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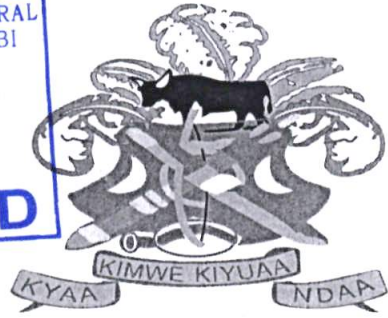
THE AUDITOR-GENERAL

ON

COUNTY EXECUTIVE OF MACHAKOS

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

28



COUNTY GOVERNMENT OF MACHAKOS
MACHAKOS COUNTY EXECUTIVE

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

Transitional (IPSAS) Financial Statements

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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

Fiduciary Management - *The key management personnel who had financial responsibility*

2. Key Entity Information and Management**a) Background information**

The County is constituted as per the Constitution of Kenya and is headed by the County Governor, who is responsible for the general policy and strategic direction of the County. The County Executive is comprised of the following departments:

No.	Department	Major Responsibility
1.	Finance, Revenue Management & Economic Planning	Management of County Treasury and Planning
2.	Agriculture, Food Security & Co-operative Development	Overseeing County Agriculture, animal husbandry and Fish farming
3.	Devolution	Public Administration, Service Delivery and Human Resource Management
4.	Office of the Governor	Leadership, Co-ordination & Administration
5.	Public Service Board	Human Resource Recruitment and Promotions.
6.	Roads, Transport and Public Works	Infrastructure Development & Expansion
7.	Health	Provision of quality healthcare
8.	Trade, Industry, Tourism & Innovation	Create conducive environment for trade, investment, tourism and industrialization
9.	Gender, Youth, Sports & Social Welfare	Supporting Vulnerable groups and sports promotion.
10.	Lands, Housing, Urban Development and Energy	Land administration, sustainable urban development
11.	Education.	Provision of quality education
12.	Water, Irrigation, Environment & Climate Change	Water resources management & protection of the environment and natural resources
13.	County Attorney	Provision of Legal counsel.

b) Key Management team

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

No	Name	Designation	Date of Appointment
1	H.E Wavinya Ndeti	Governor	25.08.2022
2	H.E Francis Mwangangi	Deputy Governor	25.08.2022
3	Hon. Catherine Mutanu	C.E.C.M –Finance, Economic Planning, Revenue Management and ICT	09.11.2022
4	Hon. Joel Nzomo(Bishop)	C.E.C.M – Devolution	09.11.2022

5	Hon. Sharon Nthoki	C.E.C.M – Gender, Youth, Sports and Social Welfare	25.10.2024
6	Hon. Justus Kasivu	C.E.C.M – Health	18.11.2024
7	Anastacia Munyaka	C.E.C.M – Lands, Urban Development, Housing and Energy	09.11.2022
8	Hon. Hon. John Kilonzo	C.E.C.M – Trade, Industry, Tourism and Innovation	25.10.2024
9	Hon. Onesmus Kuyu	C.E.C.M- Water, Irrigation, Environment & Climate Change	09.11.2022
10	Hon.Rita Ndunge	C.E.C.M- Agriculture, Food Security and Cooperative Development	25.10.2024
11	Dr. Consolata Mutindi	C.E.C.M-Education	09.11.2022
12	Moses Wambua	C.O – Livestock & Fisheries Development	09.05.2023
13	Bendict Ngumbau	C.O - Climate Change	09.05.2023
14	Bendict Ngumbau	C.O - Water & Irrigation	09.05.2023
15	Albert Mulwa	C.O – Agriculture & Food Security	09.05.2023
16	Andrew Mwema	C.O – Cooperative Development	25.10.2024
17	Mercy Ndululu	C.O – County Administration & Decentralized Units	09.01.2023
18	Sheikh Abdi Ifra	C.O – Digital Economy	09.05.2023
19	Tobias Mutua	C.O – Economic Planning	09.01.2023
20	Kioko Bernice Mueni	C.O – Education & ECDE	09.01.2023
21	Vincent musili	C.O – Energy	09.01.2023
22	Benson Metho	C.O – Environment	09.01.2023
23	CPA Julius Kasanga	C.O – Finance	09.05.2023
24	Bernadette Wavinya	C.O – Gender & Social Welfare	09.05.2023
25	Rashid Kala	C.O – Health Facilities & Infrastructure Development	09.01.2023
26	Francis Munyambu	C.O - Inspectorate, Fire Fighting Services	21.06.2024

27	Abdulahi Guliye	C.O – Lands & Physical Planning	09.01.2023
28	Rashid Kala	C.O – Medical Services	09.01.2023
29	Simon Simba	C.O – Public Health	09.01.2023
30	Lawrence Maingi	C.O – Public Service & Performance Management	09.01.2023
31	Col (Rtd). Gedion Mbithi	C.O – Public Works	25.10.2024
32	William Otieno	C.O - Revenue Management	25.10.2024
33	Simeon Kitheka	C.O – Sewerage, Sanitation & Waste Management	25.10.2024
34	Winnie Musyoki	C.O – Small & Medium Enterprise Development	09.05.2023
35	Simon Kirima	C.O – CO-Emergency and Disaster management	25.10.2024
36	Abdulahi Guliye	C.O – Industry & Innovation	25.10.2024
37	Stephen Mulei	C.O – Tourism & Culture	25.10.2024
38	Charles Kitonyi	C.O – Trade & External Relations	25.10.2024
39	Dr. Juliana Ndunge	C.O - Vocational Training	25.10.2024
40	Machogu Obare	C.O –Information, Communication & Technology Infrastructure	09.05.2023
41	Charles Mutinda	C.O OOG &Office of the DG	09.01.2023
42	Kinyae Bruce Isika	C.O- Youth & Sports	25.10.2024
43	Antony Mutunga	Citizen Engagement	25.10.2024
44	Maureen Mwendu Maingi	CO. Urban Development & Housing	25.10.2024
45	Dr Muya Ndambuki	County Secretary & Head of Public Service	09.11.2022
46	Juliet Nthambi	County Solicitor	25.10.2024
47	Mike Jace	Roads & Transport	25.10.2024
48	Hon Nathaniel Ng'ang'a	Roads, Transport and Public Works	08.12.2023
49	Papaa Koin Lompo	Co.Litigation and Enforcement	25.10.2024

c) Fiduciary Management

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

No.	Designation	Name
1	C.E.C.M- Finance, Economic Planning and Revenue Management	Hon. Catherine Mutanu
2	C.O-Livestock & Fisheries Development	Moses Wambua
3	C.O - Climate Change	Benedict Ngumbau
4	C.O - Water & Irrigation	Benedict Ngumbau
5	C.O – Agriculture & Food Security	Albert Mulwa
6	C.O – Cooperative Development	Andrew Mwema
7	C.O – County Administration & Decentralized Units	Mercy Ndululu
8	C.O – Digital Economy	Sheikh Abdi Ifra
9	C.O – Economic Planning	Tobias Mutua
10	C.O – Education & ECDE	Kioko Bernice Mueni
11	C.O – Energy	Vincent Musili
12	C.O – Environment	Benson Metho
13	C.O – Finance	CPA Julius Kasanga
14	C.O – Gender & Social Welfare	Bernadette Wavinya
15	C.O – Health Facilities & Infrastructure Development	Rashid Kala
16	C.O - Inspectorate, Fire Fighting & Emergency Services	Francis Munyambu
17	C.O – Lands & Physical Planning	Papaa Koin
18	C.O – Medical Services	Rashid Kala
19	C.O – Public Health	Simon Simba
20	C.O – Public Service & Performance Management	Lawrence Maingi
21	C.O – Public Works	Col (Rtd). Gedion Mbithi
22	C.O - Revenue Management	William Otieno
23	C.O – Sewerage, Sanitation & Waste Management	Simeon Kitheka
24	C.O – Small & Medium Enterprise Development	Winnie Musyoki

25	C.O – Special Programs	Antony Mutunga
26	C.O – Industry & Innovation	Vincent Musili
27	C.O – Tourism & Culture	Stephen Mulei
28	C.O – Trade & External Relations	Charles Kitonyi
29	C.O - Vocational Training	Dr. Juliana Ndunge
30	C.O –Information, Communication & Technology Infrastructure	Machogu Obare
31	C.O OOG &Office of the DG	Charles Mutinda
32	C.O- Youth & Sports	Kinyae Bruce Isika
33	Citizen Engagement & Public Participation	Antony Mutunga
34	CO. Urban Development & Housing	Maureen Mwendu Maingi
35	Roads & Transport	Mike Jace
36	Director - Accounting Services	Dr.Bernard Muli
37	Director – Budget	Stella Miriti
38	Director - Supply Chain	Dr.Joseph Mathuki
39	Director - Internal Audit	CPA Daniel Mumo

d) Fiduciary Oversight Arrangements

Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):

- *Audit and finance committee activities*
- *Parliamentary committee activities*
- *County Assembly*
- *Development partner oversight activities*

e) County Executive Headquarters

P.O. Box 1996 -90100

County Headquarters Building

Off Machakos Nairobi Highway

MACHAKOS, KENYA

f) County Executive Contacts

Telephone: (254)4420246

E-mail: machakostreasury@machakosgovernment.co.ke

Website: www.machakosgovernment.co.ke

g) County Executive/Assembly Bankers

1. Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

NAIROBI, KENYA

2. Other Commercial Banks

Kenya Commercial Bank

Machakos Branch

Co-operative Bank of Kenya

Machakos Branch

Family Bank

Machakos Branch

SBM Kenya Ltd

Machakos Branch

h) Independent Auditor

Auditor-General
Office of The Auditor General
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

j) County Attorney Legal Advisor.

County Law Office
P.O.Box 1996 – 90100,
Machakos




3. Governance Statement








Machakos County is established as per Section 176 of the Constitution of Kenya, 2010. The County is headed by the Governor, who is responsible for the general policy and strategic direction of the County.




The County Executive is structured in terms of departments, headed by a County Executive Committee Member (CECMs). The CECMs support the Governor and the Deputy Governor in executing the mandate of the County Government as stipulated in the Constitution. The County Secretary heads county public service and is responsible for arranging the business of county executive committee.

a) The membership of the cabinet/County Executive Governance Structures

The Machakos County Executive governance structure is defined under Kenya’s Constitution and the County Governments Act, 2012. It comprises individuals and offices that form the executive arm of the county government, responsible for policy implementation, administration, and delivery of services. The Machakos County executive is composed of the Governor, Hon Wavinya Ndeti, EGH; Deputy Governor, Hon Francis Mwangangi; County Secretary and ten (10) County Executive Committee Members appointed by the Governor and approved by the County assembly. The Governor is the Chief Executive of the county and chairs the County Executive Committee. The table below show the County Executive.

SN	County Executive	Name	Photo
1.	Governor	H.E. Hon Wavinya Ndeti, EGH	
2.	Deputy Governor	Hon. Francis Mwangangi	
3.	County Secretary	Dr. Muya Ndambuki (PhD.)	

4	CECM – Water, Irrigation & Climate Change	Hon. Onesmus Muia Kuyu	
5	CECM - Devolution	Hon. Dr. Joel Nzomo	
6.	CECM – Education, ECDE & Vocational Training	Hon. Dr. Consolata Mutisya (PhD.)	
	CECM- Trade, Industrialization, Tourism & SME Development	Hon. John Mwangangi Kilonzo	
	CECM- Transport, Roads and Public Works	Hon. Nathaniel Nganga Reuben	
	CECM- Finance, Economic Planning, Revenue Management and ICT	Hon. Catherine Mutanu	
	CECM- Gender, Youth, Sports and Social Welfare	Hon. Sharon Mutua	

	CECM- Health Services	Hon. Justus Musau Kasivu		
	CECM- Agriculture, Food Security & Cooperative Development	Hon. Rita Ndunge		
	CECM- Lands, Physical Planning, Housing, Urban Development & Housing	Hon. Annastacia Munyaka		

b) Brief discussions of how the County deals with its stakeholders especially on matters that require public participation, and policies on communication, stakeholder engagement and whistle blowing.

Machakos County Public Participation Act 2014 provides the legislative basis for public consultations. Machakos county engages stakeholders through inclusive frameworks targeting youth, women, PWDs, CSOs such as structured public participation and stakeholder engagement forums. Under the Open Government Partnership (OGP) Action Plan 2025-2027, public participation is at the core ensuring decision making is inclusive and accessible to all residents, including marginalized groups

Machakos County is implementing several initiatives to boost participation. These are:

- ✓ Institutionalizing participation through creation of a Citizen Engagement and Public Participation Unit, organizing citizen engagement forums and providing accessible information through online platforms
- ✓ Strengthening engagement through live streaming public or stakeholder engagement forums, and enhancing the Machakos Call Centre to support real-time responses

Machakos County applies a firmly participatory and legal framework in developing both its Annual Development Plans and County Fiscal Strategy Papers. The county conducts consultative forums at ward / sub county levels where stakeholder input is collected and compiled. Public forums, structured multi-sector engagement and active involvement by the county departments ensure alignment between community needs and planned interventions. The direct involvement of

the Governor underscores the administration's commitment to true devolution and inclusive planning.

c) Safeguards against unethical conduct and corruption.

Machakos County has comprehensive Human Resource Management Policies that underscore performance management, staff welfare and importantly ethical standards for employees. These policies institutionalize professionalism and ethical conduct across the county public service. The county has a dedicated Discipline Manual for County Public Service to guide internal disciplinary procedures and promote integrity among staff.

To enhance transparency and minimize opportunities for bribe-taking, Machakos introduced a cashless system for revenue collection using a centralized Pay Bill number. This shifted all payments from investors to local traders to digital platforms, reducing physical handling of cash.

d) Engagement with the County Assembly through its committees and the Senate including number of bills sponsored by the executive and any other matters presented for deliberations.

The Machakos County Executive engages the County Assembly primarily ensuring coordination, oversight and legislative alignment. This is done through the County Assembly Committees. The County Executive (Governor, CECs, and Chief Officers) initiates and drafts county bills, policies, and development plans (e.g., Annual Development Plan, County Fiscal Strategy Paper). These documents are submitted to the County Assembly where they are marked to relevant Assembly committees e.g. Budget and Appropriations Committee; Agriculture; Culture and Tourism; Decentralized Units and County Administration; Education and Social Services; Environment and Natural Resources; Finance and Revenue Collection; Health and Emergency Services, Justice and Legal Affairs; Labour, Public Service And ICT; Land and Energy; Trade, Economic Planning and Industrialization; Transport, Roads and Public Works; Water and Irrigation and; Youth, Women and Sports for scrutiny, discussion, and recommendations. The Executive often appears before committees to defend proposed legislation, clarify implementation plans, and provide technical information. The County Assembly select committees oversee internal governance, budget accountability, and implementation of laws and policies. They play a critical role in ensuring checks and balances between the legislative and executive arms of Machakos county government. Select committees ensure that the County Executive is accountable for how public resources are allocated, managed, and used. Some select committees follow up on whether laws passed or motions adopted by the Assembly are being implemented by the County Executive. Select committees also examine budget and public finance documents submitted by County Executive and vetting of public officials such as County Executive Committee Members, Chief officers and other nominees for county public offices.

e) Risk management

The County Government has established an Audit Committee under Section 155 of the PFM Act, 2012, which is an independent body responsible for overseeing risk management, internal controls, and governance. Additionally, the County Public Service Board (CPSB) manages risks related to human resources and staffing, while the County Executive Committee Members (CECM) and Accounting Officers have the primary responsibility for designing and implementing risk management and internal control systems.

The County Government has established a risk assessment template that is applied consistently across departments. The Internal Audit function conducts regular risk assessments to identify financial, operational, and compliance risks. Identified risks are documented together with mitigation measures, responsible officers, and clear timelines for implementation. The status of risk mitigation is periodically reviewed at both Audit Committee and management meetings, ensuring continuous monitoring and accountability.

The Internal Audit Unit facilitates risk assessments and analyses and the results are shared with management and the Audit Committee for decision-making. The Audit Committee reviews risk reports regularly to ensure management responses are appropriate.

The County Government has established formal processes to evaluate changes in both internal and external environments that could create new risks. Emerging risks are identified through regular reviews of the County risk assessment template, routine internal audits, and oversight by the Audit Committee. Once identified, these changes are added to the County's risk register, and mitigation strategies are updated accordingly to ensure proactive risk management.

During the period under review, the County Government identified and analysed key financial, operational, and compliance risks using its risk assessment templates. Risks were prioritised based on likelihood and impact, and appropriate mitigation measures were developed with clear timelines and responsible officers. The progress of risk management actions was periodically reviewed by management and the Audit Committee, demonstrating a structured approach to managing risks.

- f) Brief descriptions of appointment operation and membership of the audit committee and its charter.
- g) The audit committee was constituted in the year 2024. Its mandate is to advise the County Government on strengthening governance, accountability, transparency, and giving assurance on the use of public resources. Compliance
- h) The County Government is governed by The Constitution of Kenya 2010 and it operates under strict guidance of PFM Act 2012 alongside the PFM regulations 2015.

4. Foreword by CECM Finance and Economic Planning

Machakos County Government Reports and Financial Statements for the Financial Year ended **30th June, 2025** are prepared in line with the Public Finance Management Act, 2012 and the IPSAS accrual basis of accounting. The Act requires final accounts to be prepared, published and publicized within a period of one month after the end of each financial year. The reports and financial statements show the Receipts and Expenditure, Assets & Liabilities, Statement of cash flow, Statement changes in equity and statement of comparison of budget and actual amounts for the said period.

The County's original approved budget estimates amounted to Kshs. 14.3 Billion which was reviewed to Ksh. 15.6Billion during the reporting period. Expenditure on compensation of employees amounted to Kshs.6.5 Billion, use of goods and services amounted to Kshs.2.4Billion. The County Government incurred Ksh.307Million on Transfers to Other Government Units. Further, the County Government incurred Ksh.1.9Billion on acquisition of assets. The overall incurred expenditure for the County was Kshs.9.4Billion.

Since devolution, Machakos County Government has utilized most of its development funds on infrastructure. This entails, upgrading of roads to bitumen standards, maintenance of access roads, upgrading of market roads, provision of water through drilling new and rehabilitation of existing boreholes, water reticulation, desilting of dams, distribution of plastic tanks of 10,000 litres capacity to public institutions and county water projects, installation of floodlights and street lighting. Additionally, the County Government has made great strides in improving healthcare through completion of community hospitals, upgrading Level 3 to Level 4 hospitals as well as equipping of health facilities. In the Agricultural sector, the county facilitated provision of subsidized seeds, registration of farmers, construction farm ponds, distribution of fertilizer, distribution of seedlings and fodder feeds, training of various value chain actors, distribution of indigenous chicks, distribution of fingerlings. In the Commercial and Tourism Sector, the county Government has completed and renovated Machakos Convention Centre to international standards, renovation of Machakos People's Park, construction of market sheds, distribution of outdoor parasols, construction of modern bus stops and bodaboda sheds. Under Education, Youth and Social Welfare sector, the County Government facilitated construction of ECDE classrooms, provision of bursaries, renovation of Vocation Training Centres, provision of sports kits to football teams in each ward. The County Government has upgraded Kyemutheke and Matuu VTCs in Mavoko and Yatta Sub-Counties respectively as pilot Centres of Excellence in vocational training which will serve upper and lower regions of Machakos. These two institutions have been expanded through comprehensive overhaul of general infrastructure and modern training equipment.

The County has embarked on key flagship projects such as upgrading roads to bitumen standards: Mlolongo – Gossip – Police Road (4.3 KMs); Kathalani – Kaviani Road (3.2 KMs); Katangi – Kinyaata – Kithimani Road(5KMS); Kincar - Githunguri Road (3 KMS). The County Government is also in the process of construction of Muindi Mbingu hospital, New Athiriver level IV, model day care centres. Other key flagship projects/ programs undertaken by the County Government include Machakos Youth Service, Wikwatyo Fund, preparation of County Spatial Plan, preparation of valuation roll, construction of sports complex and construction of County Aggregation & Industrial Park (CAIP). Governor Wavinya Cup tournament is hosted annually and throughout the tournament period 640 teams comprised of at least 14,000 young men and women are engaged across all the 40 Wards. Barabara Mashinani programme is intended to Improve rural connectivity and access to services and has greatly boosted rural trade, school attendance, and movement of goods and people. The Machakos Youth Empowerment programme is a flagship youth empowerment and skills development program

launched by the Machakos County Government. It mirrors the national NYS model and targets unemployed, out-of-school youth across the county's 9 sub-counties.

In the Financial year 2025/2026, the County Government of Machakos has a total budget of Kshs 15,193,585,721 comprising of 10,597,208,591 for recurrent expenditure and 4,596,377,130 for Development expenditure. Some of the projects anticipated to be financed include but not limited to: tarmacking, grading and murraming of roads; construction and equipping of health facilities; construction of sports complex and industrial parks; drilling, rehabilitation and equipping of boreholes; desilting of dams and construction of weirs.

Despite notable achievements, the County experienced challenges during the financial year. These include delays in Exchequer leading to delays in projects' implementation and payment; unreliable and erratic rainfall, protest by citizens leading vandalization of some government projects. Additionally, inflation has led to cost overrun increasing the cost of inputs in implementation of various projects/ programmes.

However, the Executive has put in place a multi-dimensional risk management framework that covers disaster preparedness, internal controls, procurement efficiency, transparency, and climate adaptation in order to mitigate some of the challenges mentioned above. Collectively, these strategies improve the county's resilience, ensure financial integrity, and elevate the quality-of-service delivery. A sustained focus on execution, enforcement, and community engagement will be critical for maintaining and institutionalizing these achievements.



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CECM Finance and Economic Planning
County Government of -Machakos

5. Statement of Performance against Predetermined Objectives

Strategic development objectives

The County's Machakos CIDP 2023-2027 has identified several key strategic development objectives. 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 afore-mentioned planning frameworks that amalgamate the thematic focus and development aspirations in these policy frameworks.

The key development objectives of the Machakos County's CIDP 2023-2027 are to:

- i. Food Security and Improved Nutrition
- ii. Infrastructure Improvement and Expansion
- iii. Accessible and Quality Healthcare
- iv. Quality Education, Youth Development and Social Welfare
- v. Sustainable and Resilient Infrastructure ecosystem
- vi. Safeguard Land Use and Natural Resources
- vii. Water and Environmental Conservation
- viii. Conducive Business and Investment Environment and promote tourism.

Below we present the progress made in attaining the objectives of the 2023-2027 CIDP for Machakos County.

<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 underperformance/ Overperformance)</i>
1.	To boost agriculture productivity and production	Enhanced agriculture productivity and production to meet food security and nutritional needs	Increased Productivity	Achieved
2.	To develop and manage an effective, efficient and secure road network	Effective, efficient and secure road network	Improved road network	Achieved
3.	To provide support services to health and emergency cases	Improved quality health care	Improved healthcare	Achieved
4.	To promote sports development and early childhood development	Quality education and learning in ECDE centres and Nurtured sport talents	Enhanced infrastructure systems that are environmentally sustainable, socially inclusive, and resilient to climate and socio-economic shocks.	Achieved

5.	To promote sustainable, inclusive, and climate-resilient infrastructure.	Enhanced infrastructure systems that are environmentally sustainable, socially inclusive, and resilient to climate and socio-economic shocks.	Improved infrastructure systems	Achieved
6.	To ensure a clean, safe and sustainable environment	A clean, safe and sustainable environment	Clean environment	Achieved
7.	To protect, conserve, and sustainably manage water resources and the environment to ensure equitable access, ecosystem health, and resilience against climate change and human-induced degradation.	Improved availability and quality of water resources, restored ecosystems, and strengthened community resilience	Improved availability and quality of water resources and restored ecosystems	Achieved
8.	To provide conducive business environment and attract more local and foreign tourists	Influx of tourists and growth in tourism related businesses	Growth in tourism related businesses	Achieved

Progress on Attainment of Development Objectives from Annual Development Plan for FY 2024/2025 For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Programme performance

Program	Strategic Objective	Outcome	Output	Output indicator	Achievement for the FY			Cumulative Achievement by end of FY			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
Agriculture sub-sector administration, Planning and Support Services	To enhance efficiency and effectiveness in service delivery	Enhanced service delivery	Renovated offices	No. of offices renovated	2	2	0	4	4	0	Achieved
Agricultural crop production	To increase crop production per unit area	Increased crop productivity	Developed water and soil conservation and Irrigation infrastructure	No. of water and soil conservation & Irrigation Infrastructure Developed	1	1	0	2	1	1	1 borehole excavated
			Farmers/ groups supported with kitchen garden kits and fruit tree seedlings	No. of farmers/ groups supported with kitchen garden kits and fruit tree seedlings	1000	500	500	2000	500	1500	
			Procured and	No of value	5	1	4	9			

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

Program	Strategic Objective	Outcome	Output	Output indicator	Achievement for the FY			Cumulative Achievement by end of FY			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
			distributed Value addition equipment	addition equipment procured and distributed							
			Certified Seeds Procured and distributed	Quantity of seeds procured in tons	333	136.776	196.224	666	247.376	418.624	Target not achieved
				No. of farmer Beneficiaries	20,000	62502	-42502	40,000	62502	-22502	Target surpassed
			Constructed dams	No. of dams constructed	4	1	3	8			Kwa Katusya dam was completed
			Irrigated agricultural land	New acreage under irrigation	1	25	-24	8	25	-17	This was done through 100 ELRP farm ponds
Agricultural extension services	To improve extension service delivery	Enhanced dissemination of extension services	Recruited Agricultural Extension Officers	No. of officers recruited	25	19	6	75	19	56	Target not achieved due to budget constraints
			Procured extension motorbikes	No. of motorbikes	10	40	-30	20	40	-20	Target over

Program	Strategic Objective	Outcome	Output	Output indicator	Achievement for the FY			Cumulative Achievement by end of FY			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
				procured							achieved. Procured through NAVCDP
Climate change mitigation	To mainstream climate change in agriculture policies and activities	Enhanced resilience to climate change risks	Distributed fruit seedlings	No. of fruit seedlings distributed	80,000	9,500	70500	160,000	69570	80930	Distributed through ELRP
			Lined Farm ponds	Number of farm ponds established and lined	2000	100	1900	4000	178	3822	Target not achieved due to budget constraints
Fisheries Development	To promote sustainable utilization and Development of Fisheries Resources	Enhanced Fisheries Productivity	Stocking of community dams/farmers ponds	No. of fingerlings stocked/restocked	200,000	1,167,000	-967000	400,000	1693000	-1293000	Well facilitated
			Operational Fish hatcheries at ATVET	No. of operational hatchery at ATVET	1	1	0	1	1	0	Well facilitated
Veterinary services	To reduce disease incidences	Increased livestock production and access to markets	Vaccinated animals	No. of animals vaccinated	710000	137,745	572255	141,000	283745	1126255	Budget constraints

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Program	Strategic Objective	Outcome	Output	Output indicator	Achievement for the FY			Cumulative Achievement by end of FY			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
			Vaccinated dogs	No of dogs vaccinated	80,000	57,301	22699	150,000	273301	-123301	Target surpassed
			Timely response and management of disease	No of disease Surveillance reports	52	52	0	104	104	0	Avian influenza included
			Increased milk production	No. of inseminations	5000	2365	2635	10000	2534	7466	Done by both public and private inseminators
			Sensitized farmers on livestock production	No. of farmers sensitized on animal welfare	2500	6850	-4350	5000	12195	-7195	Done during farm visits, field days and show
			Trained farmers on livestock productivity	No. of farmers trained on livestock productivity	3500	120572	-117072	7000	133752	-126752	Done during farm visits, field days
			Improved meat hygiene and safety	No. of slaughter houses inspected	87	87	0	87	87	0	Target achieved

Program	Strategic Objective	Outcome	Output	Output indicator	Achievement for the FY			Cumulative Achievement by end of FY			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
			slaughter houses rehabilitated	No. of slaughter houses rehabilitated	1	1	0	2	2	0	Target achieved
			Constructed slaughter houses	No. of slaughter houses constructed	1	2	-1	2	2	0	Target achieved
<i>Growth & Development of Co-operative societies</i>	<i>To promote growth & development of Co-operative societies</i>	<i>Vibrant and better managed co-operatives</i>	Coffee seedlings procured and distributed	No. of societies issued with coffee seedlings	25	25	0	25	25	0	Target achieved
<i>Co-operative Governance</i>	<i>To improve Co-operative Governance</i>	<i>Improved performance and accountability of cooperative societies</i>	Cooperative audits & inspections done	No. of cooperative audited & inspected	55	37	18	55	48	7	Some societies didn't audit their books
Lands and Physical Planning Administration and Support	To improve land service delivery and enhance efficiency	efficiency in service delivery	Title deeds issued	No. of title deeds issued	2000	5000	-3000	3000	5000	-2000	Target Surpassed

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Program	Strategic Objective	Outcome	Output	Output indicator	Achievement for the FY			Cumulative Achievement by end of FY			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
Services											
Digital Land Governance Land Administration	To promote sustainable development through equitable and secure access and management of land To enhance secure land ownership	Improved security of tenure and equitable access to land and natural resources for sustainable socio-economic development Better managed land	Cadastral layers digitized	No. of cadastral layers/plot digitized	500	700	-200	750	700	50	Target not achieved
			County Cadasters prepared	No. of County Cadasters prepared	1	2	-1	1	2	-1	Target Surpassed
			Urban Plans prepared	No. of Urban Plans prepared	4	4	0	7	4	3	Done in collaboration with KISIP)
			Machakos County land use policies done	No. of Machakos Land Use Policies done	1	2	-1	1	2	-1	(Done in collaboration with KISIP)
			Surveyed, beacons and allocated plots in Machakos New Town	No. of Surveyed, beacons and allocated plots in Machakos New Town	250	23	227	500	23	477	Target not achieved
			Machakos New City Implementation Monitoring, Evaluation & Reviews	No. of Machakos New City Implementation Monitoring, Evaluation & Reviews	5	23	-17	10	23	-10	Target surpassed

Program	Strategic Objective	Outcome	Output	Output indicator	Achievement for the FY			Cumulative Achievement by end of FY			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
Kenya Integrated Devolution Urban Support Programme (KIDUSP)	To establish effective and empowered urban planning and urban management systems that deliver infrastructure and supporting services economically, efficiently and effectively based on locally determined Urban Integrated Development Plans (IDePs) and Town Plans	Secure, well governed, competitive and sustainable urban areas	Municipal Towns/ Boards established	No. of Municipal Towns /Boards established	3	3	0	3	3	0	Target achieved
			Municipal/Town Charters prepared & approved	No. of Municipal/Town Charters prepared & approved	3	3	0	3	3	0	Target achieved
			CUIDS prepared & approved	No. of CUIDS prepared & approved	1	1	0	1	1	0	Target achieved
			Public sensitization forums on waste management held	No. of Public sensitization forums in Municipalities on waste management	7	7	0	7	7	0	Target achieved
			Recreational Areas established and maintained	No. of recreational areas established and maintained	1	1	0	2	1	1	Target not achieved
Solid Waste Management	To maintain a clean environment for Machakos residents	Healthy habitat	Protective gears procured	No. of protective gears procured	500	200	300	1000	200	800	Target not achieved
			20 litre detergent procured	No. of 20 litre detergent procured	500	200	300	1000	200	800	Target not achieved

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Program	Strategic Objective	Outcome	Output	Output indicator	Achievement for the FY			Cumulative Achievement by end of FY			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
Environment Management and Protection	To enhance efficiency and effectiveness in service delivery	Enhanced service delivery	Riparian reserves set in rivers and tributaries	No. of riparian reserves set in rivers and tributaries	2	2	0	2	2	0	Target achieved
Locally-led Ward Climate Change Development Projects (FLLoCA and County Contribution)	To mitigate effects of climate change	Improved livelihoods and environment	Water distributed for domestic and irrigation	Kilometers of water distributed for domestic and irrigation use	20	19	1	40	21	19	Target not achieved
			Tree seedlings grown	No. of tree seedlings grown	10,000	144,000	-134000	20000	144000	-124000	Target surpassed
			Clean cooking stoves distributed	No. of clean cooking stoves distributed	800	1,420	-620	1600	1420	180	Target not achieved due to budget constraints
			Solar lanterns distributed	No. of solar lanterns distributed	800	2,160	-1360	1600	2160	-560	Target surpassed
Water Resources Management	To manage and protect water resources	Improved water supply and water quality	Water pans/small dams rehabilitated	No. of water pans/small dams rehabilitated	40	3	37	80	51	29	Target not achieved due to budget constraints
			Boreholes powered	No. of boreholes	20	4	16	40	40	0	Target achieved

Program	Strategic Objective	Outcome	Output	Output indicator	Achievement for the FY			Cumulative Achievement by end of FY			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
				powered							
			Boreholes rehabilitated	No. of boreholes rehabilitated	30	7	23	70	51	19	Target not achieved due to budget constraints
			Kilometers reticulated	No. of kilometers reticulated	80	25	55	160	25	135	Target not achieved due to budget constraints
Sewerage System and Sanitation Management	To improve access to adequate and equitable sanitation and hygiene	Improved sanitation and hygiene	Sewer network rehabilitated	No. of Sewer network rehabilitated	1	1	0	2	1	1	Target not achieved due to budget constraints
			Public toilets constructed	No. of modern public toilets constructed	10	13	-3	20	13	7	Target not achieved due to budget constraints
Industrial Liaison Development	To create and enhance mutual relationships	Increased collaboration between county and	Industrial parks developed	No. of industrial parks developed	1	1	0	1	1	0	Ongoing

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Program	Strategic Objective	Outcome	Output	Output indicator	Achievement for the FY			Cumulative Achievement by end of FY			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
	and collaboration between the county and industry players	industry players									
Early Childhood Development	To Improve Early Childhood Development Education and Provide Quality Nurturing, Care and Comfort to the Children	Improved Quality Education, Learning and Welfare of children in ECDE Centers	ECDE centers established/ disability friendly centers established and equipped	No. of ECDE centers established /disability friendly centers established and equipped	20	5	15	30	23	7	Target not achieved due to budget constraints
			Established Model ECDE Center	No. of established model ECDE centers	1	1	0	1	1	0	Target achieved
			Integrated digital learning in ECDE centers	No. of ECDE learners with access to digital learning	36,611	40,615	-4,004	36,611	40,615	-4,004	Target surpassed
			Learning devices	No. of learning	1,090	900	190	1,090	900	190	Target not fully

Program	Strategic Objective	Outcome	Output	Output indicator	Achievement for the FY			Cumulative Achievement by end of FY			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
			procured	devices procured							achieved
			ECDE learners under feeding program	No. of ECDE learners under feeding program	37,200	40,615	-3,415	37,200	40,615	-3,415	Target surpassed
			Day care centers created and equipped	No. of day care centers created and equipped	1	1	0	1	1	0	Target achieved
Basic Education	To improve academic standards	Improved academic standards	Bursaries disbursed	No. of learners benefited	20,000	28,500	-8,500	20,000	28,500	-8,500	Target surpassed
Technical and Vocational Training	To provide relevant technical skills, sensitize, identify and nurture talents among the youth	Enhanced relevant technical skills among the youth	Established Model VTC Center	No. of established model VTC centers	1	3	-2	2	3	-1	Target surpassed
			CBET program implemented in VTC centers	No. of VTC centers implementing CBET Program	43	43	0	43	43	0	Target achieved

Program	Strategic Objective	Outcome	Output	Output indicator	Achievement for the FY			Cumulative Achievement by end of FY			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
			Policies completed and implemented	No. of policies developed and implemented	1	1	0	2	1	1	One policy was developed
County Planning	To determine feasible programmes and their contribution to the National plan	Sustainable and feasible programmes	CADP 2025/2026 developed and approved by CA	No. of ADPs developed	1	1	0	2	2	0	Target achieved
			Public Participation conducted	No of public participation forums conducted	1	1	0	2	2	0	Target achieved
Public Financial Service Management	To enhance prudent, financial and fiscal management	Enhanced transparency and accountability in the utilization & management of public financial resources	Annual County budgets and reports prepared and submitted timely	No. of consolidated County Budgets	1	1	0	2	2	0	Target achieved
				No. of public participation forums held	1	1	0	2	2	0	Target achieved
				No. of supplementary	1	1	0	2	2	0	Target achieved

Program	Strategic Objective	Outcome	Output	Output indicator	Achievement for the FY			Cumulative Achievement by end of FY			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
				budgets							
				Budget implementation reports	1	1	0	2	2	0	Target achieved
				No. of County Fiscal Strategy Papers	1	1	0	2	2	0	Target achieved
				No. of County Budget Review Outlook Papers	1	1	0	2	2	0	Target achieved
Industrial Liaison Development	To create and enhance mutual relationships and collaboration between the county and industry	Increased collaboration between county and industry players	Industrial parks developed	No. of industrial parks developed	1	70%	30%	1	70%	30%	The County Aggregation Industrial Park is on progress at 70% completion rate.

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Program	Strategic Objective	Outcome	Output	Output indicator	Achievement for the FY			Cumulative Achievement by end of FY			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
Street lighting and Market Floodlights	To stimulate economic growth driven by increased productivity	Extended hours of doing business and enhanced security	Markets installed with mulika mwizi	No of Markets installed with mulika mwizi	66	40	26	132	55	77	Budget constraints
			Floodlights repaired	No. of floodlights repaired	907	481	426	907	907	481	Budget constraints
			Street lights repaired.	No. Street lights repaired.	2,747	421	2326	2747	421	2326	Budget constraints

6. Environmental and Sustainability Reporting

Machakos County is leveraging multiple reporting tools and initiatives to bolster environmental sustainability. The County has made notable strides in environmental sustainability through a comprehensive Climate Change Action Plan (2023–2027) that addresses key challenges like drought, heat stress, and water scarcity particularly in the agriculture sector, which supports majority of households. Additionally, Machakos is promoting eco-tourism by leveraging its natural and cultural assets while collaborating with NGOs to ensure sustainable tourism practices. The Plan outlines its strategic response to climate challenges including mitigation, adaptation and sustainable practices

a) Sustainability strategy and profile

Machakos County recognizes sustainability as central to its development vision, balancing economic growth, environmental stewardship and social equity. With majority of households relying on agriculture, the County Government has prioritized climate adaptation, resource efficiency and community resilience as pillars of its sustainability strategy. This approach is informed by emerging global trends, national priorities, and local needs. Under the stewardship of the County Executive and with oversight from the Department of Water, Irrigation, Environment & Climate Change, Machakos County has made structural and policy-level investments toward sustainability. These include: the Climate Change Action Plan (2023–2027) which is a comprehensive framework aligning with Kenya's National Climate Change Action Plan (NCCAP) and the Paris Agreement and; integration of sustainability indicators into the County Integrated Development Plan (CIDP) 2023–2027. Machakos County's strategy draws inspiration from international frameworks, including: the Sustainable Development Goals (SDGs), particularly SDG 13 (Climate Action), SDG 6 (Clean Water and Sanitation), and SDG 15 (Life on Land); the Paris Agreement, through county-level climate action plans and adaptation projects and; the Sendai Framework for Disaster Risk Reduction, reflected in community-level resilience initiatives and early warning systems.

b) Environmental performance

The object and purpose of Machakos County Environment Management Act, 2022 is to:

- a) Make provision for a clean and health environment;
- b) Promote sustainable waste management
- c) Promote for the establishment of environmentally sound infrastructure and systems for waste management
- d) Promote and ensure effective delivery of waste management services;
- e) Provide for the reduction of all forms of pollution including land based, air noise and water pollution;
- f) Provide for ways of improving conditions and health of waste pickers, sorters and handlers;
- g) Create an enabling environment for green economy jobs in waste management and recycling and recovery industry especially for youth, women and persons with disability;
- h) Inculcate responsible public behaviour on waste management and the environment including the prevention of soil erosion and land degradation.
- i) Provide for environmental conservation including forest landscape restoration and the maintenance of urban green spaces;
- j) Provide a framework to encourage public participation in the management, protection and conservation of the environment including protection of river valleys and riparian areas and wetlands;
- k) Provide for and regulate the participation of the various actors in the solid and and liquid waste management in the county;

- l) Initiate and support strategies to promote circular economy in waste management; and
- m) Promote sustainable production and consumption by the private sector, government agencies and the general public

Machakos County has made significant strides in environmental performance with efforts to expanding forest cover and encouraging green practices across key sectors. With millions of trees planted, the county demonstrates substantial commitment to combating deforestation and enhancing ecological resilience. Environmental efforts are spread across diverse actors from government and academia to communities and youth fostering shared responsibility. County-level accomplishments align well with Kenya's broader reforestation and climate targets, such as the nationwide push toward 15 billion trees. Strong partnerships with organizations like Kenya Forest Service and educational institutions and other relevant stakeholders signal robust institutional capability in implementing environmental programs.

e) Employee welfare

The County Government of Machakos always puts into consideration all the relevant laws, policies and guidelines during its recruitment process. These include; the Constitution of Kenya (2010), the Employment Act (2007), County Government Acts (2012) and the County Public Service Human Resource Manual (2016). The Constitution of Kenya (2010), Article 27 (8) provides that affirmative action should be factored where the state is required to take legislative and other measures to ensure that no more than two-thirds of the members of elective or appointive bodies are of the same gender. This has been cascaded to the County Governments recruitment processes. The County Government Act (2012) also underscores the principle of gender equality in County Government hiring process. We are happy to report that Machakos County has complied by having a ratio of 57% women and 43% men in the public service.

To manage employees' skills and management career development, the County Government of Machakos has employed several strategies which range from training, promotions, and performance management. The County Government of Machakos has put in place measures that foster employee's skills through local and international training opportunities. Every year the Government of Machakos County sends its employees to foreign universities for both short term and long term training based on training needs/gaps in the various departments. Machakos County Government has also utilized Kenya School of Government to train its employees various courses in management. The County government has rolled out a structured performance management process where the employees are requirement to sign performance contracts and appraisals in order to ensure that they are aware of their department's goals and objectives and evaluation done as stipulated in the draft performance management policy. Promotions are done regularly to motivate and help the employees in their career advancement. The County Government has adhered to the guidelines as provided in the Occupational Safety and Health Act (2007).

d) Marketplace practices-

a) Responsible Supply chain and supplier relations-

Machakos County upholds ethical governance and responsible business practices by ensuring transparency, fairness, and accountability in its procurement processes. The county adheres to the Public Procurement and Asset Disposal Act (2015), awarding contracts based on merit and compliance. Machakos County treats its suppliers with dignity, fairness and professionalism ensuring that businesses are paid on time, contracts are respected and procurement processes remain transparent. These practices contribute to a stable, investor-friendly environment and position the county as a responsible public sector player in Kenya's devolved governance system.

b) Responsible ethical practices-

Machakos County is committed to maintaining a corruption free environment through a strong foundation of ethical governance, transparency, and accountability in public service. The county leadership has taken deliberate steps to promote integrity at all levels of administration and ensure that public resources are managed responsibly. Machakos has also institutionalized open governance practices including the public disclosure of budgets, tenders and audit outcomes. Citizens can access critical documents through the county's online platforms thereby enhancing public oversight.

c) Stewardship of goods and services

Machakos County is committed to protecting the rights and interests of its citizens through inclusive governance, equitable service delivery, and strong institutional frameworks. The county promotes public participation in planning and decision-making, ensuring that all voices are heard. It upholds constitutional rights by investing in essential services such as water, healthcare, education, and housing, while also supporting vulnerable groups through empowerment programs and inclusive policies like AGPO. Accountability mechanisms, including grievance redress systems, enable citizens to report issues and seek resolution. Through partnerships and adherence to national and international standards, the county fosters a just, inclusive, and citizen centred administration.

a) Community Engagements

The County Government of Machakos demonstrates a strong commitment to inclusive governance by actively involving citizens in planning and budgeting through structured public participation. Residents contribute to key policy documents such as the Annual Development Plan (ADP), Finance Bill and County Fiscal Strategy Paper (CFSP). These engagements ensure transparency, accountability, and responsiveness to community needs. The county uses both in person and digital platforms to reach diverse populations, with special focus on including marginalized groups. These efforts align with the Constitution of Kenya and foster public trust, transparency, and shared ownership of development.

7. Management Discussion and Analysis

Functions of the County Governments

(1) A county government shall be responsible for any function assigned to it under the Constitution or by an Act of Parliament.

- (2) Without prejudice to the generality of subsection (1), a county government shall be responsible for—
- (a) county legislation in accordance with Article 185 of the Constitution;
 - (b) Exercising executive functions in accordance with Article 183 of the Constitution;
 - (c) Functions provided for in Article 186 and assigned in the Fourth Schedule of the Constitution; (d) any other function that may be transferred to county governments from the national government under Article 187 of the Constitution;
 - (e) Any functions agreed upon with other county governments under Article 189(2) of the Constitution; and
 - (f) Establishment and staffing of its public service as contemplated under Article 235 of the Constitution.
- (3) A county government may seek assistance from the Kenya Law Reform Commission in the development or reform of county legislation under subsection (2) (a).

County Governments' Financing

In accordance with Article 202 of the Constitution of Kenya, the revenue raised nationally shall be shared equitably among the National Government and the County Governments. The County Governments equitable share of revenue raised nationally is determined every year through the County Allocation of Revenue Act. The revenue sharing formula is developed by the Commission on Revenue Allocation and approved by Parliament in accordance with Article 217 of the Constitution of Kenya, 2010.

Moreover, the County Government of Machakos also finances its operations through Own Source Revenue (OSR) and has endeavoured to enhance the existing revenue sources as well as exploring new revenue sources. The county is keen on improving its revenue collection through enhanced enforcement, strict supervision and revenue automation.

A. Financial Performance

i. Revenue Budget for the financial year 2024/2025

The County Government of Machakos had originally projected revenue of Kshs.14,392,185,634 which was reviewed to Ksh.15,622,164,354 comprising of: Kshs. 3,925,793,065 from Own source Revenue; Kshs. 9,597,223,940 from Exchequer; Ksh.12,923,347 from Equalization Fund; Ksh. 783,851,812 from Non Refundable Special Purpose Account balance and Ksh.1,302,372,190 from Grants for the period. Below is an illustration on a chart of the projected revenue for the County Government of Machakos for the period ended 30th June, 2025.

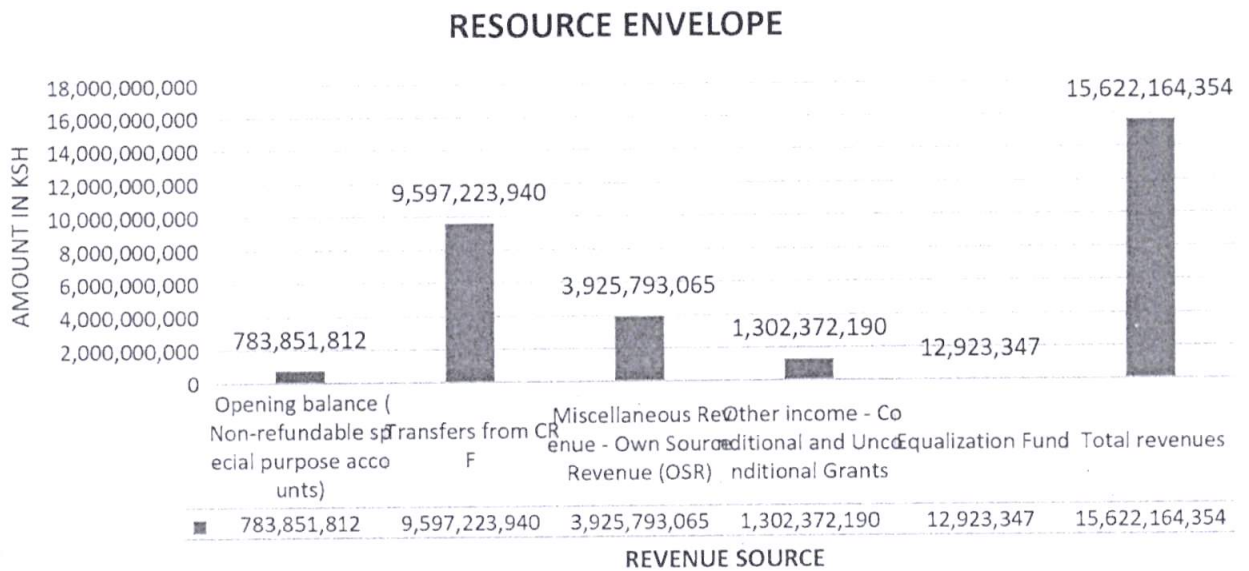


Figure 1: County Government of Machakos projected revenue sources FY2024/2025.

Budgeted Revenue Vis a vis Actual

The County managed to realize Kshs.12,967,368,442 in revenues representing 83% performance. The variance in the budget was as a result of under collection in terms of exchequer releases to CRF, Conditional and Unconditional Grants, Equalization Fund and Own source Revenue collection as tabulated below:

Revenue Source	Final budget	Actual on comparable basis	% of Realization
Opening balance (Non-refundable special purpose accounts)	783,851,812	783,851,812	100%
Transfers from CRF	9,597,223,940	9,597,223,940	100%
Miscellaneous Revenue - Own Source Revenue (OSR)	3,925,793,065	2,181,835,314	56%
Other income - Conditional and Unconditional Grants	1,302,372,190	404,457,376	31%
Equalization Fund	12,923,347	0	0%
Total revenues	<u>15,622,164,354</u>	<u>12,967,368,442</u>	83%

Table 1: Revenue performance FY 2024/2025

ii. Payments

The County executive's actual expenditure for the Financial Year ended 30th June, 2025 amounted to Kshs.10,645,064,592. Actual development expenditure for the period amounted to

Kshs.1,803,043,318.7, compensation of employees was Kshs. 6,219,864,833, use of goods and services was Kshs. 2,287,306,535 and Kshs. 335,080,906 on transfer to other Government units and grants.

EXPENDITURE PERFORMANCE FY 2024/2025				
PAYMENTS	Final Budget (Kshs)	Actual on Comparable Basis (Kshs)	Budget Absorption Difference (Kshs)	Absorption Rate
Employee costs	6,667,727,784	6,219,864,833	447,862,951	93%
Use of goods and services	3,719,367,648	2,287,306,535	1,432,061,113	61%
Transfers to other Government Entities	435,490,635	335,080,906	100,409,729	77%
Acquisition of PPE	3,799,229,474	1,788,382,826	2,010,846,648	47%
Acquisition of Intangible assets	1,000,348,813	14,429,492	985,919,321	1%
Total Expenses	15,622,164,354	10,645,064,592	4,977,099,762	68%

Table 2: Expenditure performance FY 2024/2025

iii. Accounts receivables

The County Government of Machakos has put in place proper imprest management system which ensures that imprests are properly recorded, examined for compliance and accuracy as well as timely surrender and accounted for in the right manner.

iv. Accounts Payables

The total accounts payable as at the period ended on 30th June, 2025 was Kshs. 5,071,189,487. Our focus as a county is to settle the bills as soon as possible. In every budget cycle, we ensure that parts of the allocations are towards settlement of the long outstanding accounts payable.

v. Fixed Assets

The County Government of Machakos has made significant investments in fixed assets since its inception in 2013 in addition to what it inherited from the Defunct Local Authority. We have increased from Kshs.17,340,312,004 in 2023/2024 to 19,200,871,548.30 in FY 2024/2025

B. Operational performance

The County's operations are structured in terms of departments which are headed by the County Executive Committee Members. For seamless service delivery, all departments have to work in unison and synergy. In the table below, we summarize the key activities carried out by each department during the year.

<i>Department</i>	<i>Key Activities</i>
<i>Health and Emergency Services</i>	<ul style="list-style-type: none"> • <i>Renovation works done at Machakos Level 5 Hospital</i> • <i>Construction of Uluutya Dispensary</i>
<i>Agriculture, Food Security and Cooperative Development</i>	<ul style="list-style-type: none"> • <i>Ploughed land under free tractor programme</i> • <i>Vaccinated Livestock</i> • <i>Women and youth trained on co-operatives and business opportunities</i>
<i>Education, Skills Training and Social Welfare</i>	<ul style="list-style-type: none"> • <i>Vulnerable elderly persons supported with blankets and foodstuffs</i> • <i>Held Gender Based Violence Sensitization and training sessions</i> • <i>Issued bursaries to students</i>
<i>Water, irrigation, Environment and Natural Resources</i>	<ul style="list-style-type: none"> • <i>Boreholes drilled to completion and boreholes successfully repaired</i> • <i>Constructed weirs</i>
<i>Public Service, Quality Management and ICT</i>	<ul style="list-style-type: none"> • <i>Training & development of staff</i> • <i>2Staff medical schemes in operation</i>
<i>Energy, Lands, Housing and Urban Development</i>	<ul style="list-style-type: none"> • <i>Markets were installed with solar floodlights</i> • <i>Upgrading of municipality access roads</i>
<i>Transport, Roads and Public Works.</i>	<ul style="list-style-type: none"> • <i>Access roads graded and re-carpeted within the County.</i> • <i>Routine maintenance of access roads</i> • <i>Machakos Buspark was renovated, bollards replaced and re-carpeting of parking slots</i>

Despite notable achievements, we have experienced some challenges during the year. These include:

- i. IFMIS downtimes delaying payments/operations.
- ii. Delays in Exchequer disbursements leading to delays in projects implementation and payments.
- iii. General climate change leading to prolonged drought periods, unreliable and erratic rainfall and increase in temperatures.

- iv. Others include high rates of inflation, which have greatly influenced the ever rising cost of living. This has led to increased cost of programmes/projects against the planned cost hence causing delay in implementation.

Conclusion

The performance in the Financial Year was good. Great progress was made and momentum has been created to enable the County Government continue on a trajectory into prosperity. We have identified gaps and areas to improve on the subsequent years.

I take this opportunity to appreciate H.E the Governor for her support. I also would want to thank my colleagues, the County Executive Committee Members in charge of other departments who have worked hand in hand to ensure that the County Government of Machakos achieves its mission.

I thank all staff in the entire county for their continued commitment and dedication through hard work in delivering services to the people of Machakos County.

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; (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 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) and including the transitional provisions permitted under IPSAS 33. 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 County Executive financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

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

Approval of the financial statements

The County's financial statements were approved and signed by the CEC member/Clerk for finance on 04.12.2025 2025.



.....
CECM – Finance and Economic Planning

REPUBLIC OF KENYA

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HEADQUARTERS
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF MACHAKOS FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying transitional International Public Sector Accounting Standards financial statements of County Executive of Machakos set out on

pages 1 to 83, 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the transitional International Public Sector Accounting Standards financial statements present fairly, in all material respects, the financial position of County Executive of Machakos 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 comply with the County Governments Act, 2012, the Public Finance Management Act, 2012 and The National Treasury Circular No.3 of 14 April, 2025.

Basis for Qualified Opinion

1. Un-Disclosed Fixed Assets

The statement of financial position reflects opening statement balance of Kshs.8,990,000 in respect to property, plant and equipment as disclosed in Note 26 to the financial statements. However, the balance represents assets acquired and paid for during the year 2024 but excludes assets acquired on credit.

In the circumstances, the accuracy of property, plant and equipment opening statement balance of Kshs.8,990,000 could not be confirmed.

2. Unsupported Accumulated Surplus

The statement of changes in net assets reflects a Negative balance of Kshs.4,058,810,631 in respect to accumulated surplus after adjusting for retention of Kshs.185,714,920, opening accounts payable – salaries of Kshs.529,911,032, payments for prior year budgets of Kshs.762,336,337, accounts trade payable of Kshs.2,809,360,187 and for increase in accounts payables of Kshs.1,207,474,034. However, the supporting schedules were not provided for audit review.

In the circumstances, the accuracy of negative accumulated surplus balance of Kshs.4,058,810,631 in the statement of changes in net assets could not be confirmed.

3. Unsupported Intangible Assets

The statement of financial position and as disclosed in Note 27 of the financial statements reflect intangible assets and goodwill balance of Kshs.93,279,600. However, the balance was not supported by a list of software systems operated by the County Executive with their corresponding costs.

In the circumstances, the accuracy of Intangible assets and goodwill balance of Kshs.93,279,600 could not be confirmed.

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

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.15,622,164,354 and Kshs.13,340,945,013 respectively resulting in underfunding of Kshs.2,281,219,341 or 15% of the approved budget. Similarly, the statement reflects actual expenditure against actual revenue of Kshs.10,617,940,332 and Kshs.13,340,945,013 respectively resulting in under-absorption of Kshs.2,723,004,681 or 20% of the actual receipts.

The under-funding and under-absorption affected the planned activities and may have impacted negatively on service delivery to the public.

2. Refundable Deposits and Prepayments

The statement of financial position and as disclosed in Note 33 to the financial statements reflect refundable deposits and prepayments of Kshs.176,662,065. However, review of the deposits register, cashbook, and bank statements revealed long outstanding refundable deposits and prepayments totalling Kshs.74,557,957 dating back to March, 2015 which had not been claimed.

In the circumstances, the refundability of the deposits and pre-payments totalling Kshs.74,557,957 could not be confirmed.

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 effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources. Review of the status during the audit of financial year 2024/2025 revealed that the following matters remained unresolved.

	Financial Year	Audit Issue
1	2023/2024	Variances between Financial Statements and IFMIS Payment details
2	2023/2024	Other Grants and Transfers
3	2023/2024	Transfer to Other Government Units
4	2023/2024	Acquisition of Assets
5	2023/2024	Legal Expenses
6	2023/2024	Non-Compliance with Law on Ethnicity
7	2023/2024	Lack of Approved Staff Establishment
8	2023/2024	Non-Compliance with the Law on Fiscal Responsibility
9	2023/2024	Payment of Salaries Outside the Integrated Payroll
10	2023/2024	Recruitment of Staff
11	2023/2024	Lack of Audit Committee

Other Information

The Management is responsible for the Other Information set out on pages iii to xliii which comprise of Key Entity Information and Management, Governance Statement, Foreword by the CECM Finance and Economic Planning, statement of performance against Predetermined Objectives, Environmental and Sustainability Reporting and statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the 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 thereon. thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-Compliance with the Law on Fiscal Responsibility - Wage Bill

The statement of financial performance reflects employee costs of Kshs.6,494,700,107 which is approximately 60% of the County Executive's total receipts of Kshs.10,804,046,991 which exceeded the set limit of thirty-five percent (35%). This was contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015 which caps County Government spending on personnel emoluments to not more than 35% of the County Government's total revenue.

In the circumstances, Management was in breach of law.

2. Non-Compliance with Fiscal Responsibility Principles

The statement of comparison of budget and actual amounts reflects total actual expenditure of Kshs.10,617,940,332. The expenditure on development was Kshs.893,793,148 or approximately 8% of the total expenditure. This was contrary to Regulation 25(1)(g) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the County Governments actual expenditure on development shall be at least thirty percent (30%) in conformity with the requirement under Section 107(2)(a) of the Act.

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

3. Outstanding Payment of Medical Insurance Cover

As previously reported, review of medical insurance cover revealed that as at 30 June, 2025, the County Executive had an outstanding amount of Kshs.64,978,836 owed to Jubilee Health Insurance. This was contrary to Section 156(1) of the Insurance Act, 2023 which provides that no insurer shall assume a risk in Kenya in respect of insurance business unless and until the premium payable thereon is received by the insurer.

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

4. Un-Surrendered Imprest

Review of records revealed that imprest amounting to Kshs.104,685,474 was issued to staff. However, imprests amounting to Kshs.3,587,127 had not been surrendered as at the time of audit in August, 2025. This was contrary to Regulation 93(5) of the Public Finance Management (County Governments) Regulations, 2015 which provides that a holder of a temporary imprest shall account or surrender the imprest within seven (7) working days after returning to duty station.

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

5. Irregular Operation of NAVCPD Commercial Bank Account

The statement of financial position and as disclosed in Note 21 to the financial statements, reflect cash and cash equivalents of Kshs.334,439,455. Review of documents revealed

that the County Executive operated a commercial bank account under the name Machakos County National Agri Value Chain which had a balance of Kshs.77,687,164. However, payments from this account were not processed through IFMIS contrary to the donor's requirement that all payments must be processed through IFMIS.

In the circumstances, the donor conditions were not adhered with.

6. Completion of Early Childhood Development Education (ECDE) Centres

A contract was awarded for construction of Kitooni, Nguluni AIC and Kangundo ECDE classes Lot 1 at a contract sum of Kshs.4,405,819. However, the contract was terminated after issuance of Certificate Number 1 which valued the work done at an amount of Kshs.2,633,831. The amount was paid and another firm was awarded the contract to complete the ECDE classrooms at a contract sum of Kshs.3,047,459 which increased the total cost of the project from the initial amount of Kshs.4,405,819 to Kshs.5,681,290. However, the valuation report of the remaining works after termination of the first contract and Engineers estimates for the new Bill of Quantities were not provided for audit review. Management had explained that the increase was due to inclusion of floor tiles which were not in the first contract and due to fluctuation of prices. However, no documents were provided in support of this explanation.

In the circumstances, value for money for the project could not be confirmed.

7. Stalled Construction of Two (2) Twin Workshops at Matuu VTC

A contract was awarded for the construction of two (2) twin workshops at Matuu Vocational Training Centre at a contract sum of Kshs.17,393,550. However, the contract agreement signed on 26 June, 2023 did not indicate the contract period. In addition, valuation certificate number 1 was raised on 6 March, 2024 certifying the payment of Kshs.6,506,239 in respect of the works completed. However, no payment had been made as at the time of audit in August, 2025 and the contractor was not on site.

In circumstances, value for money on the project could not be confirmed.

8. Non-Operationalization of Twin Workshop

A contract was awarded for proposed construction of a twin workshop at Kamwanyani Vocational Training Centre at a contract sum of Kshs.12,556,200. However, the workshop was completed but lacked adequate equipment and essential tools required for effective delivery of tertiary courses offered which included carpentry, tailoring and hair dressing among others.

In the circumstances, value for money on the project could not be confirmed.

9. Irregularity in Supply and Delivery of Milk for Early Childhood Development and Education (ECDE) Centers

A contract was awarded to a supplier for supply and delivery of 629,000 (200ml) packets of milk at an amount of Kshs.38 per packet as per evaluation report dated 28 December,

2023 with implementation period of ninety (90) days under framework agreement which involved seven (7) suppliers. However, the firm signed a contract of one year dated 12 January, 2024 despite the tender document stating ninety (90) days implementation period. During the year under review, the firm was paid Kshs.51,769,612 for supply and delivery of 1,362,346 (200ml) packets of milk for ECDE Centers. In addition, the firm had continuously supplied milk to the County even after supplying a total of 629,000 packets of milk which was stated in the tender documents. Management explained that the contract was extended for one (1) year. However, this was irregular as there were no call-off orders, or any other mini competition done to give chance to the other six (6) firms having framework agreements with the County Government.

In the circumstances, the extension for the contract was irregular and value for money may not have been received from supply and delivery of milk to ECDE centres.

10. Non-Renewal of Performance Bond and Insurance

A contract for construction of phased development of ultra-modern-multi-purpose/discipline sports complex in Machakos New City was awarded at a contract sum of Kshs.1,107,250,003. However, as at the time of audit in August, 2025, the performance bond and insurance for material damage and third-party liability had expired on 10 May, 2025 and 9 July, 2025 respectively and no renewal had been done. In addition, valuation Certificate Number 2 valued the swimming pool at an amount of Kshs.21,052,820. However, the amount was not broken down into specific works which were done by the contractor.

In the circumstances, the County remained unsecured in case of default by the contractor.

11. Failure to Retain Facilities Improvement Funds (FIF) at the Hospitals

Review of revenue records obtained from Level 4 and Level 5 health facilities in Machakos County revealed that eleven (11) health facilities collected a total Kshs.605,516,224 towards the Health Facilities Improvement. Out of this amount, a total of Kshs.192,379,722 was transferred to County Revenue Fund. However, the County Treasury reimbursed a total of Kshs.100,618,500 to the health facilities resulting in a deficit of Kshs.91,761,222. 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. In addition, failure to reimburse the total amount transferred by the facilities negatively impacted on service delivery by the health facilities.

In the circumstances, Management of the County Executive 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, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (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

11 December, 2025

10. Statement of Financial Performance for the year ended 30 June 2025

Description	Notes	Period ended
		June 30th 2025
		Kshs
Revenue from non-exchange transactions		
Transfers from CRF	6	10,804,046,991
Miscellaneous Revenue	7	-
Revenue from exchange transactions		
Other income	8	-
Total revenue		10,804,046,991
Expenses		
Employee costs	9	6,494,700,107
Use of goods and services	10	2,697,528,632
Transfers to other Government Entities	11	335,080,906
Depreciation	12	134,458,614
Other Grants and Subsidies	13	
Finance costs	14	-
Social Benefits	15	-
Amortization expense	27	45,943,683
Total expenses		9,707,711,942
Gain/(loss) on sale of assets	16	-
Gain/Loss on Foreign Exchange	17	-
Gain/Loss on fair value of investments	18	-
Impairment loss	19	-
Surplus/Deficit for the year		1,096,335,049
Taxation	20	-
Net Surplus/Deficit		1,096,335,049

The Financial Statements set out on pages 1 to 66 were signed by:

.....
 Name *CPA Julius Kasenge*
 Chief Officer Finance/ Clerk of The County Assembly

.....
 Name *Dr. Bernard Muthi Ph.D*
 Director Accounting Services /CFO
 ICPAK M/No.....*11920*.....

11. Statement of Financial Position as at 30 June 2025

Description	Notes	Period ended June 30th 2025	Opening Statement
		Kshs	1st July 2024 Kshs
Assets			
Current Assets			
Cash and Cash equivalents	21	334,439,455	288,877,667
Receivables from Exchange Transactions	22	-	-
Receivables from Non-Exchange Transactions	23	7,426,827	-
Inventories	24	-	-
Current portion of investments	25	-	-
Total Current Assets		341,866,282	288,877,667
Non-Current Assets			
Receivables from Exchange Transactions	22(b)	-	-
Non- Current portion of investments	25	-	-
Property, Plant and Equipment	26	753,895,042	8,990,000
Right of Use Assets	29	-	-
Intangible Assets and Goodwill	27	93,279,600	139,223,283
Investment Property	28	-	-
Biological Assets	30	-	-
Tangible Natural Resources	31	-	-
Total Non- Current Assets		847,174,642	148,213,283
Total Assets (A)		1,189,040,924	437,090,950
Liabilities			
Current Liabilities			
Trade and Other Payables	32	4,821,580,528	3,339,271,219
Refundable deposits and prepayments	33	176,662,065	185,714,920
Current Provision	34	-	-
Lease Liabilities	35	-	-
Deferred Income	36	-	-
Employee Benefit Obligation	37	-	-
Current Portion of Borrowings	38	-	-
Total Current Liabilities		4,998,242,593	3,524,986,139

Non-Current Liabilities			
Non-Current Provisions	34	-	-
Lease Liabilities	35	-	-
Deferred Income	36	-	-
Non-Current Employee Benefit Obligation	37	-	-
Borrowings – Non-Current Portion	38	-	-
Service Concession Liability	39	-	-
Total Non- Current Liabilities		-	-
Total Liabilities (B)		5,247,851,552	3,524,986,139
Net Assets (A-B)		(4,058,810,628)	(3,087,895,189)
Represented by:			
Reserves		-	-
Accumulated Surplus		(4,058,810,631)	(3,087,895,189)
Capital Fund		-	-
Net Assets		(4,058,810,631)	(3,087,895,189)

The Financial Statements set out on pages 1 to 66 were signed by:

.....
 Name *CPA Julius Kasonga,*
 Chief Officer Finance

.....
 Name *Dr. Bernard Muki Ph.D*
 Director Accounting Services /CFO
 ICPAK M/No.....*1/920*.....

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

Description	Accumulated Surplus	Reserve s	Capital Fund	Total
As at 30th June 2024 (cash basis)	288,877,667	-	-	288,877,667
Adjusted for:-	-	-	-	-
Retention	(185,714,920)	-	-	(185,714,920)
Opening Accounts Payable - Salaries	(529,911,032)	-	-	(529,911,032)
Purchase of Motor vehicles	8,990,000	-	-	8,990,000
Intangible Asset	139,223,283	-	-	139,223,283
Accounts Trade Payable	(2,809,360,187)	-	-	(2,809,360,187)
Sub-Total	<u>(3,087,895,189)</u>	<u>-</u>	<u>-</u>	<u>(3,087,895,189)</u>
As at July 1, 2024	(3,087,895,189)	-	-	(3,087,895,189)
Surplus/ deficit for the period	1,096,335,049	-	-	1,096,335,049
Payments for Prior Year Budgets	(762,336,337)	-	-	(762,336,337)
Increase in accounts payables	(1,207,474,034)	-	-	(1,207,474,034)
Adjusted for - Returns to CRF				
Recurrent	(374,067)	-	-	(374,067)
Development	(125,123)	-	-	(125,123)
Climate Change Opening Balance	(96,940,930)	-	-	(96,940,930)
As at 30th June, 2025	(4,058,810,631)	0	0	(4,058,810,631)

.....
 Name *Julina Kasanga*
 Chief Officer Finance
 ICPAK M/No. *32422*

.....
 Name *Dr. Bernard Muki PhD*
 Director Accounting Services
 ICPAK M/No. *11920*

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

Description	Notes	Period Ended June 30th 2025
		Kshs
Cash flows from operating activities		
Receipts		
Transfers from CRF		10,804,046,991
Miscellaneous Revenue		-
Other income		-
Total receipts		10,804,046,991
Payments		
Employee costs		6,219,864,833
Use of goods and services		3,196,325,706
Transfers to other Government Entities		335,080,906
Other Grants and Subsidies		-
Finance costs		-
Retention		9,052,855
Social Benefits		-
Increase in Accounts Receivable - Imprest		7,426,827
Total payments		9,767,751,127
Net cash flows from/(used in) operating activities	39	1,036,295,864
Cash flows from investing activities		
Purchase of Assets		(893,793,148)
Proceeds from sale of PPE		-
Proceeds from sale of Biological Assets		-
Purchase of investments		-
Sale of investments		-
Net cash flows from/(used in) investing activities		(893,793,148)
Cash flows from financing activities		
Returns to CRF		-
Proceeds from borrowings		-
Repayment of borrowings		-

Net cash flows from financing Activities		-
Net increase/(decrease) in cash & Cash equivalents		45,561,786
Cash and cash equivalents as at Period Start	20	288,877,667
Cash and cash equivalents as at Period End	20	334,439,455

.....
 Name *JULWS VASGASHA*
 Chief Officer Finance
 ICPAK M/No... *32472*

.....
 Name *Dr. Bernard Muki Ph*
 Director Accounting Services
 ICPAK M/No... *11920*

14. Statement of Comparison of Budget and Actual Amounts for the Year ended 30 June 2025

Recurrent and Development Budgets Combined

Revenue/expense item	Original budget	Adjustments	Final budget	Actual on comparable basis	Budget utilization difference	% of utilization
	A	B	C=(a+b)	D	E=(c-d)	F=d/c *100
Revenues						
Opening balance (Non-refundable special purpose accounts)	-	129,250,230	129,250,230	129,250,230	-	100%
Transfers from CRF	9,914,003,936	517,486,846	10,431,490,782	10,431,490,782	-	100%
Miscellaneous Revenue - Own Source Revenue (OSR)	3,475,961,509	449,831,556	3,925,793,065	2,181,835,314	1,743,957,751	56%
Other income - Conditional and Unconditional Grants	1,002,220,189	120,486,741	1,122,706,930	598,368,687	524,338,243	53%
Equalization Fund	-	12,923,347	12,923,347	-	12,923,347	0%
Total revenues	14,392,185,634	1,229,978,720	15,622,164,354	13,340,945,013	2,281,219,341	85%
Expenses						
Employee costs	6,358,282,113	262,960,530	6,621,242,643	6,219,864,833	401,377,810	94%
Use of goods and services	5,535,337,021	810,635,949	6,285,893,392	3,196,325,706	3,089,567,686	51%
Transfers to other Government Entities	403,745,340	-25,100,000	435,490,635	307,956,646	127,533,989	71%
Other Grants and Subsidies	-	-	-	-	-	0%
Finance costs	-	-	-	-	-	0%
Social Benefits	-	-	-	-	-	0%
Acquisition of Assets	2,094,821,160	184,716,524	2,279,537,684	893,793,148	1,385,744,536	39%

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Total Expenses	14,392,185,634	1,233,213,003	15,622,164,354	10,617,940,332	5,007,458,305	68%
Surplus/ deficit	-	-	-	2,723,004,681		

Reconciliation table

	Operating	Financing	Investing	total
<i>Actual amounts on comparable basis presented in the budget and actual comparative statement</i>	2,723,004,681	-	-	2,723,004,681
<i>Basis difference - Decrease in Retention</i>	(9,052,855)	-	-	(9,052,855)
<i>Basis difference - Increase in Receivables</i>	(7,426,827)			(7,426,827)
<i>Timing differences</i>	-	-	-	-
<i>Entity differences- Receiver of Revenue</i>	(2,181,835,314)	-	-	(2,181,835,314)
<i>Entity differences- Climate Change</i>	(157,940,930)	-	-	(157,940,930)
<i>Entity differences- Receiver municipalities UDG</i>	(32,309,300)	-	-	(32,309,300)
<i>Actual in the statement of cash-flows</i>	334,439,455	-	-	334,439,455

15. Notes to the Financial Statements

1. General Information

Machakos County Executive 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 service delivery to Machakos 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).

Machakos county executive has taken advantage of transitional provisions under IPSAS 33 and therefore, this 1st year financial statements are transitional financial statements and the following elements of Financial statements have not been recognized as the entity has taken advantage of the transition provisions outlined in IPSAS 33. these include;

1. Inventories
2. Fixed Assets

The county government has put in place the following measures to ensure full compliance with IPSAS accruals;

1. Updating fixed asset register
2. Valuation and ownership of assets
3. Quarterly and annual stocking taking exercise to determine fair value of inventories

These financial statements were authorised for issue by the accounting officer on 1st December, 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 30th June, 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

Notes to the financial statements

(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. Judgement 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 MtCO₂eq. 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

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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 1st 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: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that 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 Measurement	<p><i>Applicable 1st 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"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement

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

Standard	Effective date and impact:
	<p>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- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. 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. 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

Standard	Effective date and impact:
	amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <i>State the expected impact of the standard to the Entity if relevant</i>

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 fulfillment 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 2024/2025 was approved by the County Assembly on *26th 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 -x on the 2025/- 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 - 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 --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) are set out in Note -.

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 -. 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.

(include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

6. Transfers from CRF

Nature of Transfer	Amount recognized to Statement of financial performance.	Amount deferred under deferred income.	Total transfers for Period ended
			30th June 2025
	Kshs	Kshs	Kshs
Recurrent	8,628,054,822	-	8,628,054,822
Development	1,803,435,960	-	1,803,435,960
Special purpose transfers			
Machakos CAIPs	183,038,037	-	183,038,037
DANIDA	24,255,000	-	24,255,000
KRB	111,125,100	-	111,125,100
NAT AGRI	49,138,072	-	49,138,072
Machakos County Devolution S PR	5,000,000	-	5,000,000
Total	<u>10,804,046,991</u>	<u>-</u>	<u>10,804,046,991</u>

7. Miscellaneous Revenue

Nature of Revenue	30th June 2025
	Kshs
In kind grants and donations	-
Refunds & Reimbursements	-
Revenues not classified anywhere else	-
Total	<u>-</u>

8. Other Incomes

Description	Period ended
	30th June 2025
	Kshs
Insurance recoveries	-
Sale of tender documents	-
Services concession income	-
Other incomes not specified elsewhere	-
Total other income	<u>-</u>

9. Employee Costs

Description	Period ended
	30th June 2025
	Kshs
Basic salaries of permanent employees	4,068,906,680
Basic wages of temporary employees	66,101,602
Personal allowances – part of salary	2,119,008,771
Personal Allowances paid as Reimbursements	512,754
Pension and other social security contributions	-
Employer contributions to compulsory national social security schemes	240,170,300
Employer Contributions to Social Benefit Schemes Outside Government	-
Employer contributions to compulsory national health insurance schemes	-
Other social benefit schemes	-
Other personnel costs	
Employee costs	<u>6,494,700,107</u>

10. Use of Goods and Services

Description	Period ended
	30th June 2025
	Kshs
Utilities, supplies and services	24,577,049
Communication, supplies and services	40,249,998
Domestic travel and subsistence	305,497,736
Foreign travel and subsistence	74,727,445
Printing, advertising, and information supplies & services	88,583,187
Rentals of produced assets - Recurrent	3,061,207
Rentals of produced assets - Development	17,115,000
Training expenses	71,706,019
Hospitality supplies and services	405,484,553
Insurance costs	310,468,809
Specialized materials and services	632,984,482
Other operating expenses including bank Charges	308,381,511
Office and general supplies and services	99,452,957
Fuel Oil and Lubricants - Recurrent	171,165,475
Routine maintenance – vehicles and other transport equipment	32,018,941
Routine maintenance – other assets - Recurrent	10,297,808
Feasibility Study and Research Costs not directly attributable to PPE	2,998,170
Purchase of Certified Seeds, Breeding Stock and Live Animals	87,062,436
Purchase of Household Furniture and Institutional Equipment - Recurrent	2,999,800
Purchase of Office Furniture and General Equipment	8,696,049
Total	<u>2,697,528,632</u>

11. Transfers to Other Government Entities

Description	Period ended
	30th June 2025
	Kshs
Machakos CAIPs	147,610,794
DANIDA	11,233,517
Machakos County KDSP Grant	32,655,629
Machakos County WHO Account	1,561
Other Current Transfers, Grants and Subsidies	129,844,236

Other Capital Transfers, Grants and Subsidies - Recurrent	13,735,169
Total	335,080,906

12. Depreciation and Amortization Expense

Description	Period ended 30th June 2025
	Kshs
Property, plant and equipment	134,458,614
Intangible assets	45,943,683
Investment property carried at cost	-
Total	180,402,297

13. Other Grants and Subsidies

Description	Period ended 30th June 2025
	Kshs
Membership dues and subscriptions to international organizations	-
Scholarships and other educational benefits	-
Emergency relief and refugee assistance	-
Grants to small businesses, cooperatives, and self employed	-
Subsidies to Public entities	-
Subsidies to Private entities	-
Total Grants and Subsidies	-

Notes to the Financial Statements (Continued)**14. Finance Costs**

Description	June 30th 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	-
Total finance costs	-

Borrowing costs that relate to interest expense on acquisition of non-current assets and do not qualify for Capitalisation as per IPSAS 5: on borrowing costs should be included under this note.)

15. Social Benefits

Description	June 30th 2025
	Kshs
Transfers to the elderly	-
Transfers to orphans	-
Transfers to the physically challenged	-
Add any other category	-
Total social benefit expenses	-

16. Gain/Loss on Sale of Assets

Description	June 30th 2025
	Kshs
Property, plant and equipment	-
Intangible assets	-
Other assets not capitalised	-
Total gain on sale of assets	-

17. Gain/Loss on Foreign Exchange

Description	June 30th 2025
	Kshs
Gain or loss on foreign exchange transactions	-
Gain or loss on balances in foreign exchanges	-
Total	-

18. Gain/Loss on Fair Value Investments

Description	June 30th 2025
	Kshs
Investments at Fair Value	-
Total Gain	-

Notes to the Financial Statements (Continued)

19. Impairment Loss

Description	June 30th 2025
	Kshs
Property, Plant and Equipment	-
Intangible Assets	-
Total Impairment Loss	-

20. Taxation

Description	June 30th 2025
	Kshs
Current income tax charge	-
Tax charged on rental income	-
Tax charged on interest income	-
Original and reversal of temporary differences	-
Income tax expense reported in the statement of financial performance	-

21. Cash and Cash Equivalents

Description	Period ended	Opening Statement
	30th June 2025	1st July 2024
	Kshs	Kshs
Recurrent Account	(241,285,873)	374,067
Development Account	(57,123,584)	125,123
CBK, Machakos County Deposit Account KES	176,662,065	185,714,920
<i>Other operating commercial accounts (Specify) - SBM Bank KES</i>	10,643,135	10,643,135
Special Purpose Accounts		
Machakos County Road Maintenance Levy Fund	111,125,101	1
Machakos County Kenya Climate Smart	-	-
Machakos County Agriculture Sector Development	-	-
Machakos County Village Polytechnic	1	1
Machakos County Kenya Urban Support Prog	90,004	90,004
Machakos County KDSP Grant	25,761,651	58,417,280
Machakos County DANIDA Account	13,328,158	306,675
Machakos County WHO Account	-	1,561
Machakos County H/service Management Fund	703,210	703,210
Machakos County UHC	21,003	21,003
Machakos County Emergency Locust Response KES	1	1
Machakos County NAT Agric Val Chain KES	49,138,072	-
Machakos County Aggreg industrial parks	67,907,929	32,480,686
Machakos Equalization Fund	-	-
Machakos County Devolution S PR	5,000,000	
<i>Non-self reporting Cash on Hand</i>	818,271	-

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Non-self reporting bank balances	171,650,311	-
Total	<u>334,439,455</u>	<u>288,877,667</u>

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

	Account number	Period ended	Opening Statement
		30th June 2025	1st July 2024
Financial Institution		Kshs	Kshs
Recurrent Accounts			
CBK, Machakos County Recurrent Account KES	1000170468	(241,285,873)	374,067
Total CBK - Recurrent Accounts		<u>(241,285,873)</u>	<u>374,067</u>
Development Accounts			
CBK, Machakos County Development Account KES	1000170506	(57,123,584)	125,123
Total CBK - Development Accounts		<u>(57,123,584)</u>	<u>125,123</u>
Deposits Accounts			
CBK, Machakos County Deposit Account KES	1000228229	176,662,065	185,714,920
Total CBK - Deposits Accounts		<u>176,662,065</u>	<u>185,714,920</u>
Special Purpose Accounts			
Machakos County Road Maintenance Levy Fund	1000274317	111,125,101	1
Machakos County Kenya Climate Smart	1000364815	-	-
Machakos County Agriculture Sector Development	1000364823	-	-
Machakos County Village Polytechnic	1000368047	1	1
Machakos County Kenya Urban Support Prog	1000371668	90,004	90,004
Machakos County KDSP Grant	1000368055	25,761,651	58,417,280
Machakos County DANIDA Account	1000271329	13,328,158	306,675
Machakos County WHO Account	1000271337	-	1,561
Machakos County H/service Management Fund	1000271345	703,210	703,210
Machakos County UHC	1000400684	21,003	21,003
Machakos County Emergency Locust Response KES	1000516542	1	1
Machakos County NAT Agric Val Chain KES	1000719796	49,138,072	-
Machakos County Aggreg industrial parks	1000732199	67,907,929	32,480,686
Machakos Equalization Fund	1000732202	-	-
Machakos County Comm. Health Promote	1000742461	-	-

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Machakos County Devolution S PR		5,000,000	-
Total - Special Purpose Accounts		<u>273,075,130</u>	<u>92,020,422</u>
Other operating commercial accounts			
<i>SBM Bank KES- Executive</i>		10,643,135	10,643,135
Total - Other operating commercial accounts		<u>10,643,135</u>	<u>10,643,135</u>
(a) Detailed Analysis of the Cash and Cash Equivalents			
<i>Non-self reporting Cash on Hand</i>		818,271	-
<i>Non-self reporting bank balances</i>		171,650,311	
Total		<u>334,439,455</u>	<u>288,877,667</u>

22. Receivables from Exchange Transactions

Description	30th June, 2025	Opening Statement 1st 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)	-	-

Notes to the Financial Statements (Continued)

i) Ageing analysis for Receivables

Description	June 30th 2025		Opening Statement 1st July, 2024	
	Kshs		Kshs	
	Current FY	% of the total	Opening Balance	% of the 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	June 30th 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	June 30th 2025		Opening Statement 1st July, 2024	
	Kshs		Kshs	
Other debtors (non-exchange transactions)	7,426,827		-	
Less: impairment allowance	(-)		(-)	
Total receivables from non- exchange transactions	7,426,827		-	
Ageing Analysis- Receivables from non- exchange transactions	30th June, 2024	% of the total	Opening Balance	% of the total
Less than 1 year	7,426,827	100%	-	%
Between 1-2 years	-	%	-	%
Over 3 years	-	%	-	%
Total	7,426,827	100%	-	%

Notes to the Financial Statements (Continued)

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

Description	June 30th 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	-

24. Inventories

Description	June 30th 2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Spare parts	-	-
Goods held for distribution	-	-
Less: allowance for impairment	(-)	(-)
Total	-	-

Detailed disclosure on inventories

	June 30th 2024
Opening balance	-
Additional Inventory in the year	-
Inventory expensed in the year	-
Write-downs in the year	-
Others specify	-
Closing balance	-

25. Investments

Description	June 30th 2025	Opening Statement 1 st July, 2024
	Kshs	Kshs
a) Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
Sub- total	-	-
b) Investment with Financial Institutions/ Banks		
Bank x	-	-

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Sub- total	-	-
c) Equity investments (specify)		
Equity/ shares in Entity -	-	-
Sub- total	-	-
Grand total	-	-
Analysed as:		
Current portion of Investment	-	-
Non-current portion of investment	-	-

d) Movement of Equity Investments

	30th June, 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	-

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			
	%	%	%	Kshs	Kshs	Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

26. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Infrastructure assets	Furniture and fittings	Computers & ICT Equipment	Heritage assets	General Specialized assets	Biological Assets	Work in progress	Service concession assets	Total
Depreciation Rate		2-10%	10-16.67%	2-20%	0	0	x%	0	-			
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at 1st July 2024	-	-	8,990,000	-	-	-	-	-	-	-	-	8,990,000
Additions	-	386,933,313	20,457,776	424,796,907	47,175,660	-	-	-	-	-	-	879,363,656
As At 30th June 2025	-	386,933,313	29,447,776	424,796,907	47,175,660	-	-	-	-	-	-	888,353,656
Depreciation And Impairment												-
Depreciation for the period	-	38,693,331	4,908,944	84,959,381	5,896,958	-	-	-	-	-	-	134,458,614
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
As At 30th June 2025	-	38,693,331	4,908,944	84,959,381	5,896,958	-	-	-	-	-	-	134,458,614
Net Book Values	-											
As at 1st July, 2024	-		8,990,000	-	-	-	-	-	-	-	-	8,990,000
As at 30th, June 2025	-	348,239,981	24,538,832	339,837,526	41,278,703	-	-	-	-	-	-	753,895,042

Notes to the Financial Statements (Continued)

27. Intangible Assets

Description	Period ended 30 th June 2025
	KShs
Cost/Opening balance at the beginning of the /Period	139,223,283
Additions	-
Disposal	-
At end of the Period	139,223,283
Additions–internal development	-
Less: Disposal	-
At end of the Period	139,223,283
Amortization and impairment	
At beginning of the Period	-
Amortization	45,943,683
At end of the Period	45,943,683
Impairment loss	-
At end of the Period	-
NBV	93,279,600

28. Investment Property

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	386,933,313	38,693,331	348,239,981
Plant And Machinery	-	-	-
Infrastructure assets	424,796,907	84,959,381	339,837,526
Motor Vehicles, Including Motorcycles	29,447,776	4,908,944	24,538,832
Computers And Related Equipment	-	-	-
General Specialized assets	-	-	-
Biological Assets	-	-	-
Office Equipment, Furniture, And Fittings	47,175,660	5,896,958	41,278,703
Total	888,353,656	134,458,614	753,895,042

Notes to the Financial Statements (Continued)

29. Right-of-use assets

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

30. Biological Assets

Description	<i>30th June, 2025</i>	<i>Opening Statement 1st July, 2024</i>
	Kshs	Kshs
Specify	-	-
Total	-	-

31. Tangible Natural Resources

	Sub- soil assets	Water	Wildlife	Total
	Kshs	Kshs	Kshs	Kshs
Cost				
As at 1 July 2025	-	-	-	-
Additions	-	-	-	-
As at June 2025	-	-	-	-
Accumulated Depreciation				
As at 1 July 2025	-	-	-	-
Charge for the year	-	-	-	-
As at June 2025	-	-	-	-
Carrying Amount				
As at June 2025	=	=	=	=

Notes to the Financial Statements (Continued)

32. Trade and Other Payables

Description	Period ended 30th June 2025	Opening Statement 1st July 2024
	Kshs	Kshs
Trade payables	4,016,834,221	2,809,360,187
Payments received in advance	-	-
Employee payables	804,746,307	529,911,032
Third-party payments - Executive	-	
Total trade and other payables	4,821,580,528	3,339,271,219

33. Refundable Deposits and Prepayments

Description	Period ended 30th June 2025	Opening Statement 1st July 2024
	Kshs	Kshs
Customer deposits	-	-
Prepayments	-	-
Other deposits	176,662,065	185,714,920
Total deposits	176,662,065	185,714,920

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	(-)	(-)	(-)	(-)
Total provisions year end	-	-	-	-
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-

35. Lease Liabilities

Description	30th June, 2025	Opening Statement 1st July, 2024
	Kshs	Kshs
Balance at the beginning of the year	-	-
Discount interest on lease liability	-	-
Paid during the year	(-)	(-)
At end of the year	-	-

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	-
Total	-

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Notes to the Financial Statements (Continued)

36. Deferred Income

Description	30th June, 2025	Opening Statement 1st July, 2024
	Kshs	Kshs
National Government	-	-
International Funders	-	-
Public Contributions and Donations	-	-
Total Deferred Income	-	-

The deferred income movement is as follows:

	National government	International funders	Public contributions and donations	Total
	Kshs	Kshs	Kshs	Kshs
Balance Brought Forward	-	-	-	-
Additions	-	-	-	-
Transfers To Capital Fund	(-)	(-)	(-)	(-)
Transfers To Income Statement	(-)	(-)	(-)	(-)
Other Transfers	(-)	(-)	(-)	(-)
Balance Carried Forward	-	-	-	-

Analysed as:

Description	Amount
Current	-
Non- Current	-
Total	-

Notes to the Financial Statements (Continued)

37. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	30th June, 2025	1st July, 2024
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total Employee Benefits Obligation	-	-	-	-	-

Retirement benefit Asset/ Liability (Applicable to Pensions)

The Entity operates a defined benefit scheme for all full-time employees from July 1, 2025. The scheme is administered by - while - are the custodians of the scheme. The scheme is based on - 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 - June - by - 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:

	30th June, 2025	1st July, 2024
Discount Rates	-	-
Future Salary Increases	-	-
Future Pension Increases	-	-
Mortality (Pre- Retirement)	-	-
Mortality (post-retirement)	-	-
Withdrawals	-	-
Ill Health	-	-
Retirement	-	-

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:

	30th June, 2025	1st 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

	30th June, 2025	1st 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. - per employee per month. Other than NSSF the Entity also has a defined contribution scheme operated by - Pension Fund. Employees contribute -% while employers contribute -% 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	30th June, 2025
	Kshs
a) External borrowings	
Balance at beginning of the year	-
External borrowings during the year	-
Repayments of during the year	(-)
Balance at end of the year	-
b) Domestic borrowings	
Balance at beginning of the year	-
Domestic borrowings during the year	-
Repayments during the year	(-)
Balance at end of the year	-
Balance at end of the period- domestic and External borrowings c = (a+b)	-

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

	30th June, 2025	1st July, 2024
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organisation'	-	-
Sterling Pound Denominated Loan From 'Y Organisation'	-	-
Euro Denominated Loan from Z Organisation'	-	-
Domestic Borrowings		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Total /Balance at end of The Year	-	-

Notes to the Financial Statements (Continued)

Description	30th June, 2025	Opening
	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	30th June, 2025	1st 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

	Period ended 30th June 2025
Surplus for the year before tax	1,096,335,049
Adjusted for:	
Depreciation	134,458,614
Amortization	45,943,683
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	7,426,827
Increase in deferred income	-
Increase in payables	710,920,117
Increase in payments received in advance	-
Net cash flow from operating activities	1,036,295,864

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
As at 30 June 2025				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

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 -x. 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	Between 1-3	Over 5	Total
	month	months	months	
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2025				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

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.

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
As at 30 June 2025			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
Total Financial Assets	-	-	-
Financial Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Total Financial Liabilities	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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
2025			
Euro	10%	-	-
USD	10%	-	-
2025-1			
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 - (2025: KShs -). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs - (2025 – KShs -)

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.

Machakos County Executive
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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
As at 30 June 2025				
Financial Assets				
Quoted Equity Investments	-	-	-	-
Non- Financial Assets				
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:

	30th June, 2024	Opening Statement 1st July, 2024
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	-	-
Capital Reserve	-	-
Total Funds	-	-
Total Borrowings	-	-
Less: Cash And Bank Balances	(-)	(-)
Net Debt/(Excess Cash And Cash Equivalents)	-	-
Gearing	-	-

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.

	<i>30th June, 2025</i>
	Kshs
Transactions with related parties	
a) Sales to related parties	
Others (specify) e.g. interest and bank charges	-
Total	-
B) purchases from related parties	
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)	-
Total	-
b) Grants /transfers from the government	
Grants from national govt	-
Grants from county government	-
Donations in kind	-
Total	-
c) Expenses incurred on behalf of related party	
Payments of salaries and wages for - employees	-
Payments for goods and services for -	-
Total	-
d) Key management compensation	
Compensation to key management	-
Total	-

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

	<i>30th June, 2025</i>
	Kshs
Contingent Assets	
Insurance Reimbursements	-
Assets Arising from Determination Of Court Cases	-
Reimbursable Indemnities and Guarantees	-
Receivables From Other Government Entities	-
Others (Specify)	-
Total	-

(Give details)

Contingent Liabilities

	<i>30th June, 2025</i>
	Kshs
Contingent Liabilities	-
Court Case - against the Entity	-
Bank Guarantees in Favour of Subsidiary	-
Contingent Liabilities arising from Contracts Including PPPs	-
Others (Specify)	-
Total	-

(Give details)

45. Capital Commitments

Capital Commitments	<i>30th June, 2025</i>
	Kshs
Authorised for	-
Authorised and contracted for	-
Total	-

(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 PforR: --			Name of Financing Partners: - and -			
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	-	-	-	-	-	-

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).

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:
Basis for Qualified Opinion				
1	Inaccuracies in the Financial Statements: -The statement of receipts and payments and as disclosed in Note 1 and Note 2 reflects total receipts of Kshs.11,417,314,882 while the statement of comparison of budget and actual amounts (recurrent and development) reflects an amount of Kshs.13,022,775,225 net of opening bank balance resulting to an unexplained variance of Kshs.1,605,460,343.	The amount in variance of Ksh.1,605,460,343 relates to Own Source Revenue (OSR) for Fy.2023/2024.The figure was reported separately in our Receiver of Revenue (ROR) Financial Reports for Fy.2023/2024.This was based on the new Public Sector Accounting Standard Board templates issued on 30 th June 2024 and which exclude reporting of Own Source Revenue (OSR) in main financial statements. However, the management amended the financial statements under “Note one (1)-Transfer from CRF” and “statements of Receipts and payments” to capture Ksh.1,605,460,343 as a financial note. Therefore, the statement of comparison of budget and actual amounts (recurrent and development) and statement of receipts and payments have been reconciled.	Resolved	
2	Variances Between Financial Statements and IFMIS Payment Details : - The statement of receipts and payments and as disclosed in Note 4 reflects use of goods and services amount of Kshs.2,403,653,567. Review	The manual financial statements are correct in all material facts. However the IFMIS system fails to post and auto-reconcile the IFMIS generated financial statements causing discrepancies between IFMIS and manual ledgers.To that end the management in conjunction with the National	Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: -(Resolved / Not Resolved)	Timeframe:
	<p>of the itemized expenditure items revealed that the amounts were at variance with the Integrated Financial Management Information System (IFMIS) as follows; Management explained its intention to contact the National Treasury for reconciliation. However, the reconciliation had not been performed as at the time of the audit in November 2024. In the circumstances, the accuracy and completeness of use of goods and services totaling Kshs.2,403,653,567 could not be confirmed.</p>	<p>Treasury initiated the exercise of reconciling variances between our manual financial statements Fy.2023/2024 and IFMIS ledgers. So far, the County reconciled two of the five items (Foreign Travel and Subsistence) ksh.82,755,658 and Printing, Advertising and Information supplies-Kshs. 43,062,783). Reconciliation for the other three items (Domestic Travel, hospitality supplies and other operating services) is ongoing.</p>		
3	<p>Other Grants and Transfers: -The statement of receipts and payments and as disclosed in Note 7 to the financial statements reflect other grants and transfers of Kshs.1,297,110,941 which includes an amount of Kshs.195,350,986 for fertilizer subsidy program. However, the amount was deducted at source and utilized in the fertilizer subsidy which was a program run by the National Government and no actual funds were received in the</p>	<p>The fertilizer subsidy program involved the National Government providing and selling subsidized fertilizer to Kenyan farmers (Machakos included) through government-run distribution channels. The amount of Ksh.195,350,986 was budgeted in Fy.2023/24 and as per The County Governments. Additional Allocations Act, 2024 (see page 9) passed by the National Assembly and Gazetted. However, the amount was deducted from the source (National Treasury) on behalf of the Ministry of Agriculture-National Government. Therefore, the management had to pass contra</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: -(Resolved / Not Resolved)	Timeframe:
	County Revenue Fund account. In the circumstances, the accuracy of other grants and transfers of Kshs.1,297,110,941 could not be confirmed.	-entry by recognizing the amount of Ksh.195,350,986 as part of our revenue (miscellaneous receipts) and at the same time expense it in entirety under note 7 of the statement of receipts and payments although we did not have supporting documents worth Ksh.195,350,986.		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: -(Resolved / Not Resolved)	Timeframe:
4	<p>Transfers to Other Government Units: - The statement of receipts and payments and as disclosed in Note 6 to the financial statements reflect transfers to other Government units of Kshs.702,941,313 which includes an amount of Kshs.421,241,713 for climate change. However, review of bank statements revealed that the actual amount received in the Climate Change Program bank account amounted to Kshs.298,237,417 resulting to an unexplained variance of Kshs.123,004,296. Management indicated that the financial statements have been amended to reflect the correct amount. However, no amendment was done to the financial statements. In the circumstances, the accuracy of transfers to other Government units of Kshs.702,941,313 could not be confirmed.</p>	<p>The management amended the financial statements for Fy.2023/2024 under Note 6- “Transfer to Other government entities” to correct the unexplained variance. The financial statements reflect the actual amount ksh.298,237,417 received in Fy.2023/2024.The amount reported of Ksh.298,237,417 is as per the cut-off date 30th June 2024.</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: -(Resolved / Not Resolved)	Timeframe:
5	<p>Unsupported Expenditure-Use of goods and services :- The statement of receipts and payments and as disclosed in Note 4 to the financial statements reflect Kshs.2,403,653,567 under use of goods and services. Included in the expenditure is an amount of Kshs.117,301,735 whose payment vouchers were not provided for audit review. In the circumstances, the accuracy of use of goods and service amount of Kshs.2,403,653,567 could not be confirmed.</p>	<p>The management provided payment vouchers of Ksh.96,003,469.55 for various expenditure items to auditors for review. The legal fee payment vouchers totaled ksh.21,298,286.60, out of three vouchers totaling Ksh.10,214,225 were also submitted. The difference of Ksh.11,352,400 (Voucher No.CL/46/05/24/R is yet to be received from EACC as per our correspondences.</p>	Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: -(Resolved / Not Resolved)	Timeframe:
6	<p>Unsupported Expenditure- Legal Expenses :- Review of prior year financial statements revealed that pending bills for legal fees of Kshs.807,862,095 while the current financial statements reflect an opening balance of Kshs.828,387,093, resulting to an unreconciled variance of Kshs.20,524,998. In addition, Kshs.38,807,957 was paid to four (4) firms as part of the prior year pending bill and current year payables. However, the relevant case files were not provided for audit review. In the circumstances, the accuracy and propriety of legal fees totaling Kshs.828,387,093 could not be confirmed</p>	<p>The management amended the pending bills annexures in financial statements for 2023/2024 to reconcile the variance of Ksh.20,524,998 between the reported amount of Ksh.828,387,093 (Bal B/f- 2023/2024) and Kshs.807,862,095 (Bal C/f - 2022/2023).). The amounts of Kshs. 38,807,957 was paid to the following advocate’s companies who’s the county owed for a long period of time; The case files were forwarded together with the payment vouchers to EACC. Therefore, the management could not provide them during the limited time given for audit. However, we have written to EACC, requesting for the said documents to be released for audit review.</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: -(Resolved / Not Resolved)	Timeframe:
7	<p>Budget Control and Performance:- The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.15,808,454,221 and Kshs.13,278,940,564 respectively resulting in an under-funding of Kshs.2,529,513,657 or 16% of the budget. Similarly, the County spent an amount of Kshs.11,631,124,769 against actual receipts of Kshs.13,278,940,564 resulting in an under-utilization of Kshs.1,647,815,795 or 12 % of the actual receipts. The under-funding and under-utilization may affect the planned activities and may impact negatively on service delivery to the public.</p>	<p>The under-funding variance of Kshs.2,529,513,657 between our final approved budget - Kshs.15,808,454,221 and the actual receipts of Kshs.13,278,940,564 was occasioned by the following two reasons; Further, the underutilization of Kshs.1,647,815,795 (12 % of the actual receipts) at the end of Fy.2023/2024 was caused by delay in exchequer releases and other conditional grants. The Table below show a continuous trend in delay of exchequer releases which in turn led to only 88% absorption rate.</p>	Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: - (Resolved / Not Resolved)	Timeframe:
8	<p>Pending bills:- Annex 2- Analysis of pending accounts payables, Annex 3- Analysis of pending staff payables and Annex 4- Analysis of other pending payables, to the financial statements disclose pending bills of Kshs.4,516,781,861, Kshs.855,416,201 and Kshs.167,965,221 respectively, all totaling Kshs.5,540,163,283 as at 30 June, 2024. Although Management indicated that the bills were not settled due to non-release of exchequer allocation, no evidence was provided to confirm that the pending bills formed first charge in the subsequent year. Failure to settle bills during the year to which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form the first-charge</p>	<p>The Pending accounts payable for the year ended 30th June 2024 was Kshs. 5,540,163,283.00. The county managed to pay an amount of Kshs. 1,315,348,829.86 by 17th March 2025. Therefore, the current balance is Kshs. 4,224,814,453.14. The management applied First In First Out (FIFO) method of accounting principle whereby, the pending bills for prior years formed first charge in Fy.2024/25. The delay in release of June 2024 exchequer amounting to Kshs. 763,783,623.00 increased our pending bills for Fy.2023/2024. The exchequer was received on 26th July 2025. The table below gives a movement analysis of our accounts payable from 30th June 2022 to date. Attached, the accounts payable movement register for audit review.</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: -(Resolved / Not Resolved)	Timeframe:
9	<p>Unresolved Prior Year Matters :- Prior year issues remain unresolved</p>	<p>The management appeared before the Senate Public Accounts Committee on 12th October 2024, where the matters were deliberated. Attached, find a schedule of our prior year issues and efforts made on each matter.</p>	Not Resolved	Awaiting Senate Report

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: -(Resolved / Not Resolved)	Timeframe:
11	<p>Non-Compliance with Law on Ethnicity and People with Disabilities Distribution:- Records provided for audit review including the payroll indicated that during the year under review, the County Executive had a total of six thousand five hundred and thirty-five (6,535) employees out of whom five thousand five hundred and nine (5,509) or 84% were from the dominant community in the County. This is contrary to Section 65 (1) (e) of the County Governments Act, 2012 which provides that in selecting candidates for appointment, the County Public Service Board shall consider that at least thirty (30) percent of the vacant posts are not from the dominant ethnic community in the County. In addition, there were 61 employees or approximately 1% of the employees who are living with disabilities contrary to Paragraph.2.2.2(i) of Public Service Commission Diversity Policy 2016 which states that every public service institution shall adopt measures aimed at facilitating the realization of the</p>	<p>The management acknowledged non-compliance with law on ethnicity and People with Disabilities. During Fy.2023/2024, Machakos County took corrective measure by employing 98 officers from non dominant tribes in the county. This is 7.1 percent of the entire work force (1365 officers) employed in that year. Further, the management is currently developing a county diversity policy which will guide future recruitment to address employment equity, and declare intent to comply with provisions of diversity in line with the Kenyan’s constitution 2010 and the County Government Act 2012. This will address National integration issues on tribal diversity, issues of marginalized communities and people with disability. On the issues of people with disability, the County Government of Machakos has also constituted a County Disability Board that is tasked to address all issues of disabled persons including their employment to the Public Service. Notably, there is a sensitization process which is aimed at encouraging people with disability to apply for any job they qualify in order to bridge the shortfall of such staff in the public service. A copy of the members appointed to the County Disability Board hereby attached for audit verification.</p>	Not Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: -(Resolved / Not Resolved)	Timeframe:
	<p>constitutional principles of ensuring an inclusive public service and that at least five per cent(5%) of appointments in the public sector shall comprise of persons with disabilities. Although Management explained that in future there will be a wide circulation of advertisement and effort to conform to the recruitment and appointments threshold on ethnicity and people living with disability, no documented measures were provided for audit review. In the circumstances, Management was in breach of the law.</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: -(Resolved / Not Resolved)	Timeframe:
12	<p>Lack of an Approved Staff Establishment: - The statement of receipts and payments reflects compensation of employees' amount of Kshs.5,959,269,939. The County Executive had a total of six thousand five hundred and thirty -five (6,535) employees. However, the County Executive through the County Public Service Board did not have an approved staff establishment for the whole County Executive and for each Department detailing hierarchy of authority and responsibilities. Although Management explained that it is in the process of developing a staff establishment, no reason was provided as to why the staff establishment was not prioritized. In the circumstances, optimal staffing levels, appropriate systems and skills development could not be confirmed.</p>	<p>The management is prioritizing development of an updated county staff establishment since the existing one was found to have gaps. Attached, find a copy of the current staff establishment and a letter addressed by the County Head of Public service to all departments requesting submission of departmental staff lists. The Head of Public service has already forwarded the lists to Machakos County Public Service Board for their review.</p>	Not Resolved	

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:
13	<p>Non-Compliance with the Law on Fiscal Responsibility on Wage Bill: - The County Executive compensation of employees totaling-Kshs.5,959,269,939 represent approximately fifty-two (52%) of the total receipts of Kshs.11,417,314,882. This was contrary to Section 25(1)(b) of the Public Finance Management (County-Governments) Regulations, 2015 which requires the limit on the County Governments expenditure on wages and benefits for its public officers not to exceed 35% of the County Government's total revenue. In the circumstances, Management was in breach of the law.</p>	<p>The management acknowledges the issue on noncompliance with Fiscal Responsivity on wage bill. The issue was occasioned by A) Health Worker CBA agreements. B) Annual increment of staff wages C) Inheritance of a huge wage bill of the Devolved Health Staff and which accounts to more than 50% of the entire county wage bill.</p> <p>This can be substantiated by analyzing our IPPD system payroll extract for the month of November, 2024. The analysis involves department of Health wage bill against the entire county wages. We can deduce that 51.6% of our entire county wages go to Department of Health.</p>	Not Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: -(Resolved / Not Resolved)	Timeframe:
14	<p>Payment of Salaries Outside the Integrated Payroll and Personnel-Database (IPPD) :- The statement of receipts and payments and as disclosed in Note-3-to-the-financial statements-reflects-an amount-of Kshs.5,959,269,939 under-compensation-of employees.Included in the payment is an amount of Kshs.487,009,214-for salaries which was paid outside the IPPD system in the month of June 2024.In addition, review-of the June 2024 monthly payroll data,-revealed-that-two employees were-sharing the same bank account number. This is contrary to Section 1.5.1-of-The-National Treasury-Financial Accounting Recording and Reporting Manual which provides that personnel emoluments of County Governments staff should be paid through IPPD.Management indicated that-relevant data for new employees will be secured for payroll processing before salary payment in future, no reason was provided for non-compliance.In the circumstances,Management was</p>	<p>The amount of Ksh.487,009,214 mainly involved payments of staff medallions, gratuities and other statutory deductions owed to various agencies such as KRA, NITA, LAPFUND, NHIF, and LAPTRUST.</p>	Not Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: -(Resolved / Not Resolved)	Timeframe:
	in-breach of the law			

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: -(Resolved / Not Resolved)	Timeframe:
15	<p>Outstanding Medical Insurance Cover :- During the year under audit review, an amount of Kshs.245,000,000 was paid for medical insurance cover. However, as at 30 June, 2024, the County Executive of Machakos had an outstanding amount of Kshs.45,883,520 owing to the insurance company.</p> <p>This is in contravention of the Clause 2.6 of the contract agreement dated 19 October, 2023 which states that payment shall be made to the insurer immediately upon execution of the agreement. Although Management explained that there were no pending premium payments, the total premium had not been settled on execution of the agreement as required. In the circumstances, Management was in breach of the insurance cover preconditions subjecting staff to medical ris</p>	<p>The medical insurance cover for the county staff was running from October 23rd 2023 to 22nd October 2024 at a contract sum of Kes 85,883,520. Since the contract period was cutting across two financial years (2023/24 and 2024/25), a payment of 245,000,000 was made before end of June 2024. The balance of 40,883,520 was processed and cleared before the lapse of the contract period. Therefore, the contract expired without any pending amount. Payment voucher dated 9th September 2024 for audit review were attached.</p>	Not Resolved	

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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:
16	<p>Recruitment of Staff:- The statement of receipts and payments and as disclosed in Note 3 to the financial statements reflects an amount of Kshs.5,959,269,939 as compensation of employees. During the year under review, Machakos County Public Service Board recruited and appointed five hundred and thirty (530) officers. However, the need assessment to fill the vacant positions, individual panelist score sheet for all interviewed candidates, the merit list and the Board minutes on the appointment of successful candidates were not provided for audit review. In the circumstances, the value for money for the expenditure of Kshs.5,959,269,939 on compensation of employees could not be confirmed.</p>	<p>The management provided copies of the staff need assessments, Individual panelist score sheet for all interviewed candidates, merit list, public advertisement notices, boards minutes and appointment letters of the 530 officers for audit review.</p>	Not Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: -(Resolved / Not Resolved)	Timeframe:
17	<p>Proposed Phased Completion of Kaewa Dispensary:-Physical verification of the contract for the proposed phased completion of Kaewa Dispensary (Upper Kaewa Ward) at a cost of Kshs.2,834,808 revealed that, there was no electricity hence service providers could not perform immunizations and other medical services that require electricity. Further, there was no running water despite installation of a 10,000-litre water tank. In addition, there were security issues as the fluorescent tubes, wooden doors and sink pipes had been vandalized.</p>	<p>The management took note and urgent administrative actions were taken to correct the issues. The facility has since been connected with electricity and a water tank installed and connected to water supply. Further, the facility has since been secured with fence.</p>	Not Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: -(Resolved / Not Resolved)	Timeframe:
18	<p>Non-Functional Solar and Battery Backup Projects:- The Department of Energy entered into two projects for Kathiani Level 4 Hospital at a total cost of Kshs.13,569,996. The first project was for the supply and installation of battery backup for Kshs.5,906,546 while the second project was for the supply and testing of solar plant for Kshs.7,663,449.</p> <p>However, physical verification of the projects revealed that the solar plant and battery backup system was not functional. In addition, the bid price for the supply and installation of battery backup quoted in the GOK IFMIS evaluation matrix of Kshs.5,900,000 differ with the opening minutes of Kshs.6,100,000 resulting to unexplained variance of Kshs.200,000.</p>	<p>The management noted the above concern and took administrative action as follows;</p> <p>i. Non-Functional solar plant and battery backup system,</p> <p>As at the time of Audit the Solar plant and battery backup had not been tested and commissioned. Subsequently, the department of Energy has since tested and commissioned the Solar plant and battery backup and the system is now fully operational.</p> <p>ii. Variance between GOK IFMIS evaluation matrix and opening minutes</p> <p>The typo- error in opening minutes was noted and corrected.</p>	Not Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: -(Resolved / Not Resolved)	Timeframe:
19	<p>Proposed Construction of KathalaniKaviani Nzaikoni Roads:-The contract for this project was awarded on 6 February 2024 at amount to contract sum of Kshs.154,580,347 with a completion period of twenty-four (24) months from the date of signing of the contract. The budget for this project during the year under review was Kshs.50,000,000 and the bill of quantities included a sum of Kshs.1,000,000 for engineer’s site visit and overtime allowance. One of the mandatory procurement criteria was to have all bid documents serialized, initialized and stamped. However, one of the bidders who had quoted an amount of Kshs.145,286,252 and had all bid documents serialized, initialized and stamped was evaluated as non-responsive during preliminary evaluation. However, the firm which was awarded the contract did not have all the pages initialized which was a mandatory</p>	<p>1.Inclusion a sum of Kshs.1,000,000 for engineer’s site visit and overtime allowance.</p> <p>The Management noted the above engineer’s overtime allowance concern. Going forward, engineer’s allowances will not be included in Bill of Quantities but will be facilitated by the county as per SRC guidelines.</p> <p>II. serialization, initialization and stamping of bid documents.</p> <p>The bidder no.5 M/s seamless structure (k) limited with the quoted tender sum of Ksh.145,286,252 initialized and stamped all the pages. However, pages 80-81 were repeated.</p> <p>III. Serialization, initialization and stamping of the winning Bidder (Turin Enterprise).</p> <p>The construction of kathalani- kaviani Nzaukoni Roads project was awarded to Turin Enterprise limited at a cost of Ksh.154,580,347. The bid documents for Turin Enterprise have stamped initials and serialized.</p>	Not Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: -(Resolved / Not Resolved)	Timeframe:
	criterion.			
20	<p>Upgrading of Kincar Airways Zebra and Muungano Police Station Road Phase :-Review of the contract documents revealed that the contract was signed on 6 February, 2024 at a contract sum of Kshs.84,017,245 with a completion period of 6 months from the date of signing the contract. However, the following issues were noted: One of the mandatory requirements was for the form of tender. The progress report dated February/March 2024 indicated that there was no site agent, general foreman, site surveyor, environmental officer and occupation health officer. These were key experts who were required as per the tender evaluation requirements. It appears that the project was being implemented without the input from technical staff which might have impacted on the quality of work. tender to be completed, signed and stamped in the format provided and, in a company, letterhead. However, the form of tender for the winning firm was not in a company letterhead and was</p>	<p>I.Mandatory requirements-form of tender to be completed, signed and stamped in the format provided and in a company letterhead. The management provided a copy of page 5 of the paginated bid document to prove that the form of tender provided by Amuka builders & Contractors Limited was in company's letterhead and initialized.</p> <p>II. Disqualification of lower bidder with Kshs.61,985,760 The management provided evaluation committee report (see page 1) to indicate that lochwaa building limited (quoted lowest amount of ksh.61,985,760) failed to meet 7 out of the 15 mandatory requirements.</p> <p>III.Payment of Kshs.29,237,955 without a certificate The payment of kshs 29,237,955 by the management was based on attached-Tender/Contract document Section (2) (Preamble). The clause states that the payment was made based on measured works recorded in the joint measurement sheets and the rates quoted by the contractor in bid document. All these are summarized in summary of statements for payments of account. The county endeavors to procure standardized certificates required by the engineers during project evaluation.</p>	Not Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: -(Resolved / Not Resolved)	Timeframe:
	<p>not signed, while bidder No. 3, had quoted an amount of Kshs.61,985,760 which was lower than the bidder who won yet the firm was disqualified on similar issues. An amount of Kshs.29,237,955 was paid without a certificate of work done but was based on summary of statements of account submitted by the contractor. Review of progress report file revealed that in a letter dated 11 June, 2024, the contractor was using unapproved gravelling materials which was against the instructions which required use of hand packing rocks. The contractor had also disregarded hand packing instructions and was utilizing machines and no report was provided to confirm whether the contractor later conformed with engineer instructions. The progress report</p>	<p>IV.Unapproved gravelling materials and conformity with engineer instructions The contractor complied with instruction after the notice letter and the works were later approved through the prescribed formal works approval forms referenced as GMC/TR&PW/ONT/002/2023-2024/APPROV AL-5-and GMC/TR&PW/ONT/002/2023-2024/APPROV AL 6 filed in the project file. The section is still intact and has no defects as on the date of this response.The auditors are at liberty to visit the project for verification.</p> <p>V.Presence of site agent, general foreman, site surveyor, environmental officer and occupation health officer The county technical staff from the Department of Roads ensured strict adherence to the laid contract execution quality standards. The project is still under liability period with retention fee being held until the final quality test at the end of the liability period.</p> <p>VI. Test Certificates and Verification of quality of materials used in the project during the contract implementation. The management confirms that the contractor provided material analysis reports from the source plant as instructed and the material tests</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: -(Resolved / Not Resolved)	Timeframe:
	<p>dated February/March 2024 indicated that there was no site agent, general foreman, site surveyor, environmental officer and occupation health officer. These were key experts who were required as per the tender evaluation requirements. It appears that the project was being implemented without the input from technical staff which might have impacted on the quality of work.</p>	<p>were done through the Material Testing and Research Division during laying/spreading on site for confirmatory purposes. Therefore, the material test results brought on towards the tail end of the project confirmed the integrity of the materials used.</p> <p>VII. Physical verification and the quality of work done by the contractor</p> <p>The contractor has also been issued with two letters requesting him to go on site and repair the minor defects even though the project is still under defect liability period. Further, the management will allocate more resources in order to address the issue of drainage system.</p>		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: -(Resolved / Not Resolved)	Timeframe:
21	<p>Routine Maintenance of Kathaianioni – Kwa KavathaMuli Kaese Road:-Review of documents revealed that the contract was awarded on 19 March, 2024 at a contract sum of Kshs.4,896,464 with a contract duration of three (3) months. However, the firm did not attach beneficial ownership disclosure form which was a mandatory requirement. In addition, the firm did not provide a three months bank statements within the last two years and key personnel certificate with 2 years’ experience as was required when bidding.</p>	<p>The management has attached a duly filled Beneficial Ownership Disclosure Form (see page 24-27) in the paginated bid document for verification. Further, we also provide copies of three months bank statement, duly signed evaluation committee minutes and key personnel certificates for audit review. The attached evaluations committee minutes can confirm that the bank statements, beneficial ownership disclosure form and key personnel certificates/Curriculum Vitae were available in bid documents.</p>	<p>The management did not provide necessary procurement documentation to the OAG for verification</p>	<p>1. The Office of the County Governor undertakes administrative actions against the officers who failed to provide the documents to the auditors in accordance with section 156 of the Public Finance Management Act and provides a status report to the Committee within 60 days from the adoption of this report</p>
22	<p>Stalled Projects :- Review of various projects commenced in the County revealed that fiftyfour (54 projects) awarded at a contract price of Kshs.1,132,065,268 had stalled at various</p>	<p>The management re-looked on the projects, initiated some and it’s in the process of reviving the remaining one. Expired and terminated Contract agreements will be renewed and awarded to new contractors respectively. Attached, find a</p>	<p>Not Resolved</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: -(Resolved / Not Resolved)	Timeframe:
	<p>stages of completion. This was after the County had incurred a total cost of Kshs.314, 262,161 which was paid to various contractors. Further the work in progress was not reported in fixed assets register.</p>	<p>compendium list of all stalled projects Fy.2023/2024 and our updated fixed asset register for audit review.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: -(Resolved / Not Resolved)	Timeframe:
23	<p>Procurement of Integrated Health Management System:- Review of pending bills revealed a prior year pending bill of Kshs.44, 885,921. This was the tendered sum for phase one (1) of a project that was to be executed in three phases. However, the confirmation reports from various level 3 and 2 hospitals covered under phase two (2) indicated that some service points were not covered, yet the full contract price of Kshs.78,530,148 was invoiced and paid. Further, it was not clear whether the County acquired the full ownership rights of the software including the source code. In the circumstances, value for money for these projects could not be confirmed.</p>	<p>I. Payment status and Inclusion of Kshs.44, 885,921 in pending bills The pending amount is Kshs 44,885,921 was for Phase one (1). This phase was fully executed before 30th June 2024.</p> <p>II. Implementation of Phase two of the project The management is in process of implementing phase three (3) of the project hence the few levels 3 and 2 remaining hospitals will be covered during this phase.Phase 1 & 2 covered Machakos Level 5 and level 4 hospitals respectively.</p> <p>III. Ownership rights of the software including the source code. The county Government of Machakos fully owns the proprietary rights to Aphiaone software.</p>	Not Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
24	<p>Staff in the Payroll without Activity in the Department of Health:- Review of staff payroll revealed that a total of 67 clinical officers and 61 medical doctors were in the payroll. However, review of the doctor analysis report generated from Integrated Health Management system indicated no activity undertaken by them from September, 2023 when Level 4 and 5 hospitals were digitized and from February/ March when all Level 3 and 4 were digitized. In the circumstances, it was not possible to establish whether the officers offered any service to Machakos residents during the period under review.</p>	<p>I. The reasons why the 126 officers never logged in the HMIS system are cross cutting such; I. Some health officers could not log in because they lacked portable gadgets I.e tablets and laptops. The county is planning to procure in the financial year 2025/2026 through ICT department. II. Doctors use treatment sheets, theatre registers and patient files to record every procedure in theatres and wards. The management is in the advanced stage of integrating the HMIS system with KEMSALMIS, KHIS, NASCOP and TB systems. Some Pharmacists log in the above parallel systems for delivery of their routines services which includes pharmacy supply chain work. The management hereby provide a copy of the log in report of the doctors/Pharmacists in TB-LMIS-KEMSA and HIV-LMIS systems for audit review. Currently, the management has taken corrective measures by ensuring all Health Workers log in in the HMIS system. Attached, find a print out from the system for audit review.</p>	Not Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: -(Resolved / Not Resolved)	Timeframe:

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Accounting Officer

Date 04, 12, 2025,

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Appendix II: Projects implemented by (The Entity)

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor	Consolidated in these financial statements (Yes/No)

Status of Projects completion

(Summarise the status of project completion at the end of each Financial Year, i.e. total costs incurred, stage which the project is etc)

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds

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	

Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

Appendix VII: Disaster Expenditure Reporting Template

Column I Programme	Column II Sub-programme	Column III Disaster Type	Column IV Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Column V Expenditure item	Column VI Amount (Kshs.)	Column VII Comments

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	0	0	0	0	0
Buildings and structures	0	386,933,313	0	0	386,933,313
Transport equipment	8,990,000	20,457,776	0	0	29,447,776
Office equipment, furniture and fittings	0	47,175,660	0	0	47,175,660
ICT Equipment	0	0	0	0	0
Machinery and Equipment	0	0	0	0	0
Biological assets	0	0	0	0	0
Infrastructure Assets- Roads, Rails	0	424,796,907	0	0	424,796,907
Heritage and cultural assets	0	0	0	0	0
Intangible assets	0	0	0	0	0
Work in Progress	0	0	0	0	0
Total	<u>8,990,000</u>	<u>879,363,656</u>	<u>0</u>	<u>0</u>	<u>888,353,656</u>