audit review.

In the circumstance, the propriety of the payments of Kshs.14,798,420 could not be determined.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of County Executive of Kericho 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 adverse opinion.



## **Emphasis of Matter**

### **1. Long Outstanding Trade and other Payables**

The statement of financial position and as disclosed in Note 32 to the financial statements reflects trade and other payables totalling Kshs.1,884,953,574. The prior year audited financial statements reflects outstanding trade and other payables balance of Kshs.1,147,933,403, out of which records show that Kshs.629,535,470 was settled during the year leaving a balance of 518,397,932. This was contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015 which states debt service payments shall be a first charge on the County Revenue Fund. No reason was provided for failure by the Management to settle the balance of Kshs.518,397,932.

Failure to settle bills during the year to which they relate distorts the financial statements for that year and adversely affects the provisions for the subsequent year to which they have to be charged.

### **2. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget of Kshs.8,769,871,719 against actual receipts of Kshs.6,042,824,075 resulting in a revenue shortfall of Kshs.2,727,047,644 or thirty one percent (31%) of the budget.

Further, the statement reflects actual expenditure amounting to Kshs.5,932,300,322 against actual receipts of Kshs.6,042,824,075 resulting to under absorption of funds of Kshs.110,523,753 or two percent (2%) of the receipts.

The under-funding and under-utilization affected the planned activities and may have impacted negatively on service delivery to the residents of Kericho County.

My opinion is not modified in respect of these matters.

## **Key Audit Matters**

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

## **Other Matter**

### **Unresolved Prior Year Audit Matters**

In the audit report of the previous year, twenty-eight (28) issues were raised under Report on Financial Statements, Emphasis of Matter, Other Matter, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance as shown in **Appendix I**. However,

Management had not resolved the issues or given any explanations for failure to implement the recommendations.

### **Other Information**

Management is responsible for the Other Information set out on page iii to lxxvii which comprise of Key Entity Information and Management, Governance Statement, Forward by the County Executive Committee Member (CECM) Finance and Economic Planning, Statement of Performance against Predetermined Objectives, Environmental and Sustainability Reporting, Management Discussion and Analysis, 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 County Executive'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 conclusion 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, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources sections of my report, I confirm that public resources have not been applied lawfully and in an effective way.

#### **Basis for Conclusion**

##### **1. Failure to Submit Financial Statements for Kenya Devolution Support Programme II (KDSP 2)**

The statement of financial performance reflects transfer to other Government entities amounting Kshs.502,651,539. The amount includes transfers to Kenya Devolution Support Programme II (KDSP 2). However, financial statements for the programme were not prepared and submitted to the Auditor General. This was contrary to Regulation 101(4) of the Public Finance Management (County Governments) Regulations, 2015 which requires an Accounting Officer to prepare and submit financial statements not later than three months after the end of the financial year and submit them to the Auditor-General with a copy to the County Treasury, the Controller of Budget and the National Treasury.



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

## **2. Non-Compliance with Guidelines on Transition from Cash to Accrual Accounting**

Review of the transition process revealed that the County Steering Committee to oversee the planning, execution, and monitoring of the transition process had not been established. This was contrary to Guideline 1.5(iii) on Transition from Cash to Accrual Accounting by Ministries, Departments, Agencies and County Governments in Kenya, 2024 and Paragraph 2.1.1 of the National Treasury and Economic Planning Circular Referenced No.03/2025 dated 14 April, 2025 which directed that an entity steering committee made up of officers from relevant departments be established by the Accounting Officer.

Further, a Project Manager responsible for leading and coordinating all activities related to the transition process had not been appointed contrary to Paragraph 2.1.2 of the Guidelines that directed the Accounting Officers to appoint a project manager from among the service staff to oversee the transition from cash to accrual accounting project.

In the circumstances, lack of leadership and coordination may delay the transition process and result in non-achievement of key milestones and deliverables outlined in the transition roadmap.

## **3. Irregular Transfer of Hospitals Revenue to County Revenue Fund**

Review of revenue records obtained from Level 4 and Level 5 health facilities in Kericho County revealed that seven (7) Health facilities collected revenue amounting to Kshs.566,976,183 out of this amount, a total of Kshs.62,168,779 was transferred to County Revenue Fund. This was contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023 which requires that all monies raised or received by or on behalf of all public health facilities be retained in the Hospital Facilities Improvement Financing account. However, the County Treasury reimbursed a total of Kshs.65,297,630 to the health facilities resulting in excess reimbursement of Kshs.2,104,774 respect of Roret Level 4 Hospital.

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

## **4. Unauthorized Expenditure**

The statement of financial performance reflects total expenses amounting to Kshs.6,163,967,157. Review of the IFMIS payment details revealed that the amount includes expenses totalling Kshs.5,460,167,341. However, this expenditure exceeded the approved budget amount of Kshs.4,718,017,542 resulting in unauthorized expenditure of Kshs.742,149,799 as shown below:

| <b>Expenditure</b>         | <b>Approved<br/>Expenditure Budget<br/>Amount<br/>(Kshs)</b> | <b>IFMIS<br/>Payments<br/>(Kshs)</b> | <b>Over-Expenditure<br/>(Kshs)</b> |
|----------------------------|--------------------------------------------------------------|--------------------------------------|------------------------------------|
| Employees costs            | 3,600,878,572                                                | 3,387,953,221                        | 212,925,351                        |
| Use of goods and services  | 1,017,577,427                                                | 1,972,652,577                        | (955,075,150)                      |
| Other grants and subsidies | 99,561,543                                                   | 99,561,543                           | 0                                  |
| <b>Total</b>               | <b>4,718,017,542</b>                                         | <b>5,460,167,341</b>                 | <b>(742,149,799)</b>               |

This was contrary to Regulation 42(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires an Accounting Officer ensure that public funds entrusted to their care are properly safeguarded and are applied for purpose for only which they were intended and appropriated by the County Assembly.

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

#### **5. Non-Compliance with Fiscal Responsibility Principles**

The statement of financial performance and as disclosed in Note 9 to the financial statements reflects employee costs amounting to Kshs.3,388,084,170. The amount is equivalent to forty-nine percent (49%) of the County Executive's total revenue amounting to Kshs.6,958,060,201. This was contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the limit for County Government's expenditure on wages and benefits shall not exceed thirty-five (35) percent of the County Government's total revenue.

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

#### **6. Failure to Implement Budgeted Water Projects**

Review of projects implementation status report revealed that water and sewerage infrastructural works under rural schemes budgeted for Kshs.210,010,917 had not been implemented during the year under review. Further, no evidence was provided to show that the responsible AIE holder informed the accounting officer on the non-performance of the budgetary provisions by 15 February, 2025. This was contrary to Regulation 116 of the Public Finance Management (County Governments) Regulations, 2015 which states that where an A.I.E holder observes that it will not be possible to utilize all the funds allocated for a particular project in a given financial year, the AIE holder shall inform the accounting officer not later than the 15th February each year. The Accounting Officer shall then surrender the resources to the County Treasury and the County Treasury shall ensure that the funds are re-voted for the project in the following financial year in order to continue the implementation of the project.

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



## **7. Projects Implemented Outside the Approved Procurement Plan**

Review of records revealed that expenditure amounting to Kshs.230,573,346 was incurred on construction of roads. However, the roads constructed were not included in the approved procurement plan. This was contrary to Section 45(3) of the Public Procurement and Asset Disposal Act, 2015 which requires all procurement processes to align with the approved budget and be undertaken in accordance with an annual procurement plan developed by the procuring entity.

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

## **8. Unsupported Strategic Intervention**

Kericho County Government budgetary performance implementation and indicators for the year under review reflects budgetary provision in respect of strategic Intervention phase 1 and 2 of Kshs.100,000,000 and Kshs.134,000,000 respectively, all totalling Kshs.234,000,000. However, the budget estimate and performance presented and approved by the County Assembly did not contain lists of strategic intervention projects financed. This was contrary to Regulation, 50(3) of the Public Finance Management (County Governments) Regulations, 2015 which requires an accounting Officer of a Government entity to make an expenditure commitment against the procurement plan approved for that entity in accordance with the Public Procurement and Disposal Act and Regulations made thereunder.

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

## **9. Non-Compliance with Affirmative Action on 30% of Procurement Opportunities**

A review of the Procurement Plan revealed that enterprises owned by youth, women, and persons living with disabilities were allocated Kshs.742,304,923 of the planned annual procurement amounting to Kshs.2,916,301,125. This represented twenty five percent (25%) of the annual procurement budget. This was contrary to Regulation 149 of the Public Procurement and Asset Disposal Regulations, 2020 which requires an Accounting Officer of a procuring entity to allocate at least thirty percent (30%) of its annual procurement budget for the purposes of procuring goods, works and services from enterprises owned by youth, women and persons with disability.

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

## **10. Non-Compliance with the One-Third of Basic Salary Rule**

Review of the monthly payroll records revealed that three hundred and eighty-nine (389) employees earned a net salary of less than one-third ( $\frac{1}{3}$ ) of the basic salary in various months during the year under review. This was contrary to Section 19(3) of the Employment Act, 2007 which requires that deductions made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.



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

#### **11. Irregular Appointment in Acting Capacity**

Review of the human resource records revealed that one member of staff had been appointed in acting capacity for more than six (6) months. This was in contravention of Paragraph C14(1) of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which requires that when an officer is eligible for appointment to a higher post and is called upon to act in that post pending advertisement of the post, he/she is eligible for payment of acting allowance at the rate of twenty percent (20%) of his substantive basic salary and that acting allowance will not be payable to an officer for more than six (6) months.

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

#### **12. Nugatory and Avoidable Expenditure on Legal Fees**

The statement of financial performance reflects use of goods and services amounting to Kshs.2,171,715,695. The amount includes other operating expenses amounting to Kshs.199,605,631 as disclosed in Note 10 to the financial statements. The other operating expenses includes Kshs.3,278,377 paid to an advocate on behalf of a claimant for trespass on his land. Review of records revealed that the payment was in respect of compensation award of Kshs.2,000,000 plus accrued interest which arose from illegal trespass on the claimant's half an acre of land during road construction by a Contractor hired by the County Executive. The Contractor allegedly delineated the marks on the boundaries of the land and damaged property on the land which Management claimed was public land lying on a road reserve. No order or notice to vacate the land was given by the County's Department of Roads to the residents occupying the land which resulted to the damage of property. Had the order or notice been given to the residents to vacate the road reserve and public land, there would have been no suit and the expenditure of Kshs.3,278,375 would not have been incurred.

Further, the Environment and Lands Court in Kericho No. E010 of 2020 dated 6 July, 2023 decree awarded Kshs.2,000,000 against the County Executive. However, the amount was not paid in time which attracted an interest of Kshs.490,000, cost of the case of Kshs.633,233 and interest on cost awarded amounting to Kshs.155,142 all totaling to Kshs.1,278,375 which was avoidable.

In the circumstance, value for money was not achieved on the interest paid totalling Kshs.1,278,375.

#### **13. Unbudgeted for Procurement Empowerment Materials**

The statement of financial performance reflects use of goods and services amounting to Kshs.2,171,715,695 as further disclosed in Note 10 the financial statements. The amount includes an expenditure amounting to Kshs.7,971,636 which was incurred on procurement of assorted empowerment materials. However, the expenditure was not in the procurement plan or in the approved budget for the year under review. This was



contrary to Section 44(2)(a) of the Public Procurement and Asset Disposal Act, 2015 which provides that in the performance of the responsibility an Accounting Officer shall ensure that procurements of goods, works and services of the public entity are within approved budget of that entity. Further, request for quotations, regret letters to the unsuccessful bidders, inspection and acceptance certificates and distribution lists of the empowerment materials in support of the expenditure were not provided.

Further, review of Counter Receipt vouchers (S13) and Counter Requisition and Issue Vouchers (S11) revealed that one officer received and issued all the items delivered. This was contrary to the segregation of duties internal control. The delivery notes from the suppliers were not signed by the suppliers and the officers who received the items at the County Executive.

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

#### **14. Grounded Motor Vehicles**

Review of records revealed that forty-seven motor vehicles were grounded. The vehicles comprise of nineteen (19) serviceable and twenty-eight (28) grounded but recommended for disposal. However, no explanation was given on why the unserviceable motor vehicles and transport equipment have not been bonded and earmarked for disposal. This was contrary to Regulation 176(1) of the Public Procurement and Asset Disposal Regulations, 2020 which requires an Accounting Officer to ensure that an annual assets disposal plan is prepared for items declared as unserviceable, surplus or obsolete stores, asset or equipment.

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

#### **15. Irregular Expenditure on Contracted Borehole Drilling Services**

During the year, the County Executive outsourced borehole drilling services and paid Kshs.15,018,224. However, the County Executive had its own borehole drilling equipment which include a drilling rig, compressor, testing pump, generator and a support truck. No explanation was provided for outsourcing borehole drilling services. This was contrary to Regulation 39(1)(a) of the Public Finance Management (County Governments) Regulations, 2015 which requires an Accounting Officer to ensure efficient and economical use of budgeted funds and that value for money is achieved in the delivery of services.

In the circumstance, public resources were not applied in a prudent and efficient manner.

#### **16. Irregular Payment of Legal Fees**

Legal fees amounting to Kshs.10,338,464 was paid to a legal firm on 24 September, 2024 being the amount of decree together with cost execution and court collection fees which was outstanding for four (4) years. This amount differed with the decree amount of Kshs.9,106,244 provided in ELC Petition No. E0003 of 2021 resulting to an overpayment of Kshs.1,232,219. Further, the amount of Kshs.9,106,244 was not supported by a statement of cost and the respective fee note from the legal firm.



Further, legal fees amounting to Kshs.12,821,788 and outstanding compensation on legal fees of Kshs.48,888,828.98 all totalling Kshs.61,710,617 was paid in the year under review. However, the amount exceeded the approved budget amounting to Kshs.10,000,000 resulting in unauthorized expenditure of Kshs.51,710,617.

In the circumstance, public resources were not applied in a prudent and efficient manner.

#### **17. Proposed Construction of County Aggregation and Industrial Park (CAIP)**

The contract for the construction of County Aggregation and Industrial Park in Kapsorok was signed on 17 October, 2023 at a contract price of Kshs.541,000,000. Review of records revealed that the project was to be done under counterpart funding arrangement between the National Government and the County Executive of Kshs.291,000,000 and Kshs.250,000,000 respectively. The contract period was to expire on 21 August, 2025. However, at the time of audit in June, 2025 the contractor had been paid a total of Kshs.72,872,621.72 equivalent of 13.5% against estimated physical progress of 40% .

Physical verification of the project on 4 June, 2025, showed that several works as per the bills of quantities totaling Kshs.512,885,072 were yet to be done.

In the circumstances, value for money has not been achieved.

#### **18. Delayed Completion of Rehabilitation and Construction of Kimologit Water Supply Project**

The contract for the proposed rehabilitation and construction of Kimologit water project at a contract sum of Kshs.186,289,133 for a contract period of 12 months with estimated completion date on 11 July, 2020 was signed on 30 May, 2019. Review of records revealed that the contract has been extended severally for periods cumulating to fifty-three (53) months, with the latest one having expired on 23 June, 2025. The contractor had been paid Kshs.136,025,070, equivalent to 73% of the contract sum.

Physical verification on 12 June, 2025 revealed that the contractor had abandoned the site while works totaling Kshs.9,970,090 as per the Bills of Quantities (BQ's) for construction of chemical house, laboratory, fencing of the treatment plant, construction of elevated tank for backwash of the transmission line, construction of workers house and security guard, levelling off the ground, toilets and construction of access road works had not been executed. The contracts and performance guarantee have also expired on 23 June, 2025 and 5 May, 2025 respectively.

Further, the treatment plant is located on a donated piece of land measuring 2.5 Acres. However, the title deed of the land was not provided for audit.

In the circumstances, value for money has not been achieved.

#### **19. Stalled construction and Equipping of Theater at Ainamoi Health Centre**

The contract for the construction and equipping of an operating surgical theatre at Ainamoi Sub-County Hospital at a cost of Kshs.14,135,859 was to be completed on 4 June, 2020. Review of records revealed that all the contract sum had been paid. Further,



the contract had expired and period was extended to 19 August, 2022. The contract was not extended further. However, physical verification of the facility on 17 June, 2025 revealed that the Project had stalled and the contractor was not at site.

In the circumstance, value for money has not been achieved.

## **20. Delayed completion of Modern Market at Sondu**

The contract for the construction and completion of Modern Sondu Market at a contract sum of Kshs.128,945,229 was signed on 12 June, 2019 with a contract period of fifty-two (52) weeks with effect from 14 August, 2019. Review of the project implementation status report as at June, 2025, showed that the contractor has been paid an accumulated amount of Kshs.107,665,975.75 or 71.6% of contract sum with works certified at 90%. No budgetary provisions on the remaining works were provided for during the year under review.

Physical verification of the project carried out on 17 June, 2025 revealed that the contract period expired and several works are yet to be completed. However, the contractor is on site but works is progressing in a slow pace and without an addendum to the original contract.

In the circumstance, value for money has not been achieved.

## **21. Delayed Completion of Kapkures Water Supply Project**

The contract for the rehabilitation and construction of Kapkures Water Supply project at a contract sum of Kshs.87,417,116 was signed on 30 May, 2019 for a contract period of twelve (12) months from the date of signing the contract. Review of records revealed that the completion date was extended to 17 February, 2023. However, the Status Report as at June, 2025 showed that the progress of works certified stood at 85% and additional works originally not in the BQ's including, fencing, construction of new gravity main from intake to treatment works and completion of pipe fittings on twin treatment works were yet to be completed.

Further, the contractor had been paid accumulative amount of Kshs.63,713,770 to date inclusive of consultancy services of Kshs.23,348,579 and variation works of Kshs.2,500,000 paid via payment certificate No. 2 and which was not approved by the evaluation committee before it was submitted to the accounting officer for approval. The performance bond guarantee provided for has also expired.

In the circumstance, value for money has not been achieved.

## **22. Lack of Risk Management Policy**

The County has no approved risk management policy. This was contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires that the Accounting Officer ensure that the county government entity develops risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.

In the circumstance, Management 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, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

#### **1. Understaffing of Internal Audit Department**

Review of the documents provided for audit revealed that the Directorate of Internal Audit and Risk Management had six (6) out of an approved thirty-eight (38) staff establishment. This is an indication of inadequate staff complement.

Further, the directorate lacked an approved budget and workplan. In addition, there was no Internal Audit Charter and evidence of risk management reports undertaken in the year.

In the circumstances, effectiveness of internal controls and governance could not be confirmed.

#### **2. Lack of Audit Committee**

Review of the governance structure in place during the year under review revealed that the County Executive did not have an internal audit committee in place contrary to the provisions of section 155(5) of the Public Finance Management Act, 2012 which requires a County Government entity to establish an internal auditing committee whose composition and functions are to be prescribed by the regulations.

In the circumstance, effectiveness of internal controls and governance could not be confirmed.



### **3. Weaknesses in Access to Government Opportunities (AGPO) Controls**

Review of the procurement records revealed that a supplier was contracted to supply, deliver and install assorted furniture in new Hospital facilities at a contract price of Kshs.2,840,700. The contract was signed on 19 February, 2024 two (2) months after evaluation of tenders was approved on 20 January, 2024. The tender was reserved for AGPO (women). However, the AGPO Certificate presented by the supplier related to a different firm. Similarly, the contract for the supply of medical equipment for Londiani Sub-County Hospital at a contract price of Kshs.2,064,000 was reserved for AGPO groups. However, AGPO Certificate provided by the supplier belonged to a different firm.

Further, AGPO certificate was not requested as mandatory requirement. This resulted in award of tenders under the category of disadvantaged groups amounting to Kshs.11,804,540 without AGPO certificates.

In the circumstances, the effectiveness controls on Access to Government Procurement Opportunities 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 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 (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 County Executive'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 the County Executive'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**

**05 December, 2025**



## Appendix I

### Unresolved Prior Year Audit Matters

|    | Financial Year | Audit Issue                                                                                                           |
|----|----------------|-----------------------------------------------------------------------------------------------------------------------|
|    |                | <b>Qualified Opinion</b>                                                                                              |
| 1  | 2023/2024      | Variance of Financial Statements with General Ledger and IFMIS Payment Details                                        |
| 2  | 2023/2024      | Unsupported Foreign Travel and Subsistence                                                                            |
| 3  | 2023/2024      | Unsupported Payments for Insurance Services                                                                           |
| 4  | 2023/2024      | Account payables – retention monies                                                                                   |
| 5  | 2023/2024      | Unsupported Domestic Travel and Subsistence Allowance                                                                 |
| 6  | 2023/2024      | Un authorized Re allocation of Development Funds to recurrent vote                                                    |
| 7  | 2023/2024      | Unauthorized operation of mobile money payment                                                                        |
| 8  |                | Inaccuracies in Pending Accounts Payable                                                                              |
|    | 2023/2024      | <b>Emphasis of matter</b>                                                                                             |
| 9  | 2023/2024      | Budgetary control and performance                                                                                     |
| 10 | 2023/2024      | Long outstanding pending accounts payables                                                                            |
|    |                | <b>Report on Lawfulness and Effectiveness in Use of Public Resources</b>                                              |
| 11 | 2023/2024      | Construction and equipping of Theater at Ainamoi Health Centre                                                        |
| 12 | 2023/2024      | Modern Market at Sondu                                                                                                |
| 13 | 2023/2024      | Delayed completion of Kapkures Water Supply Project – Strategic Intervention Project for the Financial Year 2028/2019 |
| 14 | 2023/2024      | Non-Compliance with Requirements for Reallocation of Development Appropriations                                       |
| 15 | 2023/2024      | Non – Current Assets Register                                                                                         |
| 16 | 2023/2024      | Failure to Construct Governor and Deputy Governor's Houses                                                            |
| 17 | 2023/2024      | Non – Compliance with Fiscal Responsibility Principles – Wage Bill                                                    |
| 18 | 2023/2024      | Non - Compliance with the Law on Staff Ethnicity Composition                                                          |
| 19 | 2023/2024      | Non – Compliance with the Law of People with Disability                                                               |
| 20 | 2023/2024      | Non – Adherence to the One – Third Basic Salary Rule                                                                  |
| 21 | 2023/2024      | Construction of the Kericho County Aggregated Industrial Park                                                         |
| 22 | 2023/2024      | Failure to Submit List of Ongoing Projects                                                                            |
| 23 | 2023/2024      | Misclassification of Economic Items in the Approved Budget                                                            |

|    | <b>Financial Year</b> | <b>Audit Issue</b>                                                                      |
|----|-----------------------|-----------------------------------------------------------------------------------------|
| 24 | 2023/2024             | Failure to Undertake Procurement through E – procurement                                |
|    |                       | <b>Report on the Effectiveness of Internal Controls, Risk Management and Governance</b> |
| 25 | 2023/2024             | Failure to Prepare Human Resource Plan                                                  |
| 26 | 2023/2024             | Lack of Information and Communication Technology and Strategic Plan                     |
| 27 | 2023/2024             | Action on Internal Audit Reports by the County Executive                                |
| 28 | 2023/2024             | Failure of the Audit Committee to Meet as Required                                      |



Statement of Financial Performance for the year ended 30 June 2025

|                                        | Notes | 2024/2025     |
|----------------------------------------|-------|---------------|
|                                        |       | Kshs          |
| Revenue from non-exchange transactions |       |               |
| Transfers from CRF                     | 6     | 6,958,060,201 |
| Miscellaneous Revenue                  | 7     | -             |
| <b>Total</b>                           |       |               |
| Revenue from exchange transactions     |       | 110,000       |
| Other income                           | 8     | 6,958,170,201 |
| <b>Total revenue</b>                   |       |               |
| <b>Expenses</b>                        |       |               |
| Employee costs                         | 9     | 3,388,084,170 |
| Use of goods and services              | 10    | 2,171,715,695 |
| Transfers to other Government Entities | 11    | 502,651,539   |
| Depreciation and amortization expense  | 12    | -             |
| Other Grants and Subsidies             | 13    | 101,397,753   |
| Finance costs                          | 14    |               |
| Social Benefits                        | 15    | 118,000       |
| <b>Total expenses</b>                  |       | 6,163,967,157 |
| Gain/(loss) on sale of assets          | 16    | -             |
| Gain/Loss on Foreign Exchange          | 17    | -             |
| Gain/Loss on fair value of investments | 18    | -             |
| Impairment loss                        | 19    | -             |
| <b>Surplus/Deficit for the year</b>    |       | 794,203,044   |
| Taxation                               | 20    | -             |
| <b>Net Surplus/Deficit</b>             |       | 794,203,044   |

The Financial Statements set out on pages 8 to 55 were signed by:

.....

Name: CPA Dr George Kirer

Chief Officer Finance

ICPAK M/No.9499

.....

Name CPA Fernandes Korir

Director Accounting Services

ICPAK M/No 13966

(Paragraph 79 of IPSAS 33 allows for the election by an entity to present one statement of financial performance, one statement of cash flow, one statement of net assets and the statement of financial position and an opening statement of financial position as at the time of adoption of the accrual basis of accounting. In preparing this financial reporting template, this election has been made, and therefore, there are no comparatives in the first year of transition.)

II. Statement of Financial Position as at June 30, 2025

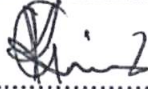
|                                            | Notes | 2024/2025            | Opening Statement<br>1 <sup>st</sup> July 2024 |
|--------------------------------------------|-------|----------------------|------------------------------------------------|
|                                            |       | Kshs                 | Kshs                                           |
| <b>Assets</b>                              |       |                      |                                                |
| <b>Current Assets</b>                      |       |                      |                                                |
| Cash and Cash equivalents                  | 20    | 86,230,126           | 249,930,285                                    |
| Receivables from Exchange Transactions     | 21(a) | -                    | -                                              |
| Receivables from Non-Exchange Transactions | 22    | 1,165,276,411        | 11,000,000                                     |
| Inventories                                | 23    | -                    | -                                              |
| Current portion of investments             | 24    | -                    | -                                              |
| <b>Total Current Assets</b>                |       | <b>1,251,506,537</b> | <b>260,930,285</b>                             |
| <b>Non-Current Assets</b>                  |       |                      |                                                |
| Receivables from Exchange Transactions     | 21(b) | -                    | -                                              |
| Non- Current portion of investments        | 24    | -                    | -                                              |
| Property, Plant and Equipment              | 25    | 854,402,767          | 345,658,601                                    |
| Right of Use Assets                        | 26    | -                    | -                                              |
| Intangible Assets and Goodwill             | 27    | 20,316,233           | -                                              |
| Investment Property                        | 28    | -                    | -                                              |
| Biological Assets                          | 29    | -                    | -                                              |
| Tangible Natural Resources                 | 30    | -                    | -                                              |
| <b>Total Non- Current Assets</b>           |       | <b>874,719,000</b>   | <b>345,658,601</b>                             |
| <b>Total Assets (A)</b>                    |       | <b>2,126,225,537</b> | <b>606,588,886</b>                             |
| <b>Liabilities</b>                         |       |                      |                                                |
| <b>Current Liabilities</b>                 |       |                      |                                                |
| Trade and Other Payables                   | 31    | 1,884,953,574        | 1,135,226,341                                  |
| Refundable deposits and prepayments        | 32    | 52,409,032           | 76,768,907                                     |
| Current Provision                          | 33    | -                    | -                                              |
| Lease Liabilities                          | 34    | -                    | -                                              |
| Deferred Income                            | 35    | -                    | -                                              |
| Employee Benefit Obligation                | 36    | -                    | -                                              |
| Current Portion of Borrowings              | 37    | -                    | -                                              |
| <b>Total Current Liabilities</b>           |       | <b>1,937,362,606</b> | <b>1,211,995,248</b>                           |
| <b>Non-Current Liabilities</b>             |       |                      |                                                |



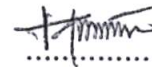
Report and Financial Statements for the year ended June 30, 2025.

|                                            | Notes | 2024/2025                 | Opening Statement<br>1 <sup>st</sup> July 2024 |
|--------------------------------------------|-------|---------------------------|------------------------------------------------|
|                                            |       | Kshs                      | Kshs                                           |
| Non-Current Provisions                     | 33    | -                         | -                                              |
| Lease Liabilities                          | 34    | -                         | -                                              |
| Deferred Income                            | 35    | -                         | -                                              |
| Non-Current Employee Benefit<br>Obligation | 36    | -                         | -                                              |
| Borrowings – Non-Current Portion           | 37    |                           |                                                |
| Service Concession Liability               | 38    | -                         | -                                              |
| <b>Total Non- Current Liabilities</b>      |       | -                         |                                                |
| <b>Total Liabilities (B)</b>               |       | <b>1,937,362,606</b>      | <b>1,211,995,248</b>                           |
|                                            |       |                           |                                                |
| <b>Net Assets (A-B)</b>                    |       | <b><u>188,862,931</u></b> | <b><u>(605,406,362)</u></b>                    |
|                                            |       |                           |                                                |
| <b>Represented by:</b>                     |       |                           |                                                |
| Reserves                                   | *     | -                         | -                                              |
| Accumulated Surplus                        |       | 188,862,932               | (605,406,361)                                  |
| Capital Fund                               |       | -                         | -                                              |
| <b>Net Assets</b>                          |       | <b><u>188,862,932</u></b> | <b><u>(605,406,361)</u></b>                    |

The financial statements set out on pages 8 to 55 were signed by:



.....  
**Name: CPA Dr George Kirer**  
**Chief Officer Finance**  
**ICPAK M/No.9499**



.....  
**Name CPA Fernandes Korir**  
**Director Accounting Services**  
**ICPAK M/No 13966**

12. Statement of Changes in Net Assets for the year ended 30<sup>th</sup> June 2025

|                                                    | Accumulated<br>Surplus | Reserves | Capital<br>Fund | Total         |
|----------------------------------------------------|------------------------|----------|-----------------|---------------|
| As at 30 <sup>th</sup> June 2024 (cash basis)      | 173,161,379            |          |                 | 173,161,379   |
| Adjustments: (to recognize assets and liabilities) | (778,567,740)          |          |                 | (778,567,740) |
| As at July 1, 2024                                 | (605,406,361)          | -        |                 | (605,406,361) |
| Surplus/ deficit for the period                    | 794,203,044            |          |                 | 794,203,044   |
| Returns to CRF                                     | 66,249                 |          |                 | 66,249        |
| Additions during the period                        |                        | -        | -               | -             |
| Other changes (specify)                            |                        | -        | -               | -             |
| As at 30 <sup>th</sup> June, 2025                  | 188,862,932            | -        | -               | 188,862,932   |



13. Statement of Cash Flows for the year ended 30<sup>th</sup> June 2025

|                                                               |       | 2024/2025            |
|---------------------------------------------------------------|-------|----------------------|
|                                                               | Notes | Kshs                 |
| <b>Cash flows from operating activities</b>                   |       |                      |
| Transfers from CRF                                            |       | 5,792,783,790        |
| Miscellaneous Revenue                                         |       | -                    |
| Other income                                                  |       | 110,000              |
| <b>Total receipts</b>                                         |       | <b>5,792,893,790</b> |
| <b>Payments</b>                                               |       |                      |
| Employee costs                                                |       | 3,095,200,341        |
| Use of goods and services                                     |       | 1,303,447,261        |
| Transfers to other Government Entities                        |       | 615,343,104          |
| Other Grants and Subsidies                                    |       | 83,012,787           |
| Finance costs                                                 |       | -                    |
| Social Benefits                                               |       | 118,000              |
| <b>Total payments</b>                                         |       | <b>5,097,121,492</b> |
| <b>Net cash flows from/(used in) operating activities</b>     | 40    | <b>695,772,298</b>   |
| <b>Cash flows from investing activities</b>                   |       |                      |
| Purchase of PPE                                               |       | (833,704,692)        |
| Purchase Intangible assets                                    |       | (1,474,138)          |
| Proceeds from sale of PPE                                     |       | -                    |
| Proceeds from sale of Biological Assets                       |       | -                    |
| Purchase of investments                                       |       | -                    |
| Sale of investments                                           |       | -                    |
| <b>Net cash flows from/(used in) investing activities</b>     |       | <b>(835,178,830)</b> |
| <b>Cash flows from financing activities</b>                   |       |                      |
| Returns to CRF                                                |       | 66,249               |
| Proceeds from borrowings                                      |       | -                    |
| Repayment of borrowings                                       |       | -                    |
| <b>Net cash flows from financing Activities</b>               |       | <b>66,249</b>        |
| <b>Net increase/(decrease) in Retentions</b>                  |       | <b>(24,359,874)</b>  |
| <b>Net increase/(decrease) in cash &amp; Cash equivalents</b> |       | <b>(163,700,158)</b> |
| Cash and cash equivalents at 1 July                           | 21    | 249,930,285          |
| <b>Cash and cash equivalents at 30 June</b>                   | 21    | <b>86,230,126</b>    |

(PSASB has prescribed the use of the direct method for cash flow preparation)

*Kericho County Executive***Annual Report and Financial Statements for the year ended June 30, 2025****14. Statement of Comparison of Budget and Actual Amounts for the Year ended 30 June 2025****Recurrent and Development Budgets Combined**

| Receipts/Payments 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 %          |
|                                                           | Kshs                 | Kshs                   | Kshs                 | Kshs                       | Kshs                          |                  |
| <b>Revenues</b>                                           |                      |                        |                      |                            |                               |                  |
| Opening balance (Non-refundable special purpose accounts) | -                    | -                      | -                    | 249,930,285                | (249,930,285)                 |                  |
| Transfers from CRF                                        | 8,283,371,447        | 486,500,272            | 8,769,871,719        | 5,792,783,790              | 2,977,087,929                 | 66               |
| Miscellaneous Revenue                                     | -                    | -                      | -                    | -                          | -                             |                  |
| Other income                                              | -                    | -                      | -                    | 110,000                    | (110,000)                     |                  |
| <b>Total revenues</b>                                     | <b>8,283,371,447</b> | <b>486,500,272</b>     | <b>8,769,871,719</b> | <b>6,042,824,075</b>       | <b>2,727,047,644</b>          | <b>69</b>        |
| <b>Expenses</b>                                           |                      |                        |                      |                            |                               |                  |
| Employee costs                                            | 3,487,081,617        | 113,796,955            | 3,600,878,572        | 3,095,200,341              | 505,678,231                   | 86               |
| Use of goods and services                                 | 2,569,871,208        | (1,552,293,781)        | 1,017,577,427        | 1,303,447,261              | (285,869,834)                 | 128              |
| Transfers to other Government Entities                    | 1,875,398,457        | (5,808,549)            | 1,869,589,908        | 615,343,104                | 1,254,246,804                 | 33               |
| Other Grants and Subsidies                                | 190,741,728          | (91,180,185)           | 99,561,543           | 83,012,787                 | 16,548,756                    | 83               |
| Finance costs                                             | -                    | -                      | -                    | -                          | -                             |                  |
| Social Benefits                                           | -                    | -                      | -                    | 118,000                    | (118,000)                     |                  |
| <b>Total</b>                                              | <b>8,123,093,010</b> | <b>(1,535,485,560)</b> | <b>6,587,607,450</b> | <b>5,097,121,492</b>       | <b>1,490,485,958</b>          | <b>77</b>        |
| <b>Capital items</b>                                      |                      |                        |                      |                            |                               |                  |
| Acquisition of PPE                                        | 148,923,387          | 2,028,340,882          | 2,177,264,269        | 833,704,692                | 1,343,559,577                 | 38               |
| Acquisition of Intangible assets                          | 11,355,050           | (6,355,050)            | 5,000,000            | 1,474,138                  | 3,525,862                     | 29               |
| Purchase of investments                                   | -                    | -                      | -                    | -                          | -                             |                  |



*Kericho County Executive***Annual Report and Financial Statements for the year ended June 30, 2025.**

| Receipts/Payments 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 %          |
| Repayment of borrowings           | -               | -             | -             | -                          | -                             |                  |
| <b>Total expenses Development</b> | 160,278,437     | 2,021,985,832 | 2,182,264,269 | 835,178,830                | 1,347,085,439                 | 38               |
| <b>Total Expenses</b>             | 8,283,371,447   | 486,500,272   | 8,769,871,719 | 5,932,300,322              | 2,837,571,397                 | 68               |
| Surplus/ deficit                  | -               | -             | -             | 110,523,753                |                               |                  |

**Reconciliation table**

|                                                                                             | Operating    | Financing | Investing | total        |
|---------------------------------------------------------------------------------------------|--------------|-----------|-----------|--------------|
| Actual amounts on comparable basis presented in the budget and actual comparative statement | 110,523,753  | -         | -         | 110,523,753  |
| Basis difference                                                                            | -            | -         | -         | -            |
| Timing differences                                                                          | (24,359,874) | -         | -         | (24,359,874) |
| Entity differences                                                                          | -            | -         | -         | -            |
| Classification differences                                                                  | 66,249       | -         | -         | 66,249       |
| Actual in the statement of cashflows                                                        | 86,230,127   | -         | -         | 86,230,127   |

*Budget Notes*

1. The under-utilisation of revenue above was due to unrealised own source revenue
2. The underutilization on employee costs, transfers and grants was due to receivables amount received in July and non-realisation of revenue
3. The over utilisation on use of goods was due to expensing of development votes due to change in accounting reporting method.

*Kericho County Executive*  
Annual Report and Financial Statements for the year ended June 30, 2025.

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

### **1. General Information**

Kericho County Executive Entity is established by and derives its authority and accountability from The Constitution of Kenya 2010. The Entity is domiciled in Kenya and its principal activities are ;

- Implementing county laws and national policies at the county level.
- Planning, budgeting, and coordinating county development programmes.
- Delivering devolved services including agriculture, health, trade, infrastructure, water, and early childhood education.
- Managing county public service and promoting socio-economic development for residents.

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

#### **Statement of compliance**

The financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and with the International Public Sector Accounting Standards (IPSAS).

#### **Guiding note during the transition period:**

*The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS), or the entity has taken advantage of the transitional provisions under IPSAS 33 and therefore these 1<sup>st</sup>/ 2<sup>nd</sup>/ 3<sup>rd</sup>/ years financial statements are transitional financial statements and the following elements of the financial statements have not been recognised as the entity has taken advantage of the transition provisions outlined in IPSAS 33. (Entity to state the transitional provisions it has applied and the steps being towards full compliance with IPSAS Accrual).*

*These financial statements were authorised for issue by the accounting officer on 29<sup>th</sup> August 2025.*

#### **Basis of Preparation**

These financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period. These financial statements have been prepared on an accrual basis unless otherwise specified (for example, the Statement of Cash Flows). Under an accrual basis, revenues are recognised when rights to assets are earned or levied rather than when cash is received, and expenses are recognised when obligations are incurred rather than when they are settled. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Entity. The accounting policies adopted have been consistently applied to all the years presented.

#### **Reporting period**

The reporting period for these financial statements is for the period ended June 30, 2025

### **Critical accounting judgements**

IPSAS requires accounting judgements to be made in determining accounting policies that impact the presentation of these financial statements. The most critical of these judgements, and their impact, are:

#### Recognition of revenue

Revenue is an increase in the net financial position, other than increases arising from ownership contributions. Revenue is required to be measured when the event occurs and when recognition criteria (probable inflow of resources and ability to reliably measure their value) are met. Judgment is required to determine if these criteria are met, particularly where limited evidence is available at the time the revenue is earned.

#### Recognition of non-exchange expenses and liabilities

A liability is a present obligation of an entity for an outflow of resources that results from a past event. Expenses (and other liabilities) are recognized when there is a present obligation (legal or constructive) as a result of a past event. An outflow of resources embodying economic benefits will probably be required to settle the obligation and a reliable estimate of the obligation can be made. Judgment is required in assessing each of these conditions, and therefore reporting if an expense and a present obligation should be reported.

The *entity* pursues a number of policy targets and outcomes. However, the commitment to these targets and outcomes, generally, do not of themselves constitute a present obligation unless the *entity* is clear on the cost it intends to incur, when payment will be made, and to whom and as a consequence has raised a valid expectation. As a consequence, liabilities are not reported for costs associated with the *entity* policy objectives and targets. Where a policy choice gives rise to an obligation that exists independently of the *entity's* future actions, expenses (and other related liabilities) are recognized for that policy.

#### Purpose and nature of financial instruments

Judgment is required in determining whether financial assets (including investment in securities and advances) and financial liabilities are held for trading or to provide a return through interest and principal transactions. Depending on that judgment, financial instruments will be reported at fair value or on an amortized cost basis.

#### Climate change obligations

Kenya's current National Determined Contribution (NDC) to deliver on the goals of the Paris Agreement sets a headline target of a 32 per cent emission reduction by 2030 relative to the business-as-usual scenario of 143 MtCO<sub>2</sub>eq. Entities commitment to climate change action does not constitute a present obligation on the balance sheet but are disclosed separately.



Physical assets

An asset is a resource presently controlled by the entity as a result of a past event. The primary reason for holding property, plant and equipment and other assets is for their service potential rather than their ability to generate cash flows. Because of the types of services provided, a significant proportion of assets used by public sector entities including roads, national parks, heritage buildings etc are specialized in nature. There may be a limited market for such assets and so judgement is required on measurement. Judgment is also required whether assets are held for commercial purposes or public benefit purposes.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

| Standard                                                                               | Effective date and impact:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IPSAS 43                                                                               | <p><i>Applicable 1<sup>st</sup> January 2025</i></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 cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>                                                                                                                                                      |
| IPSAS 44:<br>Non- Current<br>Assets Held<br>for Sale and<br>Discontinued<br>Operations | <p><i>Applicable 1<sup>st</sup> January 2025</i></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: 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><i>State the expected impact of the standard to the Entity if relevant</i></p>                                                                                                                                                                                                                                                |
| IPSAS 45-<br>Property<br>Plant and<br>Equipment                                        | <p><i>Applicable 1<sup>st</sup> 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 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><i>State the expected impact of the standard to the Entity if relevant</i></p> |
| IPSAS 46<br>Measurement                                                                | <p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> <li>Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |



## Annual Reports and Financial Statements for the year ended June 30, 2025.

| Standard | Effective date and impact:                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|          | <p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p> |

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 47-<br>Revenue                                                       | <p><i>Applicable 1<sup>st</sup> 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><i>State the expected impact of the standard to the Entity if relevant</i></p> |
| IPSAS 48-<br>Transfer<br>Expenses                                          | <p><i>Applicable 1<sup>st</sup> 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><i>State the expected impact of the standard to the Entity if relevant</i></p>                                                                           |
| IPSAS 49-<br>Retirement<br>Benefit Plans                                   | <p><i>Applicable 1<sup>st</sup> 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><i>State the expected impact of the standard to the Entity if relevant</i></p>                                                                                                                                                                                                      |
| IPSAS 50:<br>Exploration<br>For &<br>Evaluation of<br>Mineral<br>Resources | <p><i>Applicable 1<sup>st</sup> 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> <p>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</p>                                                                                                                                                                                                                                                                                                                                |

**Annual Reports and Financial Statements for the year ended June 30, 2025.**

| 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 cash flows from any exploration and evaluation assets recognized.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p> |

*iii) Early adoption of standards*

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*



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

**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 Entity and can be measured reliably. Recurrent grants are recognized in the statement of financial performance. Development/Capital grants are recognized in the statement of financial performance after meeting revenue recognition criteria. Conditional grants are recognized as revenue upon fulfilment of the set conditions.

**ii) Revenue from exchange transactions**

**Interest income**

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

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

**Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

**b) Budget information**

The original budget for FY 2024/25 was approved by the County Assembly on *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 Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional appropriations of xxx on the 20xx/xx budget following the governing body's approval. The Entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements.

**Budget information (continued)**

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 cash flows has been presented under section xxx of these financial statements.

**c) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an xx-year period. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**d) 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 Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value



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

**e) Right of use asset**

The right-of-use assets comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IPSAS 21 or IPSAS 26. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

**f) Tangible Natural Resources**

The entity recognises a tangible natural resource recognized if, and only if: It is probable that service potential associated with the natural resource will flow to the entity; the entity controls the tangible natural resource as a result of past events; and the tangible natural resource can be measured reliably. Where this criterion is not met, the entity discloses the tangible natural resource in the notes to the financial statements. Where a tangible natural resource is recognized as an asset as the result of an event that is not a transaction in an orderly market, including non-exchange transactions, the asset shall be measured initially at its deemed cost. An entity shall apply IPSAS 46, Measurement, when measuring the deemed cost of such a recognized tangible natural resource. A recognized tangible natural resource acquired through an exchange transaction shall be measured at its cost. Historical cost model is applied after initial recognition less any depreciation and impairment losses.

**Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

**g) 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.

**h) Research and development costs**

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale;
- ii) Its intention to complete and its ability to use or sell the asset;
- iii) How the asset will generate future economic benefits or service potential;
- iv) The availability of resources to complete the asset;
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

**i) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (Amend as appropriate). A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.



**i. Financial assets**

**Classification of financial assets**

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

**Subsequent measurement**

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

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Trade and other receivables**

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

**Fair value through surplus or deficit**

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

**Impairment**

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

**ii. Financial liabilities**

**Classification**

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through surplus or deficit



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

**j) Inventories**

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

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

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

**k) Provisions**

Provisions are recognized when the Entity 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 Entity 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.

**l) Contingent liabilities**

The Entity 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 (Continued)**

**m) Contingent assets**

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

**n) Nature and purpose of reserves**

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

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

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

**p) Employee benefits**

**Retirement benefit plans**

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

**q) Foreign currency transactions**

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



different from those at which they were initially reported are recognized in surplus or deficit in the period.

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

**r) Borrowing costs**

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

**s) Related parties**

The *Entity* 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 *Entity*, or vice versa. Members of key management are regarded as related parties and comprise *the Governor, Deputy governor, County Secretary, County Executive Committee Members and Chief Officers, Speaker of the county assembly and, Clerk of the county Assembly, Directors and senior managers.*

**t) Service concession arrangements.**

The *Entity* analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Entity* recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**u) 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.

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

**v) Comparative figures**

In preparing these financial statements the entity has elected to apply paragraph 79 of IPSAS 33, which allows for the election by an entity to present one statement of financial performance, one statement of cash flow, one statement of net assets and the statement of financial position and an opening statement of financial position as at the time of first-time adoption of the accrual basis of accounting.

**w) 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.



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

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

**Estimates and assumptions.**

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

**Useful lives and residual value**

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

- a) The condition of the asset based on the assessment of experts employed by the Entity.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

**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 xx. 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.

Notes to the Financial Statements (Continued)

6. Transfers from CRF

| Nature of Transfer        | Amount recognized<br>to Statement of<br>financial<br>performance. | Amount deferred<br>under deferred<br>income. | Total transfers<br>2024/2025 |
|---------------------------|-------------------------------------------------------------------|----------------------------------------------|------------------------------|
|                           |                                                                   |                                              | Kshs                         |
| Recurrent                 | 4,527,057,764                                                     | -                                            | 4,527,057,764                |
| Development               | 2,240,453,591                                                     | -                                            | 2,240,453,591                |
| Special purpose transfers | 190,548,846                                                       | -                                            | 190,548,846                  |
| <b>Total</b>              | <b>6,958,060,201</b>                                              | <b>-</b>                                     | <b>6,958,060,201</b>         |

7. Miscellaneous Revenue

| Nature of Revenue                     | 2024/2025 |
|---------------------------------------|-----------|
|                                       | Kshs      |
| In kind grants and donations          | -         |
| Refunds & Reimbursements              | -         |
| Revenues not classified anywhere else | -         |
| <b>Total</b>                          | <b>-</b>  |

8. Other Incomes

| Description                | 2024/2025      |
|----------------------------|----------------|
|                            | Kshs           |
| Insurance recoveries       | -              |
| Sale of tender documents   | -              |
| Services concession income | -              |
| Other incomes -Donations   | 110,000        |
| <b>Total other income</b>  | <b>110,000</b> |

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified).



## Notes to the Financial Statements (Continued)

## 9. Employee Costs

| Description                                                            | 2024/2025               |
|------------------------------------------------------------------------|-------------------------|
|                                                                        | Kshs                    |
| Basic salaries of permanent employees                                  | 1,271,112,012.40        |
| Basic wages of temporary employees                                     | 437,881,105.40          |
| Personal allowances – part of salary                                   | 1,352,806,666.14        |
| Pension and other social security contributions                        | 210,458,192.37          |
| Employer contributions to compulsory national social security schemes  | 26,653,290.00           |
| Employer contributions to compulsory national health insurance schemes | -                       |
| Other social benefit schemes                                           | 36,759,154.46           |
| Other personnel costs                                                  | 52,282,800.00           |
| <b>Employee costs</b>                                                  | <b>3,387,953,220.77</b> |

*N/b: Other personnel costs relate to county contribution payments to community Health Promoters (CHP)*

## 10. Use of Goods and Services

| Description                                                                        | 2024/2025      |
|------------------------------------------------------------------------------------|----------------|
|                                                                                    | Kshs           |
| Utilities, supplies and services                                                   | 58,501,695.15  |
| Communication, supplies and services                                               | 7,011,849.45   |
| Domestic travel and subsistence                                                    | 129,443,029.00 |
| Foreign travel and subsistence                                                     | 14,357,214.00  |
| Printing, advertising, and information supplies & services                         | 31,258,398.00  |
| Rentals of produced assets                                                         | 1,694,300.00   |
| Training expenses                                                                  | 54,618,004.00  |
| Hospitality supplies and services                                                  | 96,327,277.00  |
| Insurance costs                                                                    | 82,439,739.00  |
| Specialized materials and services                                                 | 405,566,479.05 |
| Other operating expenses <i>including bank Charges</i>                             | 199,605,631.00 |
| Office and general supplies and services                                           | 58,658,888.00  |
| Fuel Oil and Lubricants                                                            | 57,716,741.15  |
| Routine maintenance – vehicles and other transport equipment                       | 32,246,870.00  |
| Routine maintenance – other assets                                                 | 19,597,496.00  |
| Research, Feasibility Studies, Project Preparation and Design, Project Supervision | 22,690,220.00  |
| Acquisition of Strategic Stocks                                                    | 700,000.00     |
| Tea buying centres                                                                 | 93,959,642.00  |
| Access roads                                                                       | 653,436,226.28 |
| Non Residential buildings                                                          | 2,021,720.00   |
| other infrastructure and civil works                                               | 35,479,394.30  |
| Refurbishment of buildings                                                         | 6,729,730      |

| Description  | 2024/2025               |
|--------------|-------------------------|
|              | Kshs                    |
| ECDE Centres | 107,655,152             |
| <b>Total</b> | <b>2,171,715,695.38</b> |

## Notes to the Financial Statements (Continued)

## 11. Transfers to Other Government Entities

| Description                                          | 2024/2025          |
|------------------------------------------------------|--------------------|
|                                                      | Kshs               |
| <b>Transfers to other County Government entities</b> |                    |
| Kericho Municipal Board                              | 89,386,191         |
| Litein Municipal Board                               | 23,677,879         |
| Kenya DevolutionSupport Programme II(KDSP 2)         | 10,033,569         |
| Bomet water                                          | 18,433,620         |
| Danida                                               | 12,750,000         |
| Non Danida                                           | 9,242,138          |
| User fee Reimbursements                              | 18,048,789         |
| Vocational Training Centres                          | 39,308,107         |
| Roret Hospital                                       | 2,073,866          |
| Fortenan Sub County                                  | 1,012,230          |
| Kericho County Referral Hospital                     | 29,101,952         |
| Kipkelion sub county Hospital                        | 274,560            |
| Londiani sub county Hospital                         | 3,914,251          |
| Kapkatet sub county Hosp                             | 24,146,538         |
| Sigowet sub county Hospital                          | 8,404,927          |
| Transfers to Kericho County mortgage schemes         | 20,000,000         |
| NAVCDP                                               | 144,514,015        |
| <b>Transfers to self-reporting projects</b>          |                    |
| FLOCCA                                               | 48,328,907         |
| <b>Total</b>                                         | <b>502,651,539</b> |

## 12. Depreciation and Amortization Expense

| Description                         | 2024/2025 |
|-------------------------------------|-----------|
|                                     | Kshs      |
| Property, plant and equipment       | -         |
| Intangible assets                   | -         |
| Investment property carried at cost | -         |
| <b>Total</b>                        | <b>-</b>  |



**13. Other Grants and Subsidies**

| Description                       | 2024/2025             |
|-----------------------------------|-----------------------|
|                                   | Kshs                  |
| Kericho County Emergency Fund     | 17,000,000.00         |
| Grants to Co-operatives           | 71,401,398.00         |
| Boda Boda Shed                    | 12,996,355.00         |
| <b>Total Grants and Subsidies</b> | <b>101,397,753.00</b> |

**14. Finance Costs**

| Description                                             | 2024/2025 |
|---------------------------------------------------------|-----------|
|                                                         | Kshs      |
| Interest Payments on Guaranteed Debt Taken over by Govt | -         |
| Interest on Domestic Borrowings (Non-Govt)              | -         |
| Interest on Borrowings from Other Government Units      | -         |
| Interest on bank overdrafts                             | -         |
| Interest on loans from commercial banks                 | -         |
| <b>Total finance costs</b>                              | <b>-</b>  |

## 15. Social Benefits

| Description                          | 2024/2025      |
|--------------------------------------|----------------|
|                                      | Kshs           |
| Christmass tree                      | 118,000        |
| <b>Total social benefit expenses</b> | <b>118,000</b> |

## 16. Gain/Loss on Sale of Assets

| Description                         | 2024/2025 |
|-------------------------------------|-----------|
|                                     | Kshs      |
| Property, plant and equipment       | -         |
| Intangible assets                   | -         |
| Other assets not capitalised        | -         |
| <b>Total gain on sale of assets</b> | <b>-</b>  |

## 17. Gain/Loss on Foreign Exchange

| Description                                   | 2024/2025 |
|-----------------------------------------------|-----------|
|                                               | Kshs      |
| Gain or loss on foreign exchange transactions | -         |
| Gain or loss on balances in foreign exchanges | -         |
| <b>Total</b>                                  | <b>-</b>  |

## 18. Gain/Loss on Fair Value Investments

| Description               | 2024/2025 |
|---------------------------|-----------|
|                           | Kshs      |
| Investments at Fair Value | -         |
| <b>Total Gain</b>         | <b>-</b>  |

## 19. Impairment Loss

| Description                   | 2024/2025 |
|-------------------------------|-----------|
|                               | Kshs      |
| Property, Plant and Equipment | -         |
| Intangible Assets             | -         |
| <b>Total Impairment Loss</b>  | <b>-</b>  |



## 20. Taxation

| Description                                                                  | 2024/2025 |
|------------------------------------------------------------------------------|-----------|
|                                                                              | Kshs      |
| Current income tax charge                                                    | -         |
| Tax charged on rental income                                                 | -         |
| Tax charged on interest income                                               | -         |
| Original and reversal of temporary differences                               | -         |
| <b>Income tax expense reported in the statement of financial performance</b> | <b>-</b>  |

## 21. Cash and Cash Equivalents

| Description                         | 2024/2025         | Opening Statement<br>1 <sup>st</sup> July 2024 |
|-------------------------------------|-------------------|------------------------------------------------|
|                                     | Kshs              | Kshs                                           |
| Recurrent Account                   | 1,839,054         | 51,923                                         |
| Development Account                 | 55,579            | 14,325                                         |
| Deposits Account                    | 52,409,033        | 76,768,907                                     |
| Special Purpose Accounts            | 25,064,553        | 34,121,827                                     |
| Other operating commercial accounts | 6,861,908         | 138,973,301                                    |
| <b>Total</b>                        | <b>86,230,126</b> | <b>249,930,284</b>                             |

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

## 21 (a) Detailed Analysis of the Cash and Cash Equivalents

|                                                             |                       | 2024/2025  | Opening Statement<br>1 <sup>st</sup> July 2024 |
|-------------------------------------------------------------|-----------------------|------------|------------------------------------------------|
|                                                             |                       | Kshs       | Kshs                                           |
| <b>Financial Institution</b>                                | <b>Account number</b> |            |                                                |
| <b>Recurrent Accounts</b>                                   |                       |            |                                                |
| KERICHO COUNTY RECURRENT                                    | 1000171308            | 1,839,054  | 51,923                                         |
| <b>Development Accounts</b>                                 |                       |            |                                                |
| KERICHO COUNTY DEVELOPMENT                                  | 1000171267            | 55,579     | 14,325                                         |
| <b>Deposits Accounts</b>                                    |                       |            |                                                |
| KERICHO COUNTY DEPOSIT ACCOUNT                              | 1000239678            | 52,409,033 | 76,768,907                                     |
| <b>Commercial Accounts</b>                                  |                       |            |                                                |
| KCB, Kericho County salary Control account-Kshs.            | 114960153             | 6,184,780  | 3,772,975                                      |
| Equity, Kericho County Donation Account-Kshs.               | '0280263407182        | 263,824    | 271,825                                        |
| CO-OP BANK, Kericho County Health Emergency Account- Kshs.  | 11411752085900        | -          | 1,183                                          |
| NBK, Kericho County National Agriculture Value Chain, Kshs. | 7700139539            | 413,304    | 134,927,319                                    |
| <b>Special Purpose Accounts</b>                             |                       |            |                                                |

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

|                                                 |                | 2024/2025         | Opening Statement<br>1 <sup>st</sup> July 2024 |
|-------------------------------------------------|----------------|-------------------|------------------------------------------------|
| Financial Institution                           | Account number | Kshs              | Kshs                                           |
| KERICHO COUNTY SPECIAL PURPOSE ACC              | 1000343567     | -                 | -                                              |
| KERICHO COUNTY ROAD MAINT. FUEL LEV             | 1000360437     | 924,514           | 924,514                                        |
| KERICHO COUNTY KENYA CLIM S.AGR PRJ             | 1000360445     | 1                 | 1                                              |
| KERICHO COUNTY EDU SPECIAL PURP ACC             | 1000367938     | 5,788,459         | 5,788,459                                      |
| KERICHO COUNTY KDSP GRANT SPA ACC               | 1000439084     | 8,640,792         | 24,823,778                                     |
| KERICHO COUNTY HEALTH OPERATION ACC             | 1000521791     | 1                 | 1                                              |
| KERICHO COUNTY PRIMARY HEALTH CARE              | 1000570188     | -                 | 62,138                                         |
| KERICHO COUNTY 2ND KE DEVOLUTION SU-KES         | 1000746203     | 83,407            | -                                              |
| KERICHO COUNTY AGGREG INDUS PARKS               | 1000736507     | 9,627,379         | 2,522,937                                      |
| KERICHO COUNTY NATIONAL AGRICULTURE VALUE CHAIN | 1000719408     | 1                 | 1                                              |
| KERICHO COUNTY CHP STIPEND ACCOUNT              | 1000743597     | -                 | -                                              |
| <b>Total</b>                                    |                | <b>86,230,126</b> | <b>249,930,285</b>                             |

## 22. Receivables from Exchange Transactions

| Description                               | 2024/2025 | Opening Statement<br>1 <sup>st</sup> July 2024 |
|-------------------------------------------|-----------|------------------------------------------------|
|                                           | Kshs      | Kshs                                           |
| Total receivables                         |           |                                                |
| Other exchange debtors ( <i>Specify</i> ) | -         | -                                              |
| Less: impairment allowance                | -         | -                                              |
| Total receivables                         | -         | -                                              |
| a) Current receivables                    | -         | -                                              |
| b) Non-current receivables                | -         | -                                              |
| Total Receivables (a+b)                   | -         | -                                              |

## i) Ageing analysis for Receivables

| Description        | 2024/2025     |                      | Opening Statement<br>1 <sup>st</sup> July 2024 |                   |
|--------------------|---------------|----------------------|------------------------------------------------|-------------------|
|                    | Kshs          |                      | Kshs                                           |                   |
|                    | Current<br>FY | % of<br>the<br>total | Opening Balance                                | % of the<br>total |
| Less than 1 year   | -             | %                    | -                                              | %                 |
| Between 1- 2 years | -             | %                    | -                                              | %                 |
| Between 2-3 years  | -             | %                    | -                                              | %                 |
| Over 3 years       | -             | %                    | -                                              | %                 |
| Total (a+b)        | -             | %                    | -                                              | %                 |

## ii) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

| Impairment allowance                 | 2024/2025 |
|--------------------------------------|-----------|
|                                      | Kshs      |
| At the beginning of the year         | -         |
| Additional allowance during the year | -         |
| Recovered during the year            | -         |
| Written off during the year          | -         |
| At the end of the year               | -         |



## 23. Receivables from Non-Exchange Transactions

| Description                                                        | 2024/2025                    |                                   | Opening Statement<br>1 <sup>st</sup> July 2024 |                               |
|--------------------------------------------------------------------|------------------------------|-----------------------------------|------------------------------------------------|-------------------------------|
|                                                                    | Kshs                         |                                   | Kshs                                           |                               |
| Other debtors (non-exchange transactions)                          | 1,165,276,411                |                                   | -                                              |                               |
| Less: impairment allowance                                         | -                            |                                   | -                                              |                               |
| <b>Total receivables from non- exchange transactions</b>           | <b>1,165,276,411</b>         |                                   | <b>-</b>                                       |                               |
|                                                                    |                              |                                   |                                                |                               |
| <b>Ageing Analysis- Receivables from non-exchange transactions</b> | <b>Insert<br/>Current FY</b> | <b>%<br/>of<br/>the<br/>total</b> | <b>Opening Balance</b>                         | <b>% of<br/>the<br/>total</b> |
| Less than 1 year                                                   | 1,165,276,411                | %                                 | -                                              | %                             |
| Between 1-2 years                                                  | -                            | %                                 | -                                              | %                             |
| Over 3 years                                                       | -                            | %                                 | -                                              | %                             |
| <b>Total</b>                                                       | <b>1,165,276,411</b>         | <b>%</b>                          | <b>-</b>                                       | <b>%</b>                      |

## i. Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

| Description                           | 2024/2025 |
|---------------------------------------|-----------|
|                                       | Kshs      |
| At the beginning of the year          | -         |
| Additional provisions during the year | -         |
| Recovered during the year             | -         |
| Written off during the year           | -         |
| At the end of the year                | -         |

## Notes to the Financial Statements (Continued)

## 24. Inventories

| Description                    | 2024/2025 | Opening Statement<br>1 <sup>st</sup> July 2024 |
|--------------------------------|-----------|------------------------------------------------|
|                                | Kshs      | Kshs                                           |
| Spare parts                    | -         | -                                              |
| Goods held for distribution    | -         | -                                              |
| Less: allowance for impairment | -         | -                                              |
| <b>Total</b>                   | -         | -                                              |

## Detailed disclosure on inventories

|                                  | 2024/2025 |
|----------------------------------|-----------|
| Opening balance                  | -         |
| Additional Inventory in the year | -         |
| Inventory expensed in the year   | -         |
| Write-downs in the year          | -         |
| Others specify                   | -         |
| Closing balance                  | -         |

## 25. Investments

| Description                                             | 2024/2025 | Opening Statement<br>1 <sup>st</sup> July 2024 |
|---------------------------------------------------------|-----------|------------------------------------------------|
|                                                         | Kshs      | Kshs                                           |
| <b>a) Investment in Treasury bills and bonds</b>        |           |                                                |
| Financial institution                                   |           |                                                |
| CBK                                                     | -         | -                                              |
| CBK                                                     | -         | -                                              |
| Sub- total                                              | -         | -                                              |
| <b>b) Investment with Financial Institutions/ Banks</b> |           |                                                |
| Bank x                                                  | -         | -                                              |
| Bank y                                                  | -         | -                                              |
| Sub- total                                              | -         | -                                              |
| <b>c) Equity investments (specify)</b>                  |           |                                                |
| Equity/ shares in Entity xxx                            | -         | -                                              |
| Sub- total                                              | -         | -                                              |
| Grand total                                             | -         | -                                              |
| <b>Analysed as:</b>                                     |           |                                                |
| Current portion of Investment                           | -         | -                                              |
| Non-current portion of investment                       | -         | -                                              |

d) Movement of Equity Investments

|                                                    | 2024/2025 |
|----------------------------------------------------|-----------|
|                                                    | Kshs      |
| At the beginning of the year                       | -         |
| Purchase of investments in the year                | -         |
| Sale of investments during the year                | -         |
| Increase /(decrease ) in fair value of investments | -         |
| At the end of the year                             | -         |

Notes to the Financial Statements (Continued)

e) Shareholding in other entities

For investments in equity share listed under note 25 above, list down the equity investments under the following categories.

| Name of Entity where investment is held | No of shares        |                       |                        | Nominal value of shares | Fair value of shares | Fair value of shares                        |
|-----------------------------------------|---------------------|-----------------------|------------------------|-------------------------|----------------------|---------------------------------------------|
|                                         | Direct shareholding | Indirect shareholding | Effective shareholding |                         | Current year         | Opening Statement 1 <sup>st</sup> July 2024 |
|                                         | %                   | %                     | %                      | Kshs                    | Kshs                 | Kshs                                        |
| Entity A                                | -                   | -                     | -                      | -                       | -                    | -                                           |
| Entity B                                | -                   | -                     | -                      | -                       | -                    | -                                           |
| Entity C                                | -                   | -                     | -                      | -                       | -                    | -                                           |
|                                         | -                   | -                     | -                      | -                       | -                    | -                                           |



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**Annual Reports and Financial Statements for the year ended June 30, 2025.**

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

**26. Property, Plant and Equipment**

|                                          | Land      | Buildings   | Motor vehicles | Infrastructure assets | Furniture and fittings | Computers & ICT Equipment | Machinery and equipment | Work in progress | Service concession assets | Total       |
|------------------------------------------|-----------|-------------|----------------|-----------------------|------------------------|---------------------------|-------------------------|------------------|---------------------------|-------------|
| Depreciation Rate                        |           |             |                |                       |                        |                           |                         |                  |                           |             |
| Cost                                     | Kshs      | Kshs        | Kshs           | Kshs                  | Kshs                   | Kshs                      | Kshs                    | Kshs             | Kshs                      | Kshs        |
| Opening Bal as 1 <sup>st</sup> July 2024 | -         | 89,889,127  |                | 189,885,711           | 4,522,150              | 13,219,200                | 28,317,942              | 19,824,472       |                           | 345,658,602 |
| Additions                                | 4,851,724 | 147,033,888 | 2,100,000      | 129,946,363           | 54,286,122             | 18,716,769                | 34,333,882              | 117,475,418      |                           | 508,744,166 |
| Disposals                                | -         |             |                |                       |                        |                           |                         |                  |                           | -           |
| Transfer/Adjustments                     | -         | -           |                | -                     | -                      | -                         | -                       | -                |                           | -           |
| As At 30 June 2025                       | 4,851,724 | 236,923,015 | 2,100,000      | 319,832,074           | 58,808,272             | 31,935,969                | 62,651,824              | 137,299,890      | -                         | 854,402,767 |
| Depreciation & Impairment                |           |             |                |                       |                        |                           |                         |                  |                           |             |
| Depreciation for the year                | -         |             |                |                       |                        |                           |                         |                  |                           | -           |
| Disposals                                | -         | -           |                | -                     |                        |                           |                         |                  |                           | -           |
| Impairment                               | -         | -           |                | -                     |                        |                           |                         |                  |                           | -           |
| Transfer/Adjustment                      | -         | -           |                | -                     |                        |                           |                         |                  |                           | -           |
| As At 30 June 2025                       | -         | -           |                |                       |                        |                           |                         |                  |                           | -           |

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|                                             | Land      | Buildings   | Motor vehicles | Infrastructure assets | Furniture and fittings | Computers & ICT Equipment | Machinery and equipment | Work in progress | Service concession assets | Total       |
|---------------------------------------------|-----------|-------------|----------------|-----------------------|------------------------|---------------------------|-------------------------|------------------|---------------------------|-------------|
| Depreciation Rate                           |           |             |                |                       |                        |                           |                         |                  |                           |             |
| Cost                                        | Kshs      | Kshs        | Kshs           | Kshs                  | Kshs                   | Kshs                      | Kshs                    | Kshs             | Kshs                      | Kshs        |
| Net Book Values                             |           |             |                |                       |                        |                           |                         |                  |                           |             |
| Opening Bal as at 1 <sup>st</sup> July 2024 |           |             |                |                       |                        |                           |                         |                  |                           | -           |
| As At June 30, 2025                         | 4,851,724 | 236,923,015 | 2,100,000      | 319,832,074           | 58,808,272             | 31,935,969                | 62,651,824              | 137,299,890      | -                         | 854,402,767 |

N/B; The work in progress (WIP) consist of strategic intervention and multi-year projects, payments for these projects are interim and once the final certificate payment is made, they will be transferred fully as assets to accordingly.

## Notes to the Financial Statements (Continued)

## 27. Intangible Assets

| Description                                       | 2024/2025            |
|---------------------------------------------------|----------------------|
|                                                   | Kshs                 |
| Cost/Opening balance at the beginning of the year |                      |
| Additions                                         | 20,316,232.95        |
| Disposal                                          |                      |
| <b>At end of the Period</b>                       | <b>20,316,232.95</b> |
| Additions–internal development                    | -                    |
| Less: Disposal                                    | -                    |
| <b>At end of the Period</b>                       | <b>20,316,232.95</b> |
| Amortization and impairment                       |                      |
| At beginning of the Period                        | -                    |
| Amortization                                      |                      |
| <b>At end of the Period</b>                       |                      |
| Impairment loss                                   | -                    |
| <b>At end of the Period</b>                       | <b>-</b>             |
| <b>NBV</b>                                        | <b>20,316,232.95</b> |

## 28. Investment Property

| Description                                       | 2024/2025 |
|---------------------------------------------------|-----------|
|                                                   | Kshs      |
| Cost/Opening balance at the beginning of the year | -         |
| Additions                                         | -         |
| Disposal during the year                          | -         |
| Depreciation                                      | -         |
| Impairment                                        | -         |
| <b>At end of the year</b>                         | <b>-</b>  |

*(This note applies to investment property held at cost. For investment property held at fair value, changes in fair value should go through the statement of financial performance).*



## Notes to the Financial Statements (Continued)

## 29. Right-of-use assets

|                                 | <i>Buildings</i> | <i>Motor vehicles</i> | <i>Plant and equipment</i> | <i>Total</i> |
|---------------------------------|------------------|-----------------------|----------------------------|--------------|
|                                 | Kshs             | Kshs                  | Kshs                       | Kshs         |
| <b>Cost</b>                     |                  |                       |                            |              |
| As at 1 July 2024               | -                | -                     | -                          | -            |
| Additions                       | -                | -                     | -                          | -            |
| As at June 2025                 | -                | -                     | -                          | -            |
|                                 |                  |                       |                            |              |
| <b>Accumulated Depreciation</b> |                  |                       |                            |              |
| As at 1 July 2024               | -                | -                     | -                          | -            |
| Charge for the year             | -                | -                     | -                          | -            |
| As at June 2025                 | -                | -                     | -                          | -            |
|                                 |                  |                       |                            |              |
| <b>Carrying Amount</b>          |                  |                       |                            |              |
| As at June 2025                 | -                | -                     | -                          | -            |

## 30. Biological Assets

| <i>Description</i> | <i>2024/2025</i> | <i>Opening Statement<br/>1<sup>st</sup> July 2024</i> |
|--------------------|------------------|-------------------------------------------------------|
|                    | Kshs             | Kshs                                                  |
| Specify            | -                | -                                                     |
| Specify            | -                | -                                                     |
|                    |                  |                                                       |
| <b>Total</b>       | -                | -                                                     |

## 31. Tangible Natural Resources

|                                 | <i>Sub- soil assets</i> | <i>Water</i> | <i>Wildlife</i> | <i>Total</i> |
|---------------------------------|-------------------------|--------------|-----------------|--------------|
|                                 | Kshs                    | Kshs         | Kshs            | Kshs         |
| <b>Cost</b>                     |                         |              |                 |              |
| As at 1 July 2024               | -                       | -            | -               | -            |
| Additions                       | -                       | -            | -               | -            |
| As at June 2025                 | -                       | -            | -               | -            |
|                                 |                         |              |                 |              |
| <b>Accumulated Depreciation</b> |                         |              |                 |              |
| As at 1 July 2024               | -                       | -            | -               | -            |
| Charge for the year             | -                       | -            | -               | -            |
| As at June 2025                 | -                       | -            | -               | -            |
|                                 |                         |              |                 |              |
| <b>Carrying Amount</b>          |                         |              |                 |              |
| As at June 2025                 | -                       | -            | -               | -            |

## Notes to the Financial Statements (Continued)

## 32. Trade and Other Payables

| Description                                    | 2024/2025     |     | Opening Statement<br>1 <sup>st</sup> July 2024 |                      |
|------------------------------------------------|---------------|-----|------------------------------------------------|----------------------|
|                                                | Kshs          |     | Kshs                                           |                      |
| Trade payables                                 | 1,592,200,694 |     | 1,135,226,341                                  |                      |
| Payments received in advance                   | -             |     | -                                              |                      |
| Employee payables                              | 292,752,880   |     | -                                              |                      |
| Third-party payments                           |               |     |                                                |                      |
| Other payables                                 |               |     |                                                |                      |
| Total trade and other payables                 | 1,884,953,574 |     | 1,135,226,341                                  |                      |
|                                                |               |     |                                                |                      |
| Ageing analysis:<br>(Trade and other payables) | Current FY    | %   | Opening balance                                | % of<br>the<br>Total |
| Under one year                                 | 1,351,029,058 | 72% | 1,135,226,341                                  | 100%                 |
| 1-2 years                                      | 533,924,516   | 28% | -                                              | %                    |
| 2-3 years                                      | -             | %   | -                                              | %                    |
| Over 3 years                                   | -             | %   | -                                              | %                    |
| Total (tie to above total)                     | 1,884,953,574 |     | 1,135,226,341                                  |                      |

## 33. Refundable Deposits and Prepayments

| Description                            | 2024/2025     |                      | Opening Statement<br>1 <sup>st</sup> July 2024 |                      |
|----------------------------------------|---------------|----------------------|------------------------------------------------|----------------------|
|                                        | Kshs          |                      | Kshs                                           |                      |
| Customer Retention                     | 52,409,032.00 |                      | 76,768,906.75                                  |                      |
| Prepayments                            | -             |                      | -                                              |                      |
| Other deposits                         | -             |                      | -                                              |                      |
| Total deposits                         | 52,409,032.00 |                      | 76,768,906.75                                  |                      |
|                                        |               |                      |                                                |                      |
| Ageing analysis: (Refundable deposits) | Current FY    | % of<br>the<br>Total | Opening<br>Balance                             | % of<br>the<br>Total |
| Under one year                         | 52,409,032    | %                    | 76,768,906.75                                  | %                    |
| 1-2 years                              | -             | %                    | -                                              | %                    |
| 2-3 years                              | -             | %                    | -                                              | %                    |
| Over 3 years                           | -             | %                    | -                                              | %                    |
| Total                                  | 52,409,032    |                      | 76,768,906.75                                  |                      |

## Notes to the Financial Statements (Continued)

## 34. Provisions

| Description                                     | Leave provision | Gratuity Provision | Other provision | Total |
|-------------------------------------------------|-----------------|--------------------|-----------------|-------|
|                                                 | Kshs            | Kshs               | Kshs            | Kshs  |
| Balance b/f                                     | -               | -                  | -               | -     |
| Additional provisions                           | -               | -                  | -               | -     |
| Provision utilised                              | -               | -                  | -               | -     |
| Change due to discount and time value for money | -               | -                  | -               | -     |
| <b>Total provisions year end</b>                | -               | -                  | -               | -     |
| Current Provisions                              | -               | -                  | -               | -     |
| Non-Current Provisions                          | -               | -                  | -               | -     |

## 35. Lease Liabilities

| Description                          | 2024/2025 | Opening Statement<br>1 <sup>st</sup> July 2024 |
|--------------------------------------|-----------|------------------------------------------------|
|                                      | Kshs      | Kshs                                           |
| Balance at the beginning of the year | -         | -                                              |
| Discount interest on lease liability | -         | -                                              |
| Paid during the year                 | -         | -                                              |
| <b>At end of the year</b>            | -         | -                                              |

## Maturity Analysis

| Period                  | Amount |
|-------------------------|--------|
| Year 1                  | -      |
| Year 2                  | -      |
| Year 3                  | -      |
| Year 4                  | -      |
| Year 5 and onwards      | -      |
| Less: unearned Interest | -      |
|                         | -      |

## Analysed as:

| Description  | Amount |
|--------------|--------|
| Current      | -      |
| Non- Current | -      |
| <b>Total</b> | -      |



## Notes to the Financial Statements (Continued)

## 36. Deferred Income

| Description                        | 2024/2025 | Opening Statement<br>1 <sup>st</sup> July 2024 |
|------------------------------------|-----------|------------------------------------------------|
|                                    | Kshs      | Kshs                                           |
| National Government                | -         | -                                              |
| International Funders              | -         | -                                              |
| Public Contributions and Donations | -         | -                                              |
| <b>Total Deferred Income</b>       | -         | -                                              |

The deferred income movement is as follows:

|                                  | National<br>government | International<br>funders | Public<br>contributions<br>and donations | Total |
|----------------------------------|------------------------|--------------------------|------------------------------------------|-------|
|                                  | Kshs                   | Kshs                     | Kshs                                     | Kshs  |
| Balance Brought Forward          | -                      | -                        | -                                        | -     |
| Additions                        | -                      | -                        | -                                        | -     |
| Transfers To Capital Fund        | -                      | -                        | -                                        | -     |
| Transfers To Income<br>Statement | -                      | -                        | -                                        | -     |
| Other Transfers                  | -                      | -                        | -                                        | -     |
| Balance Carried Forward          | -                      | -                        | -                                        | -     |

Analysed as:

| Description  | Amount |
|--------------|--------|
| Current      | -      |
| Non- Current | -      |
| <b>Total</b> | -      |

## Notes to the Financial Statements (Continued)

## 37. Employee Benefit Obligations

| Description                               | Defined benefit plan | Post-employment medical benefits | Other Benefits | 2024/2025 | Opening Statement 1 <sup>st</sup> July 2024 |
|-------------------------------------------|----------------------|----------------------------------|----------------|-----------|---------------------------------------------|
|                                           | Kshs                 | Kshs                             | Kshs           | Kshs      | Kshs                                        |
| Current Benefit Obligation                | -                    | -                                | -              | -         | -                                           |
| Non-Current Benefit Obligation            | -                    | -                                | -              | -         | -                                           |
| <b>Total Employee Benefits Obligation</b> | -                    | -                                | -              | -         | -                                           |

**Retirement benefit Asset/ Liability (Applicable to Pensions)**

The Entity operates a defined benefit scheme for all full-time employees from July 1, 2024. The scheme is administered by xxx while xxx are the custodians of the scheme. The scheme is based on xxx percentage of salary of an employee at the time of retirement.

An actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS 39 was carried out as at xxx June xxx by xxx actuarial valuers. On this basis the present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of valuation are as follows:

|                             | 2024/2025 | Opening Statement 1 <sup>st</sup> July 2024 |
|-----------------------------|-----------|---------------------------------------------|
| Discount Rates              | x%        | x%                                          |
| Future Salary Increases     | x%        | x%                                          |
| Future Pension Increases    | x%        | x%                                          |
| Mortality (Pre- Retirement) | x%        | x%                                          |
| Mortality (post-retirement) | x%        | x%                                          |
| Withdrawals                 | xx        | xx                                          |
| Ill Health                  | xx        | xx                                          |
| Retirement                  | xx years  | xx years                                    |

## Notes to the Financial Statements (Continued)

## Recognition of Retirement Benefit Asset/ Liability

a) Amounts recognised under other gains/ Losses in the statement of Financial Performance:

|                                                                         | 2024/2025 | Opening Statement 1 <sup>st</sup> July 2024 |
|-------------------------------------------------------------------------|-----------|---------------------------------------------|
| Description                                                             | Kshs      | Kshs                                        |
| The return on defined plan assets                                       | -         | -                                           |
| Actuarial gains/ losses arising from changes in demographic assumptions | -         | -                                           |
| Actuarial gains/ losses arising from changes in financial assumptions   | -         | -                                           |
| Actuarial gains and losses arising from experience adjustments          | -         | -                                           |
| Others (specify)                                                        | -         | -                                           |
| Adjustments for restrictions on the defined benefit asset               | -         | -                                           |
| Remeasurement of the net defined benefit liability (asset)              | -         | -                                           |

b) Amounts recognized in the Statement of Financial Position

|                                                                | 2024/2025 | Opening Statement 1 <sup>st</sup> July 2024 |
|----------------------------------------------------------------|-----------|---------------------------------------------|
| Description                                                    | Kshs      | Kshs                                        |
| Present value of defined benefit obligations(a)                | -         | -                                           |
| Fair value of plan assets(b)                                   | -         | -                                           |
| Funded status(=a-b)                                            | -         | -                                           |
| Restrictions on asset recognised                               | -         | -                                           |
| Others                                                         | -         | -                                           |
| Net asset or liability arising from defined benefit obligation | -         | -                                           |

The Entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. XXX per employee per month. Other than NSSF the Entity also has a defined contribution scheme operated by XXX Pension Fund. Employees contribute xx% while employers contribute xx% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.



## Notes to the Financial Statements (Continued)

## 38. Borrowings

| Description                                                                     | 2024/2025 |
|---------------------------------------------------------------------------------|-----------|
|                                                                                 | Kshs      |
| <b>a) External borrowings</b>                                                   |           |
| Balance at beginning of the year                                                | -         |
| External borrowings during the year                                             | -         |
| Repayments of during the year                                                   | -         |
| <b>Balance at end of the year</b>                                               | -         |
| <b>b) Domestic borrowings</b>                                                   |           |
| Balance at beginning of the year                                                | -         |
| Domestic borrowings during the year                                             | -         |
| Repayments during the year                                                      | -         |
| <b>Balance at end of the year</b>                                               | -         |
| <b>Balance at end of the period- domestic and External borrowings c = (a+b)</b> | -         |

The analyses of both external and domestic borrowings are as follows:

|                                                       | 2024/2025 | Opening Statement<br>1 <sup>st</sup> July 2024 |
|-------------------------------------------------------|-----------|------------------------------------------------|
|                                                       | Kshs      | Kshs                                           |
| <b>External Borrowings</b>                            |           |                                                |
| Dollar Denominated Loan From 'X Organisation'         | -         | -                                              |
| Sterling Pound Denominated Loan From 'Y Organisation' | -         | -                                              |
| Euro Denominated Loan from Z Organisation'            | -         | -                                              |
| <b>Domestic Borrowings</b>                            |           |                                                |
| Kenya Shilling Loan From KCB                          | -         | -                                              |
| Kenya Shilling Loan from Barclays Bank                | -         | -                                              |
| Kenya Shilling Loan from Consolidated Bank            | -         | -                                              |
| <b>Total /Balance at end of The Year</b>              | -         | -                                              |

## Notes to the Financial Statements (Continued)

| Description                             | 2024/2025 | Opening Statement 1 <sup>st</sup> July 2024 |
|-----------------------------------------|-----------|---------------------------------------------|
|                                         | Kshs      | Kshs                                        |
| Short Term Borrowings (Current Portion) | -         | -                                           |
| Long Term Borrowings                    | -         | -                                           |
| Total                                   | -         | -                                           |

(NB: the total of this statement should tie to note 41 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

## 39. Service Concession Arrangements Liability

| Description                                                  | 2024/2025 | Opening Statement 1 <sup>st</sup> July 2024 |
|--------------------------------------------------------------|-----------|---------------------------------------------|
|                                                              | Kshs      | Kshs                                        |
| Fair value of service concession assets recognized under PPE | -         | -                                           |
| Accumulated depreciation to date                             | -         | -                                           |
| Net carrying amount                                          | -         | -                                           |
| Service concession liability at beginning of the year        | -         | -                                           |
| Service concession revenue recognized                        | -         | -                                           |
| Service concession liability at end of the year              | -         | -                                           |

## 40. Cash Generated from Operations

|                                          | 2024/2025      |
|------------------------------------------|----------------|
|                                          | Kshs           |
| Surplus for the year before tax          | 794,203,044.00 |
| Adjusted for:                            |                |
| Depreciation                             | -              |
| Non-cash grants received                 | -              |
| Contributed assets                       | -              |
| Impairment                               | -              |
| Gains and losses on disposal of assets   | -              |
| Contribution to provisions               | -              |
| Contribution to impairment allowance     | -              |
| Working capital adjustments              |                |
| Increase in inventory                    | -              |
| Increase in receivables                  | -              |
| Increase in deferred income              | -              |
| Increase in payables                     | 98,430,745.94  |
| Increase in payments received in advance | 0              |
| Net cash flow from operating activities  | 695,772,298.06 |

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

## Notes to the Financial Statements (Continued)

**41. Financial Risk Management**

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

**i) Credit risk**

The Entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the Entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

|                                            | Total amount         | Fully performing | Past due | Impaired |
|--------------------------------------------|----------------------|------------------|----------|----------|
|                                            | Kshs                 | Kshs             | Kshs     | Kshs     |
| <b>As at 30 June 2025</b>                  |                      |                  |          |          |
| Receivables from exchange transactions     | -                    | -                | -        | -        |
| Receivables from non-exchange transactions | 1,165,276,411        | -                | -        | -        |
| Bank balances                              | 86,230,126           | -                | -        | -        |
| <b>Total</b>                               | <b>1,251,506,537</b> | -                | -        | -        |

(NB: The totals column should tie to the individual elements of credit risk disclosed in the Entity's statement of financial position)



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

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has significant concentration of credit risk on amounts due from xxxx. The board of directors sets the Entity'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 the Entity's directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

|                               | Less than 1<br>month | Between 1-3<br>months | Over 5<br>months | Total |
|-------------------------------|----------------------|-----------------------|------------------|-------|
|                               | Kshs                 | Kshs                  | Kshs             | Kshs  |
| <b>As at 30 June 2025</b>     |                      |                       |                  |       |
| Trade payables                |                      |                       |                  |       |
| Current portion of borrowings |                      |                       |                  |       |
| Provisions                    |                      |                       |                  |       |
| Deferred income               |                      |                       |                  |       |
| Employee benefit obligation   |                      |                       |                  |       |
| <b>Total</b>                  |                      |                       |                  |       |

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

**Financial Risk Management**

**iii) Market risk**

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

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

**a) Foreign currency risk**

The Entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The Entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

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

**Financial Risk Management**

The carrying amount of the *Entity's* foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

**Current FY**

|                                               | In Kshs | Other currencies | Total |
|-----------------------------------------------|---------|------------------|-------|
|                                               | Kshs    | Kshs             | Kshs  |
| <b>As at 30 June 2025</b>                     |         |                  |       |
| <b>Financial Assets</b>                       |         |                  |       |
| Investments                                   |         |                  |       |
| Cash                                          |         |                  |       |
| Debtors                                       |         |                  |       |
| <b>Total Financial Assets</b>                 |         |                  |       |
| <b>Financial Liabilities</b>                  |         |                  |       |
| Trade And Other Payables                      |         |                  |       |
| Borrowings                                    |         |                  |       |
| <b>Total Financial Liabilities</b>            |         |                  |       |
| <b>Net Foreign Currency Asset/(Liability)</b> |         |                  |       |

**Financial Risk Management**

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

|               | Change in currency rate | Effect on Profit before tax | Effect on Equity/Net assets |
|---------------|-------------------------|-----------------------------|-----------------------------|
|               | Kshs                    | Kshs                        | Kshs                        |
| <b>20xx</b>   |                         |                             |                             |
| Euro          | 10%                     |                             |                             |
| USD           | 10%                     |                             |                             |
| <b>20xx-1</b> |                         |                             |                             |
| Euro          | 10%                     |                             |                             |
| USD           | 10%                     |                             |                             |



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

**b) Interest rate risk**

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

**Financial Risk Management**

**Sensitivity analysis**

The Entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (20xx: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (20xx – KShs xxx)

**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 Entity'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 Entity considers relevant and observable market prices in its valuations where possible.

## Notes to the Financial Statements (Continued)

## Financial Risk Management

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

|                              | Level 1 | Level 2 | Level 3 | Total |
|------------------------------|---------|---------|---------|-------|
|                              | Kshs    | Kshs    | Kshs    | Kshs  |
| <b>As at 30 June 2025</b>    |         |         |         |       |
| <b>Financial Assets</b>      |         |         |         |       |
| Quoted Equity Investments    |         |         |         |       |
| <b>Non- Financial Assets</b> |         |         |         |       |
| Investment Property          |         |         |         |       |
| Land And Buildings           |         |         |         |       |
|                              |         |         |         |       |

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

## iv) Capital Risk Management

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

|                                             | 2024/2025 | Opening Statement<br>1 <sup>st</sup> July 2024 |
|---------------------------------------------|-----------|------------------------------------------------|
|                                             | Kshs      | Kshs                                           |
| Revaluation Reserve                         |           |                                                |
| Retained Earnings                           |           |                                                |
| Capital Reserve                             |           |                                                |
| <b>Total Funds</b>                          |           |                                                |
| Total Borrowings                            |           |                                                |
| Less: Cash And Bank Balances                |           |                                                |
| Net Debt/(Excess Cash And Cash Equivalents) |           |                                                |
| <b>Gearing</b>                              |           |                                                |

## Notes to the Financial Statements (Continued)

## 42. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the *Entity* 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 *Entity*, holding 100% of the *Entity*'s equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

Other related parties include:

- i) County Government Entities
- ii) National Government Entities
- iii) Key management.

|                                                        | 2024/2025 |
|--------------------------------------------------------|-----------|
|                                                        | Kshs      |
| <b>Transactions with related parties</b>               |           |
| <b>a) Sales to related parties</b>                     |           |
| Others (specify) e.g. interest and bank charges        | -         |
| <b>Total</b>                                           | -         |
| <b>B) purchases from related parties</b>               |           |
| Purchases of electricity from KPLC                     | -         |
| Purchase of water from govt service providers          | -         |
| Rent expenses paid to govt agencies                    | -         |
| Training and conference fees paid to govt. Agencies    | -         |
| Others (specify)                                       | -         |
| <b>Total</b>                                           | -         |
| <b>b) Grants /transfers from the government</b>        |           |
| Grants from national govt                              | -         |
| Grants from county government                          | -         |
| Donations in kind                                      | -         |
| <b>Total</b>                                           | -         |
| <b>c) Expenses incurred on behalf of related party</b> |           |
| Payments of salaries and wages for xxx employees       | -         |
| Payments for goods and services for xxx                | -         |
| <b>Total</b>                                           | -         |
| <b>d) Key management compensation</b>                  |           |
| Compensation to key management                         | -         |
| <b>Total</b>                                           | -         |



**43. Segment Information**

*(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an Entity to present segmental information of each geographic region or department to enable users understand the Entity's performance and allocation of resources to different segments)*

**44. Contingent Assets and Contingent Liabilities****Contingent Assets**

|                                                  | 2024/2025 |
|--------------------------------------------------|-----------|
|                                                  | Kshs      |
| <b>Contingent Assets</b>                         |           |
| Insurance Reimbursements                         | -         |
| Assets Arising from Determination Of Court Cases | -         |
| Reimbursable Indemnities and Guarantees          | -         |
| Receivables From Other Government Entities       | -         |
| Others (Specify)                                 | -         |
| <b>Total</b>                                     | -         |

*(Give details)*

**Contingent Liabilities**

|                                                              | 2024/2025 |
|--------------------------------------------------------------|-----------|
|                                                              | Kshs      |
| <b>Contingent Liabilities</b>                                | -         |
| Court Case xx against the Entity                             | -         |
| Bank Guarantees in Favour of Subsidiary                      | -         |
| Contingent Liabilities arising from Contracts Including PPPs | -         |
| Others (Specify)                                             | -         |
| <b>Total</b>                                                 | -         |

*(Give details)*

**45. Capital Commitments**

| Capital Commitments           | 2024/2025 |
|-------------------------------|-----------|
|                               | Kshs      |
| Authorised for                | -         |
| Authorised and contracted for | -         |
| <b>Total</b>                  | -         |

*(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)*

## Notes to the Financial Statements (Continued)

## 46. Program for Results (PforR) Disclosure

This disclosure note is for entities implementing Programs for Results (PforR). Implementing entities are required to make disclosures in accordance with their respective financing agreements. The disclosure should capture the program's goal and expenditures designated in the expenditure framework.

| Name of P for R:     |                                     |        | Name of Financing Partners: |        |                  |        |
|----------------------|-------------------------------------|--------|-----------------------------|--------|------------------|--------|
| Expenditure Details* | Opening Cumulative for Previous FYs |        | Current FY                  |        | Total Cumulative |        |
|                      | Budget                              | Actual | Budget                      | Actual | Budget           | Actual |
| Program code         |                                     |        |                             |        |                  |        |
| Sub-program          |                                     |        |                             |        |                  |        |
| Sub-program          |                                     |        |                             |        |                  |        |
| Sub-total            |                                     |        |                             |        |                  |        |
| Program code         |                                     |        |                             |        |                  |        |
| Sub-program          |                                     |        |                             |        |                  |        |
| Sub-program          |                                     |        |                             |        |                  |        |
| Sub-total            |                                     |        |                             |        |                  |        |
| Total                | xx                                  | xx     | xx                          | xx     | xx               | xx     |

Expenditure Details\* - Provide the details per your expenditure framework requirements. (Program, sub-program, and or economic Item)

## 47. Events after the Reporting Period

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

## 48. Ultimate And Holding Entity

The Entity ultimate parent is the Government of Kenya.

## 49. Currency

The financial statements are presented in Kenya Shillings (Kshs).

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16. Appendix

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

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

| Reference No. on the external audit Report                                                                 | Issue / Observations from Auditor                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Management comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------|
| Report of The Auditor General on county executive of Kericho for the year ended 30 <sup>th</sup> June 2024 | <p><b>Variance Between Financial Statements and IFMIS Payment Details</b></p> <p>The statement of receipts and payments reflects total payments amounting to Kshs. 6,123,097,776. However, the amount differs with the Integrated Financial Information Management System (IFMIS) total payments amounting to Kshs. 6,609,895,647 resulting in an unreconciled variance of Kshs. 486,797,871.</p> <p>In the circumstances, the accuracy and completeness of total expenditure amounting Kshs. 6,123,097,776 could not be confirmed.</p> | <p><b>Hon. Chairman</b></p> <p>It is true that there is a variance of kshs.. 486,797,871 between the financial statements and IFMIS records and that is explained by the following;</p> <ol style="list-style-type: none"> <li>The IFMIS total payments details of Kshs.. 6,609,895,648 included both development and Recurrent payments of Kshs.. 297,983,928.65 that relates to the 2022/2023 financial period that cleared in July 2023. The expenditure and bank reconciliation statement provided in <b>ANNEX 1a</b> shows that the expenditures were accounted for and reported in the previous financial year and the same has since been audited and certified and do not relate to the 2023/2024 financial period.</li> <li>An amount of Kshs. 36,233,338.70 relates to transactions that were transmitted and having bounced back due to various reasons were reprocessed and are captured as (RD) Cheques in IFMIS. These payments had already been accounted for under respective expenditure economic items but are captured in the payment details. Provided in <b>ANNEX 1b</b> is the Bank rejection notices and a payment schedule for RD.</li> <li>In addition, included in the payment details of Kshs 6,609,895,647 in the IFMIS records is an amount of Kshs 123,008,066.45 which is 10% Retention Money and the same does not form part of expenditures in the statement of Receipts and Payments but are only disclosed in the financial statements. The schedule is provided in <b>ANNEX (iii)</b>.</li> <li>Further, the county government have donor supported programs which are not self-reporting entities namely, Kenya Climate Smart Agriculture Program (KCSAP), Agricultural Sector Development Support Project (ASDSP II) and National Agriculture Value Chain Development</li> </ol> | Resolved                          | N/A                                                              |



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| 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) |       |          |        |            |   |            |           |            |           |             |         |             |             |            |  |  |
|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------|-------|----------|--------|------------|---|------------|-----------|------------|-----------|-------------|---------|-------------|-------------|------------|--|--|
|                                            |                                                                                                                                                                                                                                                                                                                             | <p>Program (NAVCDP). The transactions relating to these programs are recorded as transfers to other government entities in IFMIS as they have Special Purpose Accounts while in the financial statements, actual expenditures are reported. The variance arising from the above is summarized in the table below:</p> <table><tr><th>Entity</th><th>Financial Statement</th><th>IFMIS</th><th>VARIANCE</th></tr><tr><td>KCSA P</td><td>28,295,037</td><td>-</td><td>28,295,037</td></tr><tr><td>ASD SP II</td><td>11,394,795</td><td>1,527,779</td><td>(9,867,016)</td></tr><tr><td>NAV CDP</td><td>141,610,210</td><td>209,344,800</td><td>67,734,590</td></tr></table> <p>v. Finally, the summary of reconciliation for the variance and the net effect of Kshs 486,797,871.00 has been provided in ANNEX 1c.</p> | Entity                            | Financial Statement                                              | IFMIS | VARIANCE | KCSA P | 28,295,037 | - | 28,295,037 | ASD SP II | 11,394,795 | 1,527,779 | (9,867,016) | NAV CDP | 141,610,210 | 209,344,800 | 67,734,590 |  |  |
| Entity                                     | Financial Statement                                                                                                                                                                                                                                                                                                         | IFMIS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | VARIANCE                          |                                                                  |       |          |        |            |   |            |           |            |           |             |         |             |             |            |  |  |
| KCSA P                                     | 28,295,037                                                                                                                                                                                                                                                                                                                  | -                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 28,295,037                        |                                                                  |       |          |        |            |   |            |           |            |           |             |         |             |             |            |  |  |
| ASD SP II                                  | 11,394,795                                                                                                                                                                                                                                                                                                                  | 1,527,779                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (9,867,016)                       |                                                                  |       |          |        |            |   |            |           |            |           |             |         |             |             |            |  |  |
| NAV CDP                                    | 141,610,210                                                                                                                                                                                                                                                                                                                 | 209,344,800                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 67,734,590                        |                                                                  |       |          |        |            |   |            |           |            |           |             |         |             |             |            |  |  |
|                                            | <p><b>Unsupported Foreign Travel and Subsistence</b></p> <p>The statement of receipts and payments reflects use of goods and services amount of Kshs. 775,425,914 as disclosed in Note 4 to the financial statements which includes foreign travel and subsistence amounting to Kshs. 15,598,720. Included are payments</p> | <p><b>Hon. Chairman</b></p> <p>The management confirms that all surrenders of imprest for foreign travel are adequately supported. A summary of the payments of Kshs. 5,786,604 alongside Copies of the boarding passes or copies of passports and back to office reports for above payments are hereby attached under <b>Annex 2</b>.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Resolved                          | N/A                                                              |       |          |        |            |   |            |           |            |           |             |         |             |             |            |  |  |

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| 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) |
|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------|
|                                            | <p>amounting to Kshs. 5,786,604 paid to individuals for foreign travel which were not supported by boarding passes or copies of passports and back to office reports.</p> <p>In the circumstances, the accuracy and completeness of the foreign travel and subsistence expenditure amounting to Kshs. 5,786,604 could not be confirmed.</p>                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                   |                                                                  |
|                                            | <p><b>Unsupported Payments for Insurance Services</b></p> <p>The statement of receipts and payments and as disclosed in Note 4 to the financial statements reflect use of goods and services amount of Kshs. 775,425,914 which includes an amount of Kshs. 89,771,448 in respect of insurance costs. The expenditure includes an amount of Kshs. 40,939,739 for insurance procured via tender for County Strategic Assets. The contract was for a period of two (2) years, however, valuation reports detailing the cost of insured assets and liabilities were not provided for</p> | <p><b>Hon. Chairman</b></p> <p>The management acknowledges the auditor's observation. However, we wish to state that under Cash Basis of Accounting, the historical cost used during the acquisition of the assets is used. The transition to accrual basis of accounting will subsequently address the valuation of assets as they will be recognized after depreciation or the fair market value. An extract of the report which was used for insurance purposes for the County's assets and statement of valuation by the insurer is attached in <b>Annex 3a</b>. Furthermore, Chairman, the depreciation policy for county assets is currently before the county executive committee for deliberations and approval in line with the transition to accrual accounting as guided by the Public Sector Accounting Standard Board as provided in <b>Annex 3b</b></p> | Resolved                          | N/A                                                              |

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| 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) |
|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------|
|                                            | <p>audit. Therefore, the basis of arriving at the insurance cost amounting to Kshs. 40,939,739 and the assets involved were not provided for audit.</p> <p>In the circumstances, the accuracy and completeness of the insurance cost amounting to Kshs. 40,939,739 could not be confirmed</p>                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                   |                                                                  |
|                                            | <p><b>Unsupported Deposits and Retentions</b></p> <p>The statement of assets and liabilities reflects deposits and retentions balance of Kshs. 76,768,907 as disclosed in Note 15 to the financial statements. However, an ageing analysis and reconciliation or break-down was not provided for audit.</p> <p>In the circumstances, the accuracy and completeness of the deposits and retentions balance of Kshs. 76,768,907 could not be confirmed.</p> | <p><b>Hon. Chairman</b></p> <p>The deposits and retention figure disclosed in the financial statements are amounts deducted for civil works contracts undertaken in the county government. In addition, Chairman, this figure constantly has addition and deductions due to ongoing deductions and payments after expiry of the defect liability period as prescribed in the contract. The break-down and sample retention certificates is provided in <b>Annex 4.</b></p> | Resolved                          | N/A                                                              |



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| 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) |
|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------|
|                                            | <p><b>Unsupported Domestic Travel and Subsistence Allowance</b></p> <p>The statement of receipts and payments reflects use of goods and services amount of Kshs. 775,425,914 which includes an amount of Kshs. 110,094,629 in respect of domestic travel and subsistence allowances as disclosed in Note 4 to the financial statements. However, payments amounting to Kshs. 53,473,070 were supported by the general ledger while bank statements reflected withdrawals amounting to Kshs. 63,559,530 resulting to an unexplained and an unreconciled variance of Kshs. 10,086,460.</p> <p>Further, review of development bank statement and IFMIS payment details revealed payments to various members of staff amounting to Kshs. 10,683,750 in respect of domestic travel and subsistence allowances. The expenditures were recurrent in nature reallocated from capital funds without authority approving reallocation of development fund to</p> | <p><b>Hon. Chairman</b></p> <p>The management notes the auditors' observation that there is a difference between the general ledger and the bank statements. We would like to clarify that payments of Kshs. 10,086,460 as attached in <b>Annex 5a</b> that were processed in June 2024 before the year end but payments made in July 2024 as the funding had already been sourced from the Controller of Budget as they relate to the 2023/2024 financial period and therefore reflected in the current period.</p> <p>In relation to Kshs. 10,683,750, we would to clarify that these payments were appropriated in development expenditure and not reallocated, relate to activities for supervision of projects, CIDP preparations which are development related expenditures. Provided in <b>ANNEX 5b</b> is the extract of development budget.</p> <p>Further, we would like to clarify that the bank statement reflects all payments to staff regardless of the specific economic item code hence the bank statement withdrawal of Kshs 63,559,530 does not relate to DSA alone but may include training, boards and conferences and low-value procurement items.</p> <p>Finally, payment vouchers, Reconciliation Statement, bank statement have been provided for audit review in <b>Annex 5c</b></p> | Resolved                          | N/A                                                              |

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| Reference<br>No. on the<br>external<br>audit<br>Report | Issue / Observations from Auditor                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Management comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Status:<br>(Resolved /<br>Not Resolved) | Timeframe:<br>(Put a date<br>when you<br>expect the<br>issue to be<br>resolved) |
|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|---------------------------------------------------------------------------------|
|                                                        | <p>recurrent. Further, payment vouchers and other supporting documents were not provided for audit.</p> <p>In the circumstances, the accuracy and completeness of domestic travel and subsistence amounting to Kshs. 20,770,210 could not be confirmed</p>                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                         |                                                                                 |
|                                                        | <p><b>Non-Collection of Own Source Revenue</b></p> <p>The statement of receipts and payments reflects transfer from the County Revenue Fund of Kshs. 5,913,233,979 as disclosed in Note 1 to the financial statements. The amount includes Exchequer releases and own source revenue appropriated by the County Assembly to fund the County Executive. Records revealed the revenue collected by the Receiver of Revenue excluded own source revenue from inspection fees for fire compliance. An inspection fee of Kshs. 3,500 was levied in the Finance Act for the period but was not being collected. Further, officer of the County Executive, however,</p> | <p><b>Hon. Chairman,</b><br/> The management acknowledges the auditors' observations; However, the management has taken measures to strengthen the internal controls in revenue unit by developing an integrated in-house revenue collection system which is web based, enforcing cashless collections, real time revenue reporting. the CRA Report approving the system is attached in <b>Annex 6a</b><br/> In addition, staff rationalization and new recruitment are being undertaken in the revenue unit.<br/> Further the staff involved is currently under disciplinary procedure as per the government human resource regulation. Attached is the county Human Resource Advisory committee (CHRM) and Public Service Board Resolution CPSB recommendation on the same attached as <b>Annex 6b</b>.</p> | Not Resolved                            | On-Going                                                                        |

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| 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) |
|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------|
|                                            | <p>registered and operated a mobile payment number which was not authorized by the County Treasury to collect the fees. The statements for the number indicated credit entries amounting to Kshs. 152,290 and debit entries amount of Kshs. 141,852 for the period from 24 January, 2024 up to 5 August, 2024. Internal investigations on the matter recommended disciplinary action on the officer. However, collection of own source revenue and transfer to the County Executive was understated by the amount not collected.</p> <p>In the circumstances, the regularity, existence and completeness of cash collected through mobile payment number amounting to Kshs. 152,290 could not be confirmed.</p> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                   |                                                                  |
|                                            | <p><b>Budgetary Control and Performance</b></p> <p>The statement of comparison of budget and actual amounts (Recurrent and Development Combined) reflects final receipt budget and actual on comparable basis amounting to Kshs.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <p><b>Hon. Chairman</b></p> <p>The management acknowledges the auditor's observation. The underperformance of the budget was as a result of late exchequer releases, unrealized grants, donor funding and own source revenue. This impacted negatively on planned activities. The county government has put in place measures to improve on own source revenue by enforcing provisions in the finance act, developed the Kericho County Revenue Administration and Management Bill, 2021, and Revenue collection system.</p> | Not Resolved                      | On-Going                                                         |



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| Reference<br>No. on the<br>external<br>audit<br>Report | Issue / Observations from Auditor                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Management comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Status:<br>(Resolved /<br>Not Resolved) | Timeframe:<br>(Put a date<br>when you<br>expect the<br>issue to be<br>resolved) |
|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|---------------------------------------------------------------------------------|
|                                                        | <p>7,604,644,288 and Kshs. 6,353,006,481 respectively, resulting in under-funding of Kshs. 1,251,637,807 or 16% of the budget.</p> <p>The under-funding may have affected the planned activities and may have impacted negatively on service delivery to the public.</p>                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                         |                                                                                 |
|                                                        | <p><b>Long Outstanding Pending Accounts Payables</b></p> <p>Other important disclosures to the financial statements reflects pending accounts payables balance of Kshs. 1,147,933,403 as disclosed in Note 20.1 and detailed in Annex 2 to the financial statements. Further, pending accounts payables brought forward to 2023/2024 financial year amounted to Kshs. 526,208,650. However, payables totaling Kshs. 196,489,526 was settled within the financial year leaving a balance of Kshs. 329,719,124. However, there were additions to the payables during the year of Kshs. 820,328,191 increasing the pending</p> | <p><b>Hon. Chairman,</b><br/> Indeed, the pending bills as at the closure of the year under review was kshs 1,147,933,403, the increase is attributed to unrealized own source revenue and late disbursement of the equitable share, this impacted negatively on the invoices which were due for payment.<br/> To manage the ever spiraling bills the management has come up with measures including appointing pending bills committee to verify, validate and thereafter advise accordingly.<br/> Currently, the county has settled over Kshs. 587,621,230 as at 6<sup>th</sup> June 2025</p> | <p>Partially Resolved</p>               | <p>On- going</p>                                                                |

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| 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) |
|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------|
|                                            | accounts payables to a balance of Kshs. 1,147,933,403 as at 30 June, 2024.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                   |                                                                  |
|                                            | <p><b>Inaccuracies in Pending Accounts Payables</b></p> <p>The financial statements reflect pending accounts payables balance of Kshs. 1,147,933,403 as disclosed in Note 20.1 and as detailed in Annex 2 to the financial statements. However, the pending bill expenditures could not be verified as supporting documents were not provided for audit. Further, included in the balances are payables in respect of construction of buildings amounting to Kshs. 141,592,570 which differs with payables totaling Kshs. 143,706,482 as disclosed in Annex 2 of the financial statements resulting in an unexplained variance of Kshs. 2,113,912.</p> <p>In addition, review of the pending bills from the IFMIS payment details revealed an amount of Kshs. 556,380,772 which could not be</p> | <p><b>Hon. Chairman</b></p> <p>The variance of Kshs. 2,113,912 relates to terminated projects whose values could not be carried forward. Termination letters, Award letters and contract documents are attached in <b>Annex 9</b></p> <p>Regarding the amount of Kshs. 556,380,772, It is worth noting that not all pending bills are processed up to the payment stage. All bills that the county government plans to settle need a budgetary provision before any processing in IFMIS. However, as we transition to the accrual basis of accounting, all pending bills will no-longer be disclosures but will form part of the statement of financial position as liabilities. This will enable the county government present a true and fair view of the state of affairs.</p> | Partially Resolved                | On-going                                                         |

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| 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) |
|--------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------|
|                                            | <p>traced to the IFMIS payment details and IFMIS invoice register.</p> <p>Failure to settle bills during the year to which they relate distorts the financial statements for that year and adversely affects the provisions for the subsequent year to which they have to be charged.</p>                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                   |                                   |                                                                  |
|                                            | <p><b>Stalled Construction and Equipping of Theatre at Ainamoi Health Centre</b></p> <p>Included in flagship projects was proposed construction and equipping of an operating surgical theatre at Ainamoi Sub-County Hospital. The contract sum was an amount of Kshs. 14,135,859 with completion date of 4 June, 2020. The contract period was however extended to 19 August, 2022. The Project had a budget allocation amount of Kshs. 12,900,000 for finalization and works were at 85% completion as at June, 2024. However, field inspection in September, 2024, revealed the Project had stalled and the contractor was not on site.</p> | <p><b>Hon. Chairman</b></p> <p>We acknowledge the auditors observations regarding the stalled construction and equipping of the surgical theatre at Ainamoi Sub-County Hospital, The County has issued the last extension of time as evidenced in Annex 11.1.</p> | Not Resolved                      | On -Going                                                        |



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| 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) |
|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------|
|                                            | <p><b>Stalled Modern Market at Sondu</b></p> <p>Included under flagship projects was a modern market at Sondu with a budget allocation amount of Kshs. 52,000,000. The contract for the construction and completion of a modern Sondu market was signed on 12 June, 2019 at a contract sum of Kshs. 128,945,229. The contract was for a contract period of fifty-two (52) weeks with effect from 14 August, 2019. An extension of the contract period was granted for six (6) months and the revised completion date set for 13 December, 2024. The contractor had been paid an accumulated amount of Kshs. 100,442,289 or about 78% of the contract sum for work certified as at 30 June, 2024. However, physical inspection of the project carried out in September, 2024 revealed the project was not complete despite expiry of the project duration and the contractor was not on-site.</p> | <p><b>Hon. Chairman</b></p> <p>The management acknowledges the Auditors' observation and wishes to provide clarification that implementation of the project has encountered numerous unforeseen external challenges due to boundary disputes between residents of Kisumu and Kericho Counties. The project is situated along the border of the two counties, and unresolved boundary issues have led to frequent clashes over the past two years. These conflicts have created security concerns for workers, equipment, and materials at the contractor's site.</p> <p>Hon. Chairman it is worth noting that the County, through the project Manager, after visiting the site on 30<sup>th</sup> January 2025, issued a default letter as attached in <b>Annex 11a</b> to the Contractor for immediate resumption to the site within 14 days, failure of which the client will take the necessary action as stipulated in the applicable laws. The contractor reported to the site within the said 14 days. The project implementation lead by the Project Manager visited the site on 13<sup>th</sup> February to confirm the contractors' resumption to the site, which was confirmed to have resumed site and final touches of the works are ongoing. Attached in <b>Annex 11b</b> are photos of current on-going works.</p> | Not Resolved                      | On-Going                                                         |

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| 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) |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------|
|                                            | <p><b>Delay in Completion of Kapkures Water Supply Project – Strategic Intervention Project for the Financial Year 2018/2019</b></p> <p>The County Executive entered into a contract on 30 May, 2019 for rehabilitation and construction of Kapkures Water Supply Project at a contract sum of Kshs. 87,417,116. The contract period was twelve (12) months from commencement date of the contract of 5 February, 2020. Upon lapsing of the contract period, an extension was granted vide letter dated 16 February, 2022 to 17 February, 2023. However, a performance guarantee provided by the contractor and renewed to 27 December, 2023 with a commercial bank, had since expired with no further renewal as was required under clause 3.0 of the terms of the contract.</p> <p>The contractor had been paid a total of Kshs. 63,713,770 based on interim certificates and an amount of Kshs. 23,348,579 paid to the consultant during the year for consultancy services of the works.</p> | <p><b>Hon. Chairman,</b></p> <p>We acknowledge the auditor's observation regarding the delayed completion of the Kapkures Water Supply Project, a Strategic Intervention Project initiated in the Financial Year 2018/2019. The project was awarded on 30 May 2019 at a contract sum of Kshs. 87,417,116, with an initial contract period of twelve months commencing 5 February 2020. The contract was later extended to 17 February 2023.</p> <p>we wish to clarify that the delay primarily resulted from a necessary redesign of the main intake works. The original design placed the intake dangerously close to a functioning cattle dip, which posed a serious risk of water contamination. To mitigate this, the intake had to be relocated and redesigned, which impacted timelines. Despite the delay, major components of the project—including the gravity main lines, treatment works, and two large-capacity tanks (100m³ and 200m³)—have been completed. The additional scope of works, including revised bills of quantities, has been finalized, and the procurement process for completing the remaining works has been initiated. Supporting documentation, including updated project status and photographic evidence, has been provided in <b>Annex 11c</b>.</p> <p>We reaffirm our commitment to completing this critical project and ensuring that the public derives full value from the investment. Enhanced oversight has been instituted to avoid recurrence of such issues in future infrastructure projects.</p> | Not Resolved                      | On-going                                                         |

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| 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) |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------------------------|------------------------------------------------------------------|
|                                            | <p>The payments included an amount of Kshs. 2,500,000 (paid via IPC 2) being variation of works. However, the variation of works was not approved by an Evaluation Committee before they were submitted through the Head of a Procurement function to the accounting officer for approval, as required under Regulation 132 (2) (b) of the Public Procurement and Asset Disposal Regulations, 2020</p> <p>Progress report dated 23 September, 2024 indicated the Project was at 85% completion stage, with the pending works including fencing, construction of new gravity main from intake to treatment works and completion of pipe fittings on twin treatment works tank. Further, no evidence was provided of requisition and approval of extension of the contract period and revised work plans for the works. In addition, the project had no signage and the contractor was not on site.</p> |                     |                                   |                                                                  |



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| Reference<br>No. on the<br>external<br>audit<br>Report | Issue / Observations from Auditor                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Management comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Status:<br>(Resolved /<br>Not Resolved) | Timeframe:<br>(Put a date<br>when you<br>expect the<br>issue to be<br>resolved) |
|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|---------------------------------------------------------------------------------|
|                                                        | In the circumstances, the delayed completion of the project denied the public value for money on the expenditure incurred.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                         |                                                                                 |
|                                                        | <p><b>Non-Compliance with Requirements for Reallocation of Development Appropriations</b></p> <p>IFMIS development payments details reflect an amount of Kshs. 127,658,704 transferred from development to recurrent contrary to Section 154 (2) of Public Finance Management Act, 2012 that states an accounting officer shall not authorize the transfer of an amount that is appropriated for capital expenditure except to defray other capital expenditure.</p> <p>Further, review of IFMIS payment details in respect of development expenditure reflects an amount of Kshs. 400,935,534 or 21% of the development budget transferred to Capital Grants and used in payment of recurrent expenditures. However, no evidence that the County Executive Committee Member for Finance had tabled a bill in the County Assembly to seek</p> | <p><b>Hon. Chairman</b><br/> The management notes the auditors' observation; however, we would like to clarify that the capitals grants and other grants relates, Donors' fund, and County Grants of which have been appropriated in the development expenditure Attached is the approved appropriation Act in <b>Annex 12</b>. For instance, the donor funds are appropriated as development however they have conditionality's of which some elements are recurrent in nature for example capacity building, advocacy and office operation activities.<br/> The management takes the initiative to improve budget reporting and follow the reallocation procedures.</p> | Resolved                                | N/A                                                                             |

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|--------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------|
|                                            | <p>reallocation of funds. This was contrary to Section 48 of the Public Finance Management (County Governments) Regulations, 2015 which states that the reallocations by the County Treasury in terms of section 154(2) of the Act shall be included in the next revised budget for the County Assembly approval.</p> <p>In the circumstances, Management was in breach of the law.</p>              |                                                                                                                                                                                                                                                                                                                                    |                                   |                                                                  |
|                                            | <p><b>Non-Current Assets Register</b></p> <p>The statement of receipts and payments reflects acquisition of assets as disclosed in Note 9 to the financial statements.</p> <p>Further, Annex 6 to the financial statement reflects summary of non-current assets totaling Kshs.16,892,521,675. However, updated register of assets as disclosed under Annex 6 was not provided for audit review.</p> | <p><b>Hon. Chairman</b></p> <p>The management acknowledges the auditor's observation and would like to point out that at the time of audit there were no asset registers, however currently the management has created an asset management unit to look into the assets. Appointment letters are attached in <b>Annex 12.1</b></p> | Partially Resolved                | On-Going                                                         |
|                                            | <b>Failure to Construct Governor and Deputy Governor's Houses</b>                                                                                                                                                                                                                                                                                                                                    | <p><b>Hon. Chairman</b></p> <p>The management acknowledge the auditor's observation. During the FY2019/2020 there was a budget of Kshs. 20M towards the Construction of the Governor's</p>                                                                                                                                         | Not Resolved                      | On-Going                                                         |

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|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------|
|                                            | <p>As reported in the previous year, the County Executive was required to allocate funds and prioritize construction of houses for the Governor and Deputy Governor on public land in accordance with the specifications therein, before the stated deadline. However, at the time of audit in August, 2024, the County Executive had not constructed the Governor's and Deputy Governor's houses. Further, review of the development budget for the financial years 2019/2020, 2020/2021, 2021/2022, 2022/2023 and 2023/2024 financial years revealed that there were no budgetary provisions for the construction of Governor's and the Deputy Governor's houses. This was contrary to the SRC Circular Ref. No. SRC/TS/COG/6/61/48 VOL.II (64) of 20 May, 2019 and is likely to continue incurring expenditure on house rent for the Governor and his deputy contrary to the SRC circular.</p> <p>In the circumstances, Management was in breach of the law.</p> | <p>residence under the Department of Lands, Housing &amp; Physical Planning (Ref County's Development Budget). However, it has been a challenge to execute due to challenging conveyancing procedures related to land. Further the county has allocated land for the construction of governor's residence as per the attached Chelimo local physical and land use development plan provided in <b>Annex 13</b> and will subsequently but for the construction. Finally, there are no house rent payments for Governor's and Deputy Governor's residence.</p> |                                   |                                                                  |



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| 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) |
|--------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------|
|                                            | <p><b>Non-Compliance with Fiscal Responsibility Principles – Wage Bill</b></p> <p>The statement of receipts and payments reflects compensation of employees' expenditure amounting to Kshs. 3,187,074,306 as disclosed in Note 3 to the financial statements. However, it was observed that the percentage of the expenditure to the County's total receipts amounting to Kshs. 6,353,006,481 for the year under review was fifty percent (50%) which exceeded the set limit of thirty-five percent (35%) under Regulation 25 (1)(b) of the Public Finance Management (County Governments) Regulations, 2015.</p> <p>In the circumstances, Management was in breach of the law</p> | <p><b>Hon. Chairman</b></p> <p>The management notes the auditors' observation on the Fiscal responsibility; however, we would like to point out that due to unrealized revenue targets on own source and exchequer releases which were not received during the year under review. The management is working towards improvement of own source revenue in order to mitigate the same in future.</p>                                                                                                                                                                         | Not Resolved                      | On-Going                                                         |
|                                            | <p><b>Non-Compliance with National Cohesion and Integration Act, 2008</b></p> <p>Review of payroll records revealed that County Executive had three thousand, eight hundred and eighty-eight (3,888) employees out of</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <p><b>Hon. Chairman</b></p> <p>We acknowledge the auditor's observation, while we appreciate the concern raised, it is important to highlight that this situation has largely arisen due to historical staffing patterns and the demographic realities within the region. Kericho County is predominantly inhabited by this particular community, which has, over time, resulted in a workforce that reflects the local population structure. However, we are fully cognizant of the legal requirements for diversity and inclusivity in county government employment.</p> | Not Resolved                      | On-Going                                                         |

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**Annual Reports and Financial Statements for the year ended June 30, 2025.**

| 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) |
|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------|
|                                            | <p>whom three thousand, six hundred and thirty-eight (3,638) or 94% of employees were from the same or dominant ethnic community in the County surpassing the recommended threshold of one third (1/3). This was contrary to Section 7 of the National Cohesion and Integration Act, 2008 which states that all public establishment shall seek to represent the diversity of the people of Kenya in the employment of staff. No public establishment shall have more than one-third of its staff from the same ethnic community.</p> <p>In the circumstances, Management was in breach of the law.</p> | <p>Moving forward, we are committed to aligning our hiring practices with the provisions of the County Government Act, 2012, by implementing more inclusive recruitment strategies including a deliberate undertaking for public sensitization to attract more applicants from the non-dominant ethnic communities. For employment opportunities in the foreseeable future.</p> <p>It is also important to note that Kalenjin community engaged by county government of Kericho comprises of various communities notably Nandi, Tugen, keiyo, sabaot, Kipsigis, ogiek, pokot, Terik and Marakwet.</p> <p>Furthermore, chairman, it is worth noting that officers from non-dominant ethnic communities have continuously applied for transfer of services to their own counties as evidence by the copies of correspondence in <b>Annex 15</b></p> <p>The county government recommends that the national government through the public service commission comes up with a policy for staff mobility across the public service including the county governments. this can be achieved through the public service human resource management bill 2024.</p> |                                   |                                                                  |
|                                            | <p><b>Non-Compliance with the Law on People with Disability</b></p> <p>Review of payroll records revealed that the County Executive had three thousand, eight hundred and eighty-eight (3,888) employees out of which only eight (8) or 0.2% of employees were People Living with Disabilities in contravention of Section B.22 Public Service Commission HR Policies, 2016</p>                                                                                                                                                                                                                         | <p><b>Hon. Chairman</b></p> <p>The management would like to clarify that the county has twenty eight (28) PWDs as evidence in <b>Annex16</b> and not Eight (8) as observed by the auditor We would like to clarify that the current underrepresentation is not due to a lack of commitment but rather due to historical staffing challenges and limited applications from qualified PWD candidates during previous recruitment exercises. However, we are actively working to address this matter.</p> <p>We recognize the importance of fostering an inclusive work environment and ensuring that the principles of diversity and equal opportunity are upheld, particularly for marginalized groups, such as persons living with disabilities. The County Government is committed to complying with this policy and increasing the representation of PWDs within our workforce.</p>                                                                                                                                                                                                                                                                   | Not Resolved                      | On-Going                                                         |



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|--------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------|
|                                            | <p>which recommends at least five percent (5%) of the employees should be People Living with Disabilities.</p> <p>In the circumstances, Management was in breach of the law</p>                                                                                                                                                                                                                                                                          | <p>To this end, Kericho County Government is developing a more robust outreach and recruitment strategy aimed at attracting qualified persons living with disabilities. This includes working closely with relevant advocacy groups, increasing the visibility of job opportunities for PWDs, and ensuring that our recruitment processes are accessible and supportive to all candidates, including those with disabilities</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                   |                                                                  |
|                                            | <p><b>Non-Adherence to the One-Third Basic Salary Rule</b></p> <p>During the year under review two hundred and fifty-seven (257) employees received less than one-third of their basic pay contrary to the allowable limit set by Section 19(3) Employment Act, 2007. The over-commitment could potentially lead to financial strain and pecuniary embarrassment to the employees.</p> <p>In the circumstances, Management was in breach of the law.</p> | <p><b>Hon. Chairman</b></p> <p>The management acknowledges the auditor's observation. However, we wish to state that during the year under review, the Tax Law (Amendment) Act, 2020 which was assented on 25th April, 2020 amended various tax regulations meant to cushion Kenyans against the harsh economic effects of Covid-19 pandemic. It is also worth noting that after the tax relief a number of staffs committed their pay slips thus leading to earning below one third rule of their Basic Salary when the relief was lifted, the IPPD system could not be reverted. After identifying the same, the county requested the relevant financial institutions where commitments were made to regularize the deductions to align with the law. The management has also taken initiatives to communicate with affected staff to restructure their pay slip commitments to comply with one third rule.</p> <p>In addition, Chairman, Review of NSSF monthly contribution also contributed to staff earning below one third rule of their Basic Salary since most of them had committed their pay slip.</p> <p>Furthermore, during month of July 2023 there was an introduction of mandatory deduction on Housing Levy fund on staff salary which also led to earning below one third rule of their Basic Salary.</p> <p>Chairman it is worth noting that the county government has moved from IPPD to HRIS. a key feature of HRIS is deferment of loans and other commitments the moment a third basic is reached. This is evidence by a list of differed loans summary in <b>Annex 17a</b></p> | <p>Not Resolved</p>               | <p>On-Going</p>                                                  |



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| 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) |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------|
|                                            | <p><b>Irregularities in Construction of the Kericho County Aggregated Industrial Park</b></p> <p>The County Executive awarded a tender for proposed construction of the County Aggregation and Industrial parks, at a cost of Kshs. 541,000,000. The contract period was five (5) years commencing from February, 2024. The scope of works was divided into three phases namely: Main works, mechanical works and electrical works. Scrutiny. Review of the procurement documents revealed that bidder number 4 submitted a lower bid amounting to Kshs. 321,328,945 and Kshs 137,194,900 for the main works and Mechanical works, respectively, compared to that of the winning bidder of Kshs. 377,986,363.13 and Kshs. 141,334,316 resulting to a potential savings variance Kshs. 60,796,834. Further, the form of tender submitted for bidding did not include the activities or parts of the works to be subcontracted contrary to Clause ITT 34.2 of the bid</p> | <p><b>Hon. Chairman</b></p> <p>The management notes the auditor's observation. However, we wish to clarify that Bidder 4 did not meet the evaluation mandatory preliminary and technical criteria requirements since the bidder did not submit the current and valid NCA for the sub-contractor for the mechanical works hence could not proceed to the financial evaluation phase. As such, the most responsive bidder 5 was awarded Attached are copies of the evaluation report. <b>ANNEX 18a.</b></p> <p>The budgetary allocation was kshs.500,000,000 and the most responsive bidder was kshs.541,000,000.</p> <p>On the auditor's observation on environmental impact assessment, we wish to confirm that it was duly carried out before the commencement of the project. NEMA fee amounting to Kenya Shillings 541,000 has been paid as per the attached in <b>Annex 18 a (i)</b></p> <p>NEMA Certificate has been provided in <b>Annex 18 a(ii)</b></p> <p>The details of sub-contractors have been included in the signboard as evidenced in <b>Annex 18b</b></p> <p>Finally, the physical progress report of the project is at 13.2% as at 28<sup>th</sup> January 2025. copy of progress report attached in <b>Annex 18c.</b></p> | Resolved                          | N/A                                                              |

*Kericho County Executive*

**Annual Reports and Financial Statements for the year ended June 30, 2025.**

| Reference No. on the external audit Report | Issue / Observations from Auditor                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Management comments | Status:<br>(Resolved / Not Resolved) | Timeframe:<br>(Put a date when you expect the issue to be resolved) |
|--------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|--------------------------------------|---------------------------------------------------------------------|
|                                            | <p>document which requires that Contractor's may propose subcontracting: Maximum percentage of subcontracting permitted is: ten percent (10%) of the total contract amount.</p> <p>Tenderers planning to subcontract more than ten percent (10%) of total volume of work shall specify, in the Form of Tender, the activity or parts of the works to be subcontracted along with complete details of the subcontractors and their qualification and experience.</p> <p>In addition, the amount awarded an amount of Kshs. 541,000,000, exceeds the national framework budget of Kshs. 500,000,000 allocated for similar projects across counties. However, justification for the additional Kshs. 41,000,000 budgetary allocation was not provided for audit. The decision to award the contract to a higher bidder without prioritizing cost-effectiveness could not be justified.</p> <p>During the year under review, the contractor was paid a total of Kshs. 32,477,063 through interim payment certificate No.1 dated 15</p> |                     |                                      |                                                                     |

*Kericho County Executive*  
**Annual Reports and Financial Statements for the year ended June 30, 2025.**

| 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) |
|--------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------------------------|------------------------------------------------------------------|
|                                            | <p>May, 2024. Physical inspection conducted in September, 2024 revealed that the contractor was on site and works were ongoing. However, the following anomalies were noted;</p> <p>(i) The County Executive did not conduct an environmental impact assessment study contrary to Section 58(2) of the Environmental Management and Co-ordination Act, hence had not acquired the license required.</p> <p>(ii) The signboard did not display the names of the Sub-contractor's contrary to item 3 of bill No.3 of the bill of quantity.</p> <p>(iii) Works amounting to Kshs. 6,617,310 included in the payment certificate had not been done with others being</p> |                     |                                   |                                                                  |



*Kericho County Executive*  
**Annual Reports and Financial Statements for the year ended June 30, 2025.**

| Reference<br>No. on the<br>external<br>audit<br>Report | Issue / Observations from Auditor                                                                                                                                                                                                                                                                                                                                                                                                                              | Management comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Status:<br>(Resolved /<br>Not Resolved) | Timeframe:<br>(Put a date<br>when you<br>expect the<br>issue to be<br>resolved) |
|--------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|---------------------------------------------------------------------------------|
|                                                        | <p>carried out at the time of inspection resulting to either advance payment or an overpayment for the works that had not been done contrary to Regulation 98(2) of the Public Finance Management (County Governments) Regulations, 2015.</p> <p>In the circumstances, value for money and irregularity of the payment amounting to Kshs. 32,477,063 could not be confirmed.</p>                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                         |                                                                                 |
|                                                        | <p><b>Failure to Submit a List of Ongoing Projects</b></p> <p>Management submitted the budget estimates to the County Assembly on 28 April, 2023. However, there was no evidence that Management submitted report on all ongoing projects that would receive funding in the succeeding year to County Executive Committee and County Assembly alongside the budget estimates contrary to Regulation 10(A) (g) of the Public Finance Management Act (Public</p> | <p><b>Hon. Chairman</b></p> <p>We acknowledge the audit observation regarding the failure to submit a comprehensive report on all ongoing projects that would receive or not receive funding in the succeeding financial year, as required under Regulation 10(A)(g) of the Public Finance Management (Public Investment Management) Regulations, 2022. While the budget estimates were duly submitted to the County Assembly on 28 April 2023, we recognize that the omission of the detailed report on ongoing projects constituted non-compliance with the legal requirements governing public investment processes.</p> | Not Resolved                            | On-Going                                                                        |

*Kericho County Executive*  
**Annual Reports and Financial Statements for the year ended June 30, 2025.**

| Reference<br>No. on the<br>external<br>audit<br>Report | Issue / Observations from Auditor                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Management comments                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Status:<br>(Resolved /<br>Not Resolved) | Timeframe:<br>(Put a date<br>when you<br>expect the<br>issue to be<br>resolved) |
|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|---------------------------------------------------------------------------------|
|                                                        | Investment Management)<br>Regulations, 2022 which requires<br>public investment process— (g)<br>report on all ongoing projects that<br>do not receive funding in the<br>succeeding year to County<br>Executive Committee and County<br>Assembly when submitting budget<br>estimates.<br><br>In the circumstances, Management<br>was in breach of the law.                                                                                                                                                                                                                                                                                                 | Furthermore, future budget submissions will be accompanied by a detailed report on<br>all ongoing projects, clearly indicating their funding status, to both the County<br>Executive Committee and the County Assembly as required by law.                                                                                                                                                                                                                                        |                                         |                                                                                 |
|                                                        | <b>Misclassification of Economic<br/>Items in the Approved Budget</b><br><br>The approved Kericho County<br>Supplementary Appropriation<br>Act No.2 reflects an amount of<br>Kshs. 5,753,578,119 in respect of<br>allocations for recurrent<br>expenditures. However, included in<br>the allocation is an amount of Kshs.<br>47,631,699 in relation to<br>development expenditures. Further,<br>included in the supplementary<br>appropriation or allocation which is<br>a development vote is an amount of<br>Kshs. 37,187,757 which relates to<br>recurrent expenditures. This was<br>contrary to Regulations 40(1) of the<br>Public Finance Management | <b>Hon. Chairman</b><br><br>Indeed, as per the guidelines on government budget classification and standard chart<br>of accounts, some of the budget lines items qualifies to be capital in nature, however<br>their usage or application makes them to be recurrent in nature. This has led to<br>misclassification of either recurrent or development.<br>We have taken cognizant of the auditor's observation and subsequently we will<br>classify the budget item accordingly. | Not Resolved                            | On-Going                                                                        |

Kericho County Executive

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

| 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) |
|--------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------|
|                                            | <p>(County Governments) Regulations, 2015 which requires each county government's budget estimates to be prepared, accounted for and reported in accordance with the Government of Kenya budget classification and standard chart of accounts issued by The National Treasury.</p> <p>In the circumstances, Management was in breach of the law</p>                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                   |                                                                  |
|                                            | <p><b>Failure to Undertake Procurement through E-procurement</b></p> <p>Review of IFMIS data revealed that development expenditure amounting to Kshs. 1,121,161,848 and recurrent expenditure amount of Kshs. 321,412,778 was incurred on procurement of goods, works and services outside e-procurement contrary to Executive Order No 2 of 2018 on procurement of public goods, works and services by public entities that requires all procurement be undertaken through e-procurement.</p> <p>In the circumstances, Management was in breach of the law.</p> | <p><b>Hon. Chairman</b></p> <p>The management acknowledge the auditor's observation. However, we wish to state that the procurement process is currently carried out in IFMIS from sourcing to a logical end of preparation and approval of LSO as well as inspection of goods and works. this evidenced by a sample of work flow extract in <b>Annex 21</b></p> <p>In addition, chairman, the county government published all tender awards in the public procurement information portal.</p> | Not Resolved                      | On-Going                                                         |



*Kericho County Executive*

**Annual Reports and Financial Statements for the year ended June 30, 2025.**

| 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) |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------|
|                                            | <p><b>Failure to Prepare Human Resource Plan</b></p> <p>Review of the documents provided for audit revealed the County Service Board had not developed a Human Resource Plan. This was contrary to Section 59(1) (g) of the County Governments Act, 2012 that specifies that the functions of the County Service Board include facilitating the development of coherent, integrated human resource planning and budgeting for personnel emoluments in counties.</p> <p>In the circumstances, the human resource needs of the County Executive may not have received adequate attention for its effective use.</p> | <p><b>Hon. Chairman</b></p> <p>We acknowledge the auditor's observation. However, we wish to state that the approved county staff establishment and organizational structure as attached in Annex 22 was used by the board as the basis to carry out the staff recruitment during the financial year under review. Further, Human Resource Plans are a replica of the staff establishment and organizational structure. The departments also adequately identified and budgeted for the recruitment of the staff.</p> | Not Resolved                      | On-Going                                                         |

*Kericho County Executive*

**Annual Reports and Financial Statements for the year ended June 30, 2025.**

| 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) |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------|
|                                            | <p><b>Lack of Information and Communication Technology and Strategic Plan</b></p> <p>Review of Information Communication Technology (ICT) controls and its environment revealed that there were no ICT Strategic Plan in place. Lack of strategic planning means that future events are not anticipated and planned for.</p> <p>In the circumstances, the County Executive's preparedness from possible disaster recovery could not be confirmed.</p> | <p><b>Hon. Chairman</b></p> <p>We note the auditor's observation, the management has developed critical policy document to help in managing and improving county service delivery. Some of these policies includes ICT Disaster Recovery Plan and ICT Strategic plan which is available and provided in <b>Annex 23</b>.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Resolved                          | N/A                                                              |
|                                            | <p><b>Action on Internal Audit Reports by the County Executive</b></p> <p>Review of the documents provided for audit revealed that that the directorate of internal audit and risk management had four (4) out of an approved thirtyeight (38) staff indicating an inadequate staff complement and lacked a substantive office holder for the period under review.</p>                                                                                | <p><b>Hon. Chairman</b></p> <p>We acknowledge the audit findings regarding weaknesses in the internal audit function within the County Executive during the period under review. However the Management has taken corrective measures to strengthen the internal audit function. A substantive Director of Audit has already been recruited and is currently in office, providing much-needed leadership and oversight to the directorate.</p> <p>Furthermore, an internal audit workplan, an approved internal audit charter, and risk management reports are attached in <b>Annex 24</b>.</p> <p>Finally, these steps are aimed at restoring the functionality and independence of the internal audit unit and ensuring alignment with the Public Finance Management Act and best practices in public sector auditing. We are committed to enhancing internal control mechanisms, promoting accountability, and ensuring effective risk</p> | Not Resolved                      | On-Going                                                         |

Kericho County Executive

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

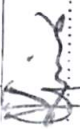
| Reference No. on the external audit Report | Issue / Observations from Auditor                                                                                                                                                                                                                                                                                                                                                                                                                 | Management comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------|
|                                            | Further, the directorate lacked an approved budget and workplan. In addition, there was no internal audit charter and evidence of risk management reports undertaken in the year of financial audit review.<br><br>In the circumstances, effectiveness of internal controls and governance could not be confirmed.                                                                                                                                | management throughout County operations.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                   |                                                                  |
|                                            | <b>Failure of the Audit Committee to Meet as Required</b><br><br>Review of the documents provided for audit revealed The Audit Committee had not met since 23 June, 2023. Further, there was no evidence that the Audit Committee was in existence during the year under audit. This was contrary to regulation 172(1) public Finance management (county Governments) Regulation, 2015 that requires that the Audit Committee shall meet at least | <b>Hon. Chairman</b><br><br>We acknowledge the audit observation concerning the failure of the Audit Committee to meet as required however the Management confirms that steps had been initiated to reconstitute the Audit Committee. The positions were duly advertised, as shown in the advert letter attached in <b>Annex 25</b> .<br><br>Further, the response to the initial advertisement was incomplete and did not yield sufficient qualified applicants to constitute the committee as required. Consequently, the County Public Service Board will re-advertise the positions to ensure a competitive and transparent recruitment process that results in the appointment of competent members.<br><br>The County Government remains fully committed to ensuring the reconstitution of a functional Audit Committee to provide the necessary oversight in line with public finance regulations. | Not Resolved                      | On-Going                                                         |



County Executive

Reports and Financial Statements for the year ended June 30, 2025.

| Issue / Observations from Auditor                                                                                                       | Management comments | Status:<br>(Resolved<br>Not Resolved) | Timeframe:<br>(Put a date<br>when you<br>expect the<br>issue to be<br>resolved) |
|-----------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------------------------|---------------------------------------------------------------------------------|
| once in every three months.<br>In the circumstances,<br>effectiveness of internal<br>controls and governance could<br>not be confirmed. |                     |                                       |                                                                                 |

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August 2025

*Kericho County Executive*

**Annual Reports and Financial Statements for the year ended June 30, 2025.**

**Appendix II: Projects implemented by Kericho County Executive**

| Project title | Project Number | Donor | Period/<br>duration | Donor commitment | Separate donor<br>reporting | Consolidated in<br>financial statements |
|---------------|----------------|-------|---------------------|------------------|-----------------------------|-----------------------------------------|
|               |                |       |                     |                  |                             |                                         |
|               |                |       |                     |                  |                             |                                         |

**Status of Projects completion**

*(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)*

| Project | Total project | Total expended to date | Completion % to date | Budget | Actual | Source |
|---------|---------------|------------------------|----------------------|--------|--------|--------|
|         |               |                        |                      |        |        |        |
|         |               |                        |                      |        |        |        |
|         |               |                        |                      |        |        |        |

*Kericho County Executive*

**Annual Reports and Financial Statements for the year ended June 30, 2025.**

**Appendix IV: Transfers from Other Government Entities**

| Name of the MDA/Donor Transferring the funds | Date received as per bank statement | Nature: Recurrent/Development/ Others | Total Amount - KES |  | Statement of Financial Performance | Where Recorded/recognized |                 |                    |                           | Total Transfers during the Year |
|----------------------------------------------|-------------------------------------|---------------------------------------|--------------------|--|------------------------------------|---------------------------|-----------------|--------------------|---------------------------|---------------------------------|
|                                              |                                     |                                       |                    |  |                                    |                           | Deferred Income | Receivables        | Others - must be specific |                                 |
| World bank-SIDA                              | 30 <sup>th</sup> June 2025          | Development                           | 32,309,300         |  | 32,309,300                         |                           |                 | 32,309,300         |                           | 32,309,300                      |
| World bank - IDA/KFW                         |                                     | Development                           | 11,000,000         |  | 11,000,000                         |                           |                 | -                  |                           | 11,000,000                      |
| World bank-IDA                               | 30 <sup>th</sup> June 2025          | Development                           | 79,383,098         |  | 79,383,098                         |                           |                 | 79,383,098         |                           | 79,383,098                      |
| Danida                                       |                                     | Development                           | 8,287,500          |  | 8,287,500                          |                           |                 | 8,287,500          |                           | 8,287,500                       |
| <b>Total</b>                                 |                                     |                                       | <b>130,979,898</b> |  | <b>130,979,898</b>                 |                           |                 | <b>119,979,898</b> |                           | <b>130,979,898</b>              |



*Kericho County Executive*  
**Annual Reports and Financial Statements for the year ended June 30, 2025.**

**Appendix VI: Reporting of Climate Relevant Expenditures**

| Project Name | Project Description | Project Objectives | Project Activities | Source Of Funds |    |    |    | Implementing Partners |
|--------------|---------------------|--------------------|--------------------|-----------------|----|----|----|-----------------------|
|              |                     |                    |                    | Q1              | Q2 | Q3 | Q4 |                       |
|              |                     |                    |                    |                 |    |    |    |                       |
|              |                     |                    |                    |                 |    |    |    |                       |
|              |                     |                    |                    |                 |    |    |    |                       |
|              |                     |                    |                    |                 |    |    |    |                       |
|              |                     |                    |                    |                 |    |    |    |                       |
|              |                     |                    |                    |                 |    |    |    |                       |

*Kericho County Executive*

**Annual Reports and Financial Statements for the year ended June 30, 2025.**

**Appendix VII: Disaster Expenditure Reporting Template**

| Column I<br>Programme | Column II<br>Sub-<br>programme | Column III<br>Disaster<br>Type | Column IV<br>Category of disaster related<br>expenditure<br>(response/recovery/mitigation/preparedness) | Column V<br>Expenditure<br>item | Column VI<br>Amount<br>(Kshs.) | Column VII<br>Comments |
|-----------------------|--------------------------------|--------------------------------|---------------------------------------------------------------------------------------------------------|---------------------------------|--------------------------------|------------------------|
|                       |                                |                                |                                                                                                         |                                 |                                |                        |
|                       |                                |                                |                                                                                                         |                                 |                                |                        |

*Kericho County Executive*  
**Annual Reports and Financial Statements for the year ended June 30, 2025.**

**Appendix VIII: Fixed Asset Register**

| Asset class                              | Historical Cost b/f (Kshs) Previous Year | Additions during the year (Kshs) | Disposals during the year (Kshs) | Transfers in/(out) during the year | Historical Cost c/f (Kshs) Current Year |
|------------------------------------------|------------------------------------------|----------------------------------|----------------------------------|------------------------------------|-----------------------------------------|
| Land                                     |                                          | 4,851,724                        |                                  |                                    | 4,851,724                               |
| Buildings and structures                 | 89,889,127                               | 147,033,888                      |                                  |                                    | 147,033,888                             |
| Transport equipment                      | -                                        | -                                |                                  |                                    | -                                       |
| Office equipment, furniture and fittings | 4,522,150                                | 54,286,122                       |                                  |                                    | 54,286,122                              |
| ICT Equipment                            | 13,219,200                               | 18,716,769                       |                                  |                                    | 18,716,769                              |
| Machinery and Equipment                  | 28,317,942                               | 34,333,882                       |                                  |                                    | 34,333,882                              |
| Biological assets                        |                                          |                                  |                                  |                                    |                                         |
| Infrastructure Assets- Roads, Rails      | 189,885,711                              | 129,946,363                      |                                  |                                    | 129,946,363                             |
| Heritage and cultural assets             |                                          |                                  |                                  |                                    |                                         |
| Intangible assets                        |                                          | 20,316,232.95                    |                                  |                                    | 20,316,232.95                           |
| Work in Progress                         | 19,824,472                               | 117,475,418                      |                                  |                                    | 117,475,418                             |
| <b>Total</b>                             |                                          |                                  |                                  |                                    | 526,960,398.95                          |