

REPUBLIC OF KENYA



**REPORT**

PARLIAMENT  
OF KENYA  
LIBRARY


**OF**

**THE AUDITOR-GENERAL**

**ON**

**OFFICE OF THE DEPUTY  
PRESIDENT**

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

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 11 MAR 2026	DAY: WED
TABLED BY:	DEPUTY MAJORITY PARTY NHTP
CLERK-AT THE-TABLE:	OBIERO

OFFICE OF THE AUDITOR GENERAL  
P.O. Box 30084 - 00100, NAIROBI  
RECORDS OFFICE

11 DEC 2025

RECEIVED



---

**OFFICE OF THE DEPUTY PRESIDENT**

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

---

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

<b>Table of Contents</b>	<b>Page</b>
1. Acronyms and Definition of Key Terms.....	ii
2. Key MDA Information and Management.....	iii
3. Profile of Chief of Staff.....	x
4. Profile of Accounting Officer and Key Management.....	xi
5. Statement by the Chief of Staff.....	xvi
6. Statement by the Accounting Officer.....	xix
7. Statement of Performance Against Predetermined Objectives for FY2024/25.....	xx
8. Governance Statement.....	xxiv
10. Management Discussion and Analysis.....	xxvi
11. Environmental and Sustainability Reporting.....	xxx
12. Statement of Management Responsibilities.....	xxxiv
13. Report of the Independent Auditor for the Office of the Deputy President.....	xxxvi
14. Statement of Financial Performance for the year ended 30 June 2025.....	1
14 Statement of Financial Position as at 30 <sup>th</sup> June 2025.....	2
15 Statement of Changes in Net Assets for the year ended 30 <sup>th</sup> June 2025.....	3
16. Statement of Cash Flows for the year ended 30 <sup>th</sup> June, 2025.....	4
17. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025.....	5
18. Notes to the Financial Statements.....	7
19. Appendix.....	35

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

**A: Acronyms and Abbreviations**

<i>CS</i>	<i>Cabinet Secretary</i>
<i>PS</i>	<i>Principal Secretary</i>
<i>CBK</i>	<i>Central Bank of Kenya</i>
<i>ICPAK</i>	<i>Institute of Certified Public Accountants of Kenya</i>
<i>IPSAS</i>	<i>International Public Sector Accounting Standards</i>
<i>OCOB</i>	<i>Office of the Controller of Budget</i>
<i>OAG</i>	<i>Office of the Auditor General</i>
<i>OSHA</i>	<i>Occupational Safety and Health Act of 2007</i>
<i>PFM</i>	<i>Public Finance Management</i>
<i>PPE</i>	<i>Property Plant &amp; Equipment</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>SAGAs</i>	<i>Semi-Autonomous Government Agencies</i>
<i>SC</i>	<i>State Corporations</i>
<i>TNT</i>	<i>The National Treasury</i>
<i>WB</i>	<i>World Bank</i>

**B: Definition of Key Terms**

**Fiduciary Management-** Members of Management directly entrusted with the responsibility of financial resources of the organisation.

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

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

The Office of the Deputy President draws its mandate from article 147 of the Constitution of Kenya, the Executive Order No. 1 of 2025 on Organization of Government of the Republic of Kenya and other related laws. The Office of the Deputy President as part of the Presidency is mandated with specific responsibilities of serving as the centre for strategic coordination and have the authority to coordinate and in supervision of government in the execution of the functions and affairs of the Government of Kenya including those in the Ministry. This mandate is critical to the transformation process and the realization of the Government policies, plans and Processes as per the aspirations of the Fourth Medium Term Plan, 2023-2027, themed: “Bottom-up Economic Transformation Agenda”

### **Vision Statement**

“Responsive national leadership for a cohesive prosperous Kenya”

### **Mission Statement**

To provide transformative leadership in the realization of the aspirations of the Bottom-Up Economic Transformation Agenda.

### **Core Values**

ODP shall uphold the following core values:

- **Rule of Law:** observance of the Constitution of Kenya which stipulates our National Values will be the basis of service delivery.
- **Teamwork:** This entails a Whole-of-Office approach and collaborative employees’ involvement in the achievement of the Mandate of the Office of the Deputy President.
- **Customer Focus:** All persons targeted by our direct services and those who require referrals including our suppliers will be our priority in service delivery.

### **Mandate**

The Mandate of the Office of the Deputy President (ODP) is to ensure that the Deputy President can execute his Constitutional responsibilities as derived from Article 147 of the Constitution of Kenya, 2010, the Executive Order No. 1 of 2025 and other legislations.

***Office of the Deputy President***  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

---

The mandate includes:

- Deputize the President in the execution of the President's functions in accordance with Article 147 of the Constitution;
- Chair Cabinet Committees;
- Oversee Implementation of Cabinet decisions across all Ministries and State Departments;
- Co-ordinate Inter-Governmental relations between the National Government and County Governments including Chairing the Inter-Governmental Budget and Economic Council (IBEC);
- Facilitate inter-branch government engagement and coordinate joint initiatives involving the Executive, Judiciary and Parliament;
- Liaise with Constitutional Commissions and Independent Offices in matters that require intervention by the National Government including budgets, policy formulation and implementation of their recommendations;
- Co-ordinate the planning and supervise the implementation of development partners' funded programs and projects;
- Oversee Public Sector Reforms; and
- Perform any other function as assigned by the President.

In line with the above, the core function and strategic actions/intervention during FY 2024/25 included: -

- ❖ Coordination of government functions in support of the execution of H.E, the Deputy President's mandate.
- ❖ To co-ordinate the planning and supervise the implementation of development partners' funded programs and projects;
- ❖ To enhance synergy in the implementation of multi-sectoral Government Initiatives;
- ❖ Provide a liaison platform for Constitutional Commissions and Independent Offices on matters that require the Intervention of the National Government
- ❖ To foster co-operation and consultation between National and County Governments through Inter-Governmental Budget and Economic Council (IBEC);
- ❖ To coordinate in the delivery of various Strategic Government Interventions including coffee, tea and daily sub-sector, Alcohol Drugs & Substance abuse eradication initiatives,
- ❖ To coordinate the conferment of National and County Honors and awards.

**Vision Statement**

“Responsive national leadership for a cohesive prosperous Kenya”

**Mission Statement**

To provide transformative leadership in the realization of the aspirations of the Bottom-Up Economic Transformation Agenda.

**Core Values**

ODP shall uphold the following core values:

- **Rule of Law:** observance of the Constitution of Kenya which stipulates our National Values will be the basis of service delivery.
- **Teamwork:** This entails a Whole- of Office approach and collaborative employees’ involvement in the achievement of the Mandate of the Office of the Deputy President.
- **Customer Focus:** All persons targeted by our direct services and those who require referrals including our suppliers will be our priority in service delivery.

**(b) Key Management**

The Office of the Deputy President has a well-established structure that support governance operations thus ensuring an integrated and coordinated approach in realization of H.E. the Deputy President’s mandate. Day-to-day management within the Office of the Deputy President is under the following key offices.

**Office of the Chief of Staff**

The Office of the Chief of Staff exists to provide effective and efficient strategic, executive support services to the Deputy President towards effective discharge of their national responsibilities.

**Office of the Principal Administrative Secretary**

The Principal Administrative Secretary is responsible for administering and coordinating strategic support services to the Office Deputy President. In addition, the Principal Administrative Secretary is charged with the responsibility of providing advice to the principal to enhance efficiency and collective responsibility. The Principal Administrative Secretary is also designated as the accounting officer.

***Office of the Deputy President***  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

---

**Organizational Structure of the Office of the Deputy President**

The Office of the Deputy President also constitutes the following key delivery unit headed by various Section Heads/Directors: International Development Partnerships Coordination Unit (IDPCU); Intergovernmental Budget and Economic Council (IBEC); Constitutional Commissions and Independent Offices Liaison Unit, National and County Governments Honours Advisory Committee, Coffee Sub-Sector Reforms Implementation Standing Committee (CSRISC), North and North Eastern Development Initiative (NEDI), and Policy Advisories Units.

ODP is also supported by common shared Government functions that offer critical support services under General Administration and Support Services (GASS) units including General Administration, Accounting, Finance, Human Resource Management and Development, Central Planning and Projects Monitoring, Supply Chain Management, ICT, Records Management, Internal Audit, Hospitality and the Coordination and Protocol Services unit.

**(c) Fiduciary Management**

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

No.	Designation	Name
1.	Chief of Staff	Ms. Wanjiku Wakogi, CBS,
2.	Principal Administrative Secretary	Mr. Moses N. Mbaruku, MBS
3.	Secretary, IBEC	Dr. Gabriel Lamanon Lagat
4.	Secretary, CCIOs	Prof. Morris K. Mbondenyei, LLD, MBS
5.	Secretary, IDPCU	Mr. Allan W. Mburu
6.	Head, Communication	Mr. Francis Gachuri
7.	Secretary Administration	Mr. Leonard Ngaluma, MBS
8.	Director Human Resource Management	Mr. Hudson Mugodo
9.	Head, Finance	Mr. Paul Kamau, HSC
10.	Head, Central Planning Unit (CPPMU)	Ms. Ann Mwangi
11.	Head, Supply Chain Management	Mr. Stephen Wamae, MBS
12.	Head, ICT	Mr. Silas Wachira
13.	Head of Accounting Unit	CPA John Kariuki, OGW

**(d) Fiduciary Oversight Arrangements**

The Office of the Deputy President, in its governance operations while delivering on the mandate, has set several oversight arrangements including establishing various committees. These oversight arrangements include:

**Senior Management Committee**

This committee comprises Heads and lead officers of Departments/Delivery Units and is chaired by the Chief of Staff and the Principal Administrative Secretary. The senior management committee monitors the implementation of various programmes in the Office of the Deputy President and reviews the performance realized based on reports from departmental submission. This informs strategic decision making as this committee is the highest policy organ in the institution. The committee meets monthly and this ensures that its resolutions are implemented in a timely manner.

**Budget Implementation Committee (BIC)**

The Budget Implementation Committee is tasked with monitoring the utilization of the ODP's Budget implementation. The committee analyses the progress made by different departments in the institution and advises senior management accordingly. This committee convenes on a monthly basis and draws its membership from the General Administration, Planning and Support Services units namely; Administration, Finance, Accounts, Procurement, Planning, Human Resources and ICT.

**Ministerial Human Resource Management Advisory Committee**

In order to monitor and coordinate Recruitment and promotions; Training and Development; Payroll Management; and Promotion of Values and Principles of Public Service, the Office of the Deputy President instituted the Ministerial Human Resource Management Advisory Committee. The committee convened monthly.

**Ministerial Performance Management Committee (MPMC)**

The Ministerial Performance Committee was introduced to enhance the performance of staff working at the Office of the Deputy President. The Committee comprises the Principal Administrative Secretary, the Directors/Heads of Technical Departments, Director of Administration, Head of CPPMU and the Director, HRM&D. The Committee is responsible for the review of the implementation of the ODP's Strategic Plan & Performance contract and staff performance evaluation

***Office of the Deputy President***  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

---

which informs the meeting of sanctions and/or rewards. In the FY 2024/2025, the committee held 2 meetings.

**The Performance Contracting Committee**

The Performance Contracting Committee, formed in line with the Performance Contracting Guidelines, is headed by the Principal Administrative Secretary. The committee is mandated to coordinate the performance contracting process and the achievement of ODP's performance targets. The committee met quarterly to monitor, evaluate and report on ODP's performance.

**Project Steering Committee**

The Office of the Deputy President has established a project steering committee comprising of technical officers within ODP to monitor the progress of implementation of various programmes being undertaken.

**Office of the Deputy President**

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

---

**(e) Entity Headquarters**

**Office of the Deputy President**

P.O. Box 74434-00200  
Harambee House Annex  
Harambee Avenue  
**NAIROBI, KENYA**

**Office of the Deputy President Contacts**

Telephone: (254) 0203247000/1/2/3/4/5  
E-mail: [dp@deputypresident.go.ke](mailto:dp@deputypresident.go.ke)  
Website: [www.deputypresident.go.ke](http://www.deputypresident.go.ke)

**Office of the Deputy President Bankers**

**Central Bank of Kenya**

Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
**Nairobi, Kenya**

**National Bank of Kenya Limited**

Harambee Avenue  
P.O. Box 41862-00100  
**Nairobi, Kenya**

**Independent Auditors**

**Auditor-General**

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

**Principal Legal Adviser**

**The Attorney General**

State Law Office and Department of Justice  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

**3. Profile of Chief of Staff**



**Ms. Wanjiku Wakogi, CBS  
Chief of Staff**

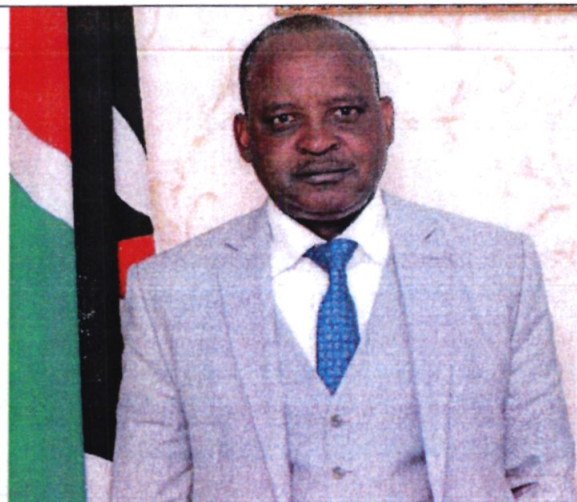
**Ms. Wanjiku Wakogi** is currently the **Chief of Staff** in the Office of the Deputy President, leading the team in supporting H. E the Deputy President in discharging his mandate. Ms. Wakogi is an apt problem solver with in-depth, practical, legislative, administrative and leadership expertise of public service delivery. She has proven, highly relevant experience in management, diplomacy, public finance, governance, public administration, public policy advisory and law.

A career lawyer of 20 years standing, Ms. Wakogi has served with distinction in various capacities in the public sector, including serving as the Governance and IFMIS Programme Coordinator in the then Ministry of Finance, Senior Advisor in Governance and Public Sector Reforms in the Ministry of Devolution & Planning, and Attorney General's Office, Secretary to the State Corporations Advisory Committee, and the Public Entities Oversight Office under the Office of the Chief of Staff and Head of the Public Service. She has also served as Secretary of the Multi Agency Team on Corruption (MAT).

Ms. Wakogi has played an instrumental role in supporting key teams to conceptualize and implement transformative public sector programmes, including coordinating the rollout of the IFMIS Re-engineering programme; Huduma Kenya, the National Youth Service Transformation Vision, the Capacity Assessment and Rationalization Programme (CARPS), the National Capacity Building Framework (NCBF) for County Governments, the Task Force on the Review of the Legal, Policy and Institutional Framework for Fighting Corruption in Kenya, the Framework for the Return of Assets from Corruption and Crime in Kenya (FRACCK), and the Presidential Taskforce on Review of Power Purchase Agreements among others.

Profile of Accounting Officer and Key Management.

Accounting Officer and Key Management



**Mr. Moses N. Mbaruku, MBS**  
**Principal Administrative Secretary**

**Mr. Moses N. Mbaruku, MBS** is the **Principal Administrative Secretary** in the Office of the Deputy President.

Mr. Mbaruku is an accomplished civil servant with over 32 years of dedicated service in government. Prior to his appointment, he served at the Cabinet Office- The Executive Office of the President. He also served in the field at different capacity in administration and as Drought Management Officer. He holds a master's degree in business administration with a focus on Entrepreneurship Development and a Bachelor of Arts degree, both from Kenyatta University.



**Dr. Gabriel Lamaon Lagat**  
**Special Secretary- IBEC**

**Dr. Gabriel Lagat** is the **Special Secretary/ Intergovernmental Budget & Economic Council** at the Office of the Deputy President. Dr. Lagat has over twenty-eight years' experience in public service. Prior to his appointment, he served as the Deputy Governor of Elgeyo Marakwet County, Senior- Lecturer, Moi University, Manager, Kenya Institute of Management, Deputy Secretary, YMCA Kenya, and an economist at the National Treasury.

Lagat is a PhD finalist at Moi University School of Economics, has a master's degree in economics from the University of Nairobi, a Postgraduate Diploma in Project Management from Maastricht University (Netherlands), and a Bachelor's degree in Economics from the University of Nairobi.

*Office of the Deputy President*

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



**Prof. Morris K. Mbondenyei, LLD, MBS  
Special Secretary- CCIO**

**Prof. Morris Kiwinda Mbondenyei, LLD, MBS** is the **Head of Directorate, Constitutional Commissions and Independent Offices** in the Office of the Deputy President. Previously, he served as the Advisor/Secretary for Policy Coordination to the then Deputy President of the Republic of Kenya, H.E Dr. William S. Ruto, until February 2022.

Prof. Mbondenyei holds a Doctor of Laws (LLD) and Master of Laws (LLM) degrees from the University of South Africa (UNISA), and a Bachelor of Laws (LLB) degree from Moi University, Kenya. Postgraduate Diploma in Law from the Kenya School of Law (KSL) and is an Advocate of the High Court of Kenya of good standing.



**Mr. Allan W. Mburu  
Special Secretary- IDPCU**

**Mr. Allan Waweru Mburu** is currently acting as the **Head of the International Development Partnerships Coordination Unit (IDPCU)** at the Office of the Deputy President. He previously served as a Director, Foreign Service, at the Ministry of Foreign and Diaspora Affairs, both at the Headquarters and Missions abroad.

Mr. Mburu holds a Master of Science degree in Development Studies from the School of Oriental and Development Studies (SOAS), University of London and a Bachelor of Arts degree in Public Administration from the National University of Lesotho. He is a career civil servant with vast experience in both public administration and diplomacy stretching across over thirty years



**Mr. Francis Gachuri  
Head, Communication**

**Mr. Francis Gachuri** is the **Head of Communications**, Office of the Deputy President. Prior to his appointment, he served in same capacity at the Ministry of Interior and National Administration.

Francis is a seasoned Journalist, Strategic Communications Expert and Media Content Producer and Editor with 19 years of experience in Media and Communications.

He holds an Executive master's degree in media leadership and Innovation (EMMLI) from The Aga Khan University Graduate School of Media and Communications



**Mr. Leonard Ngaluma, MBS**  
**Secretary Administration**

**Mr. Leonard Ngaluma, MBS** is the **Secretary Administration** in the Office of the Deputy President. He is responsible for coordinating administrative services within the Office of the Deputy President.

Mr. Ngaluma holds a Master of Business Administration Degree in Strategic Management - University of Nairobi and has over 20 years' experience in public service. Prior to this appointment, He served as Commission Secretary/CEO at Commission of Administrative Justice (Office of the Ombudsman)



**Mr. Hudson Mugodo**  
**Director, HRM&D**

**Mr. Hudson A. Mugodo** is the **Director of Human Resource Management and Development**. He is responsible for human resource administration and enhancement of capacity building in the ODP.

He holds MPhil degree in Curriculum Development and Bachelor of Education degree from Moi University in addition to other basic Human Resources Management certificates. He has a span of over thirty years working as a lecturer and human resource practitioner amongst other positions.



**Mr. Paul Kamau, HSC**  
**Senior Chief Finance Officer**

**Mr. Paul Kamau, HSC** is the **Senior Chief Finance Officer** in the Office of the Deputy President.

He holds master's degree in economics from the University of Nairobi, a post graduate diploma in Public Finance Management, certificate in Strategic Leadership Development Programme (SLDP). He possesses over 28 years of experience in the Civil Service during which he has acquired much expertise in Public Financial Management and Budgeting.

*Office of the Deputy President*

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

	<p><b>Mr. Silas Wachira</b> is the <b>Head of Information and Communication Technology (ICT)</b> Unit in the Office of the Deputy President.</p> <p>He holds master's degree in public policy and management from Strathmore University, a Certified Information Systems Auditor, a Certified Information Systems Manager and a Prince2 Professional in Project Management. He has a wealth of experience in managing ICT systems in the public service spanning a period of over 15 years.</p>
	<p><b>Ms. Ann Mwangi</b> is the <b>Head of the Central planning and Project Monitoring Unit (CPPMU)</b> at the Office of the Deputy President.</p> <p>She holds a Masters of Art in Development Studies Degree, specialization in Economics of Development from the Institute of Social Studies, The Hague, Netherlands. She also holds a Bachelor of Arts Degree in Economics from the University of Nairobi, Kenya. She has vast experience in National and Sectoral Economic Planning. Ms. Ann Mwangi is a member of the Economists Society of Kenya (ESK)</p>
	<p><b>Mr. Stephen Wamae, MBS</b> is the <b>Head of Supply Chain Management Services</b> in the Office Deputy President. He holds a Master of Science Degree in Procurement and Logistics from JKUAT and a Bachelor of Commerce Degree from the University of Nairobi.</p> <p>He has over 30 years of experience in Public Procurement and related Administration. He is a full member of Kenya Institute of Supplies Management (KISM) and a full member of the Chattered Institute of Purchasing and supply UK (MCIPS).</p>



**CPA John G. Kariuki, OGW  
Head of Accounting Unit**

**Mr. John G. Kariuki, OGW** is the **Head of Accounting Unit** in the Office of the Deputy President. He is responsible for prudent financial management of voted provisions.

Mr. Kariuki is a member of Institute of Certified Public Accountants (ICPAK) and holds a Master of Science in Leadership and Governance from Jomo Kenyatta University of Agriculture and Technology (JKUAT) and a Bachelor of Business Management (BBM) from Moi University . He possesses vast experience in Public Financial Management and has proven traits in Leadership.

#### **4. Statement by the Chief of Staff**

The Office of the Deputy President (ODP) continues to implement its mandate aimed at promoting and sustaining the prosperity of the nation. We have up-scaled our efforts in steering and coordinating the government agenda as anchored in the shared vision of a better Kenya.

We note that overall government service delivery contributes not only to the national agenda but also to the regional and global development, espoused in key road maps as the Sustainable Development Goals (SDGs) and African Agenda, 2063.

Kenya's Vision 2030, Medium Term Plan IV, and the Bottom-Up Economic Transformation Agenda (BETA) can only be actualised through our collective integrated efforts demonstrated in a synergised, effective, efficient and most importantly responsive public service delivery.

In the Financial Year 2024/25 ODP implemented its mandate of Chairing Cabinet Committees and overseeing the implementation of cabinet decision; co-ordinating Inter-Governmental relations between the National Government and County Governments including Chairing the Inter-Governmental Budget and Economic Council (IBEC); liaison with Constitutional Commissions and Independent Offices in matters that require intervention by the National Government including budgets, policy formulation and implementation of their recommendations.

Likewise, ODP coordinated government efforts toward the actualisation of key government initiatives aimed at fostering a sound and responsive policy environment; enhancing job creation opportunities; accelerating agricultural reforms on priority value chains; facilitating solutions to social concerns; fast-tracking implementation of manufacturing pillars targets; as well as activating other flagship areas postulated in the Fourth Medium Term Framework, 2023-2027.

Through a value chain approach, ODP secured a coordinated, cross-sectional action on policy to advance the implementation of agricultural reforms. This was guided by the framework for coordination and supervision established during the First Cabinet Retreat in January 2023 in Nanyuki. In line with the resolutions of this First Cabinet retreat, His Excellency the Deputy President has been chairing the Cabinet Committees of (i) Finance and Production and (ii) Governance and Public Administration. These cabinet committee meetings review and approve key policy frameworks essential to the implementation of the Government's agenda.

In its commitments to deepen devolution and sustain cooperation between the two levels of government, ODP convened four Inter-governmental Budget and Economic Council fora, which resulted in fast-tracking disbursement of the full shareable revenue for the FY 2024/25 (i.e. Kshs. 480 billion). These fora also enabled the County Governments' approval for a performance-based ranking system for the County Aggregated Industrial Parks (CAIPS), resulting in the prioritisation of 13 CAIPS for fast-tracking to full operationalisation; activation of both forward and backwards linkages for the CAIPS to assure sufficiency in raw materials production and established market linkages for the value-added products for sustainability of operations; and revitalisation of the Integrated County Government Revenue Management System (ICRMS). Additional key milestones by IBEC include streamlining the implementation of Universal Healthcare (UHC) under the Taifa Care; resolution of the working stalemate between the Office of the Controller of Budget (COB) and County Governments, among others.

The 12<sup>th</sup> Development Partnership Forum (DPF) held in June 2024, established a Joint Task-Force to address concerns on Official Development Assistance (ODA) absorption capacities. The concerns included fund predictability, use of country systems and conditionality, integration of off-budget into the Government budget and improved dialogue structure and division of labour amongst state agencies and development partners. The Joint Task-Force efforts culminated in a comprehensive Portfolio Review Report, which was submitted to the Midterm Review Cabinet Retreat. The report sought to align with the country's External Resources Policy, promoting country ownership, and making recommendations for effective partnership, governed by mutual accountability, harmonisation and alignment. The proposed redress measures currently under active implementation are aimed at informing policy directives on the administration of Development Partner Funded Programmes and Projects.

In line with the 'whole of government approach', ODP sustained liaison with Constitutional Commission and Independent Offices (CCIOs) to enhance synergies by identification and resolution of existing deficiencies as well as standardise best practices in service delivery amongst the institutions. The ODP- CCIOs engagements led to the development of the Framework of Cooperation between CCIOs and the National Government. Additionally, ODP successfully mediated and witnessed the signing of a framework of cooperation between the Teachers Service Commission and the Ministry of Education.

*Office of the Deputy President*  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

---

To support agricultural transformation in raising productivity in key value chains, ODP convened several multi-stakeholder engagements in the Coffee, Tea, Potatoes, and Avocado sub-sectors, among others, resulting in the implementation of tangible policy and operational measures geared toward the anticipated gains. The legal and policy milestones in the agricultural value chain laid the foundations for future progress in optimising the nation's economic and food security potential.

The importance of key flagship projects in unlocking the socio-economic potential of the nation cannot be gainsaid. ODP, in collaboration with line Ministries, Departments and Agencies, steered the acceleration of ongoing flagship projects by unlocking impediments, notable herein is the revision of the Investor Framework for Special Economic Zones and the development of a lease agreement between the Kenya Leather Council and Export Processing Zone (EPZA) Authority to aid efficient onboarding of investors.

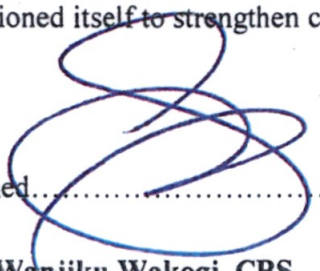
Further, ODP has steered intervention on social concerns, derailing the nation's well-being. For example, in collaboration with the relevant agencies, the office steered the development of the Alcoholic Drinks and Drugs Control Laws (Amendment) Bill, 2024, which was approved by the Cabinet. We remain committed to the improvement of the well-being of every Kenyan, including supporting the resolutions of social ills plaguing the nation.

Despite the notable achievements, ODP was faced with a few challenges, including a fragmented approach to service delivery by the various entities in government. Re-prioritisation of planned programmes and prolonged historical challenges like huge pending bills are some of the concerns hindering the implementation of the Government's Agenda.

To address both the existing and new challenges, ODP, through its Strategic Plan 2023-2027, has re-positioned itself to strengthen coordination in service delivery.

Signed.....

Date: 29<sup>th</sup> August, 2025

  
**Ms. Wanjiku Wakogi, CBS**  
**Chief of Staff**  
**Office of the Deputy President**

## **5. Statement by the Accounting Officer**

The Annual Financial Statement for FY 2024-2025 highlights the utilization of the approved budgetary allocations in compliance to the legal and regulatory financial frameworks. This utilization of the funds supported the delivery of H.E the Deputy President's mandate as outlined in the Constitution, the Executive Order No. of 1 of January, 2025, related law and Presidential directives.

The Office of the Deputy President was allocated a budget of Kshs. 3,215,252,997.00 recurrent budget. The Office implemented one Programme namely Deputy President Services. The Deputy President Services Programme had three sub programmes namely General Administration & Support Services; Coordination & Supervision Services; and Office of the Spouse of the Deputy President Affirmative Action Interventions.

The financial statements for the FY 2024/25 reflect our commitment to transparency, accountability and prudent resource management. The Office efficiently utilized the allocated funds to deliver on its mandate achieving a budget utilization rate of 100%. This underscores our dedication to optimizing resources to meet our objectives.

These statements, derived from the records maintained during the Financial Year ending 30<sup>th</sup> June, 2025, accurately disclose the true financial status of the Office. They reflect a fair and accurate representation of our financial status and demonstrate our commitment to sound financial management.

I would like to extend my gratitude to all staff members of the Office of the Deputy President for their hard work and dedication in achieving our goals. Your commitment to excellence has been instrumental in driving positive change and improving the lives of Kenyans.

Additionally, I wish to thank the Government of Kenya and our partners for their continued support in funding and facilitating our strategic interventions. Your collaboration has been invaluable in helping us achieve our mission.



**Mr. Moses N. Mbaruku, MBS**  
**Principal Administrative Secretary / Accounting Officer**  
**Office of the Deputy President**

**6. Statement of Performance Against Predetermined Objectives for FY2024/25**

**Introduction**

For purposes of implementing and cascading the development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART). During the review period, the Office of the Deputy President (ODP) implemented various programmes and activities in fulfilment of its mandate and all its planned targets.

**Key achievements for the Office of the Deputy President**

Expenditure in the FY 2024/2025 was incurred towards the implementation of planned programmes and projects. Key milestones include:

1. Provided support to H.E the Deputy President in coordinating government administration including the work of cabinet sub-committees and the high-level engagements on implementation of government priorities in line with BETA aspirations by facilitating four hundred (400) local and international official engagements;
2. Fostered cooperation and consultation between the National and County Governments through convening four (4) Intergovernmental and Budget Economic Council and eleven (11) technical follow up meetings fast-tracking implementation of resolutions on County Aggregated Industrial Parks(CAIPs), Integrated County Revenue Management System (ICRMS), allocation and disbursement of the shareable revenue for Counties, universal health coverage among others;
3. Convened a high-level consultative policy forum among Cabinet Secretaries, elected leaders and representatives from the World Bank to review the progress of Northern and Northeastern Development Initiative (NEDI) projects;
4. Conducted a consultative forum with representatives of communities in Mandera and Development Partners to strengthen county level collaboration and coordination in the implementation of Promoting Peace Project;
5. Developed a Comprehensive Portfolio Review Report on issues affecting the absorption of Official Development Assistance (ODA) and submitted it to Cabinet;

6. Coordinated five (5) consultative engagements with CCIOs on implementation of the recommendations of the Presidential Working Party on Education Reforms (PWPER), review of legal instruments and on gender related issues;
7. Conducted four (4) multi-stakeholder forums/engagements with MDAs and other actors on coffee value chain interventions. These were export readiness awareness training for Coffee Sector, the inter-ministerial committee to fast-track compliance to the European Union Deforestation Regulations (EUDR), engagement with the National Assembly caucus on coffee regulations and briefing on the status of coffee reforms;
8. Convened two (2) multi-sectoral engagements on relevant legal, administrative and policy frameworks and coordinated four (4) multi-stakeholder forums to strengthen enforcement and compliance in the fight against illicit brews, drugs and substance abuse;
9. Convened two (2) multi-stakeholder engagements on other agricultural value chains on the status and progress attained in priority value chains including tea, potatoes, avocado and edible oils;
10. Vetted nominees for consideration of national honours and awards and prepared a recommendation report for H.E the President. 634 individuals were awarded;
11. Sensitized MDAs on the National Honours and Awards process; and
12. Implemented the tree growing restoration campaign by planting and growing 15,000 trees.

Table 1: Programme performance

Analysis of programme targets and actual targets

-PSubprogramme	Strategic Objective	Outcome	Key Performance Indicators	Performance		Remarks
				Planned Target FY 2024/25	Achieved Target FY 2024/25	
<b>Programme: Deputy President’s Services</b> <b>Objective: To provide leadership and ensure harmony for effective and efficient implementation of Government policies, plans, programmes and projects</b>						
SP1: General Administration, Planning And Support Services	To enhance institutional capacity for quality service delivery	Optimal institutional capacity for quality service delivery	% Level of coordination of Strategic engagement/ Meetings	100	100	
			% level of cross cutting issues mainstreamed	100	100	
			% level of ICT Infrastructure maintenance	100	100	
			Annual training report	1	1	
			Employee Performance sensitization workshop report	1	1	
			SPAS of Employee Performance compliance report	1	1	
			Induction Report	1	1	
			Annual Monitoring and Evaluation progress report	1	1	
			% Implementation of presidential directives	100	100	
SP 2: Coordination & Supervision	To provide strategic leadership in coordination and oversight of government service delivery	Effective and Efficient delivery of services by MDAs/CCIOs	% Level of H.E Deputy President’s Engagements facilitated	100	100	
			No. of Advisories & Briefs on Government priorities areas	20	13	
			No. of CCIO engagements	4	5	
			Progress reports on implementation of CCIOs resolutions	4	5	

*Office of the Deputy President*

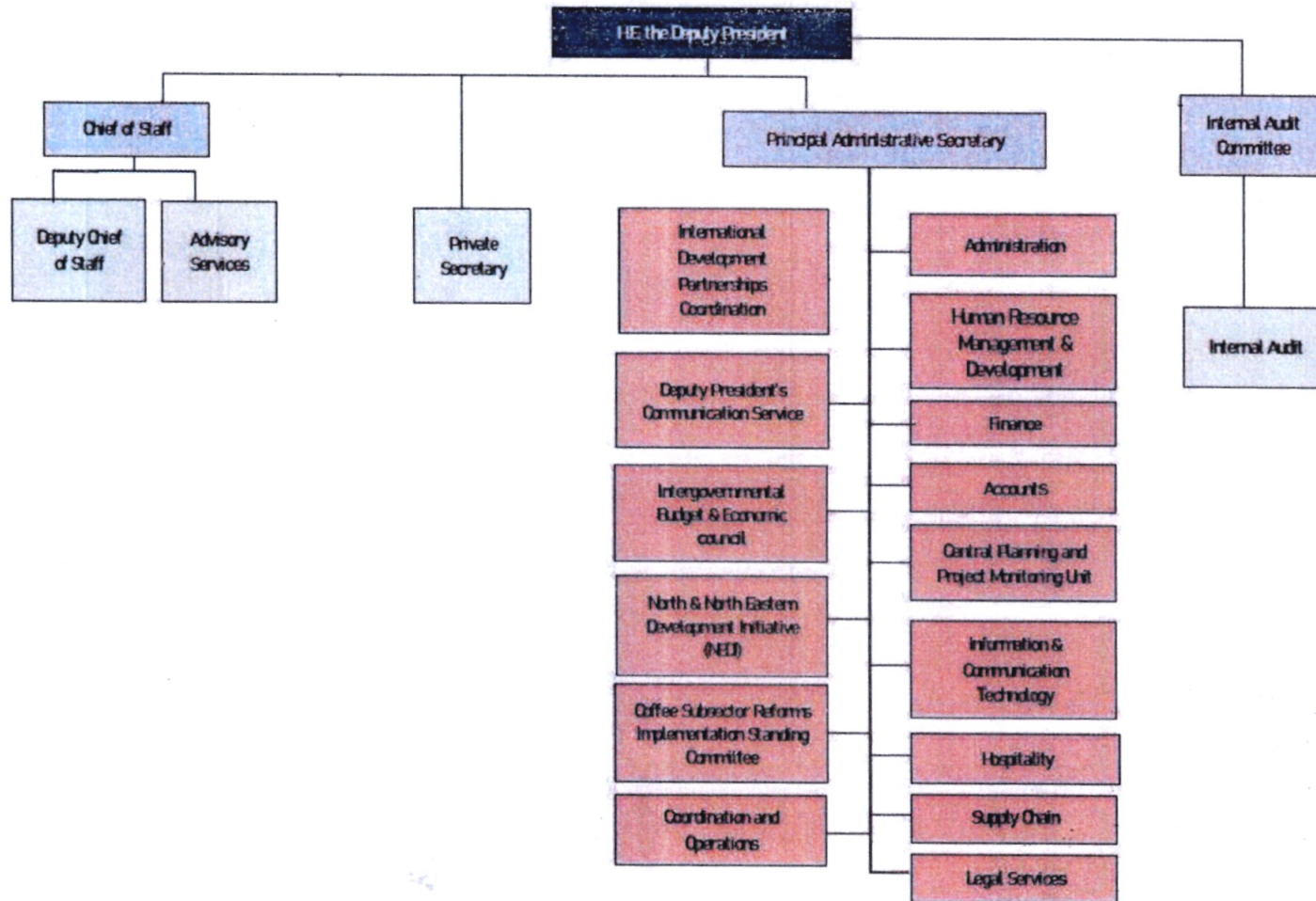
**Annual Report and Financial Statements for the year ended June 30, 2025.**

-PSubprogramme	Strategic Objective	Outcome	Key Performance Indicators	Performance		Remarks
				Planned Target FY 2024/25	Achieved Target FY 2024/25	
			Report on National and County honours and awards	1	1	
			Report on sensitization of MDAs on National Honours and Awards	1	1	
	To coordinate intergovernmental relations between the national and county governments	Strengthened intergovernmental relations	No. of IBEC Council Meetings	4	4	
			No. of Progress reports on resolutions implemented	4	5	
			No. of Technical follow-up meeting held	4	11	
	To foster strategic and effective development partnerships	Effectiveness of development partnerships	No. of Multi-stakeholders' Development Partners forums	2	0	
			No. of Progress Report on resolutions implemented	2	1	
			No. of NEDI consultative leaders' meeting	1	0	
			No. of consultative technical meetings reports	6	2	
			No. of M&E reports	4	1	
SP 3: Government Strategic Interventions	To strengthen reforms and interventions in the public sector	Improved performance of identified sector	No. of consultative forums held towards coffee and tea subsector reforms	4	4	
			No. of progress report of recommendation fast-tracked	1	1	
			No. of engagements held toward curbing illicit alcohol, drugs and substance abuse	18	6	

**7. Governance Statement**

In carrying out the Office services and in fulfilment of the Office mandate, there is need for cohesion within the organization structure. To achieve this, authorized officers are guided by the Constitution, various laws and regulatory frameworks. These laws and regulatory frameworks emphasizes on formation of various committees and their role. They also outline the do's and don'ts in realization of the mandate. In achievement of the above, the Authorized Officer deploys various strategies and was supported by a diverse pool of various senior management whose qualification have been listed.

### 8. Organizational Structure of the Office of the Deputy President



## **9. Management Discussion and Analysis**

ODP is constitutionally a delegated office and as such derives its mandate from the Constitution of Kenya, the Executive Order and other related laws. The Office, therefore, plays an instrumental role in coordinating and oversight in the delivery of Government priorities across Ministries and State Departments as well as deepening devolution through fostering intergovernmental relations.

The Office of the Deputy President as part of the Executive Office of the President therefore will continue to play an instrumental role in advancing national priorities in a holistic and sustainable manner. It is in recognition of this that ODP made deliberate efforts to adopt and advance consistent strategies for implementing and delivering on its mandate and functions. It's important to note that, ODP is not an implementing agency but Ministries, Department and Agencies are responsible for implementation of policies and delivery of services.

ODP therefore didn't implement any project with its recurrent expenditure purely funded by the exchequer.

### **Budget Performance**

#### **Budget allocation based on Economic classification: Recurrent Budget and Development**

##### **Budget**

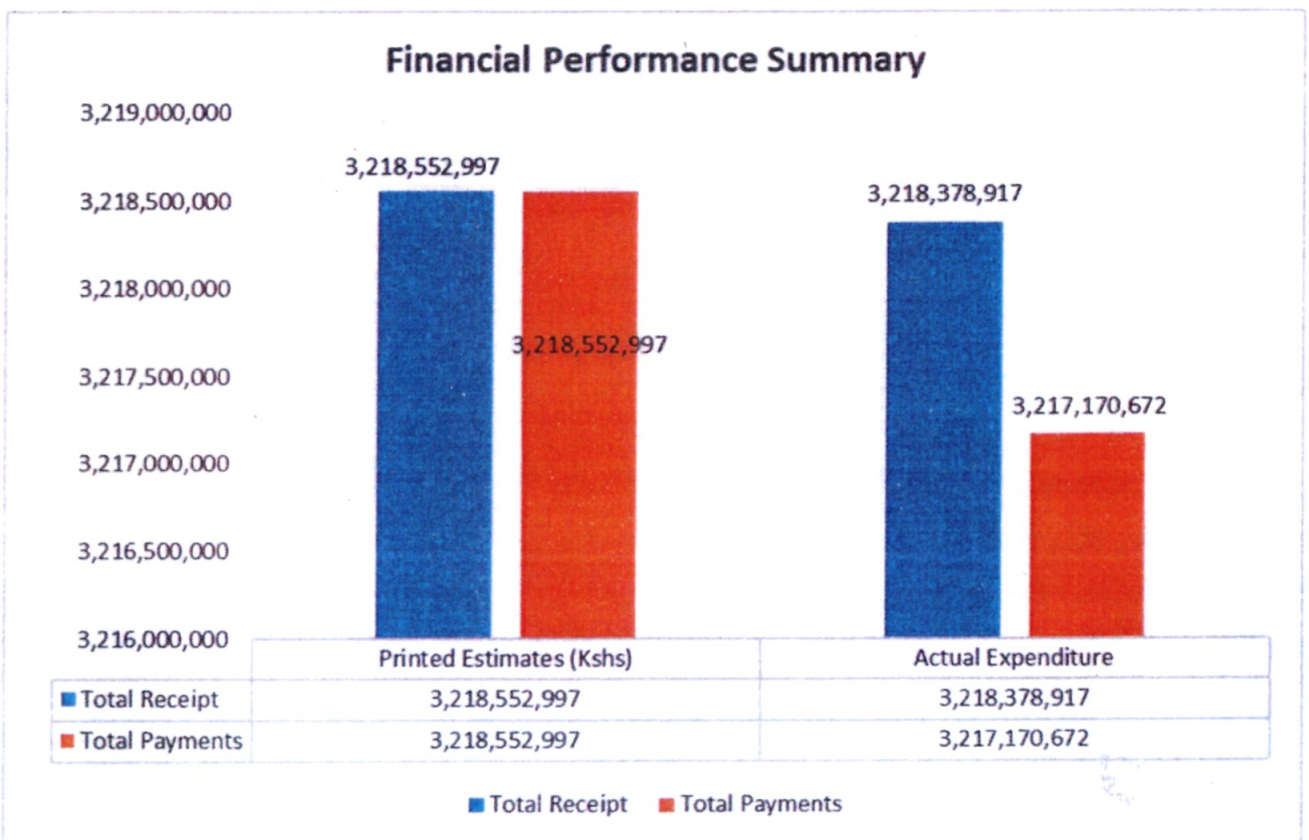
The Office of the Deputy President was allocated a budget of **Kshs3,215,252,997.00** during the 2024/2025 financial year which was for recurrent Expenditure compared to **Kshs. 4,761,536,0005** in the financial year 2023/2024. This was due to austerity measures undertaken by the government aim at stabilising the economy.

<b>BUDGET ALLOCATION BY CLASS</b>		
	<b>2024/2025</b>	<b>2023/2024</b>
Recurrent Budget	3,215,252,997	4,361,136,005
Development Budget	-	400,400,000
<b>Total</b>	<b>3,215,252,997</b>	<b>4,761,536,005</b>

**Financial Performance Summary**

The table below indicate actual performance against the budget for the year ended 30<sup>th</sup> June 2025

<b>Financial Performance</b>	<b>Printed Estimates (Kshs)</b>	<b>Actual Expenditure</b>	<b>Variance (Kshs)</b>	<b>Utilisation Variance</b>
Total Receipt	3,218,552,997	3,218,378,917	174,080	100%
Total Payments	3,218,552,997	3,217,170,672	1,382,325	100%
<b>Surplus /Deficit</b>		<b>1,208,245</b>		



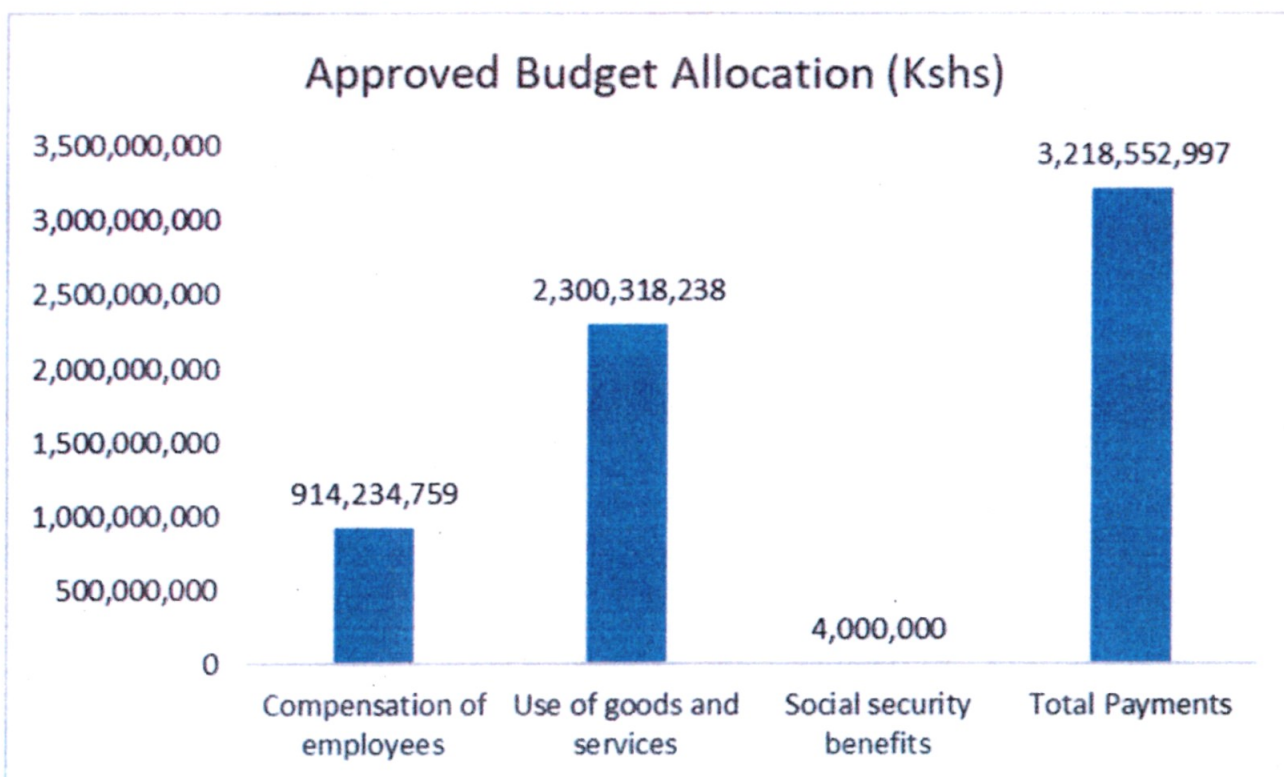
*Office of the Deputy President*

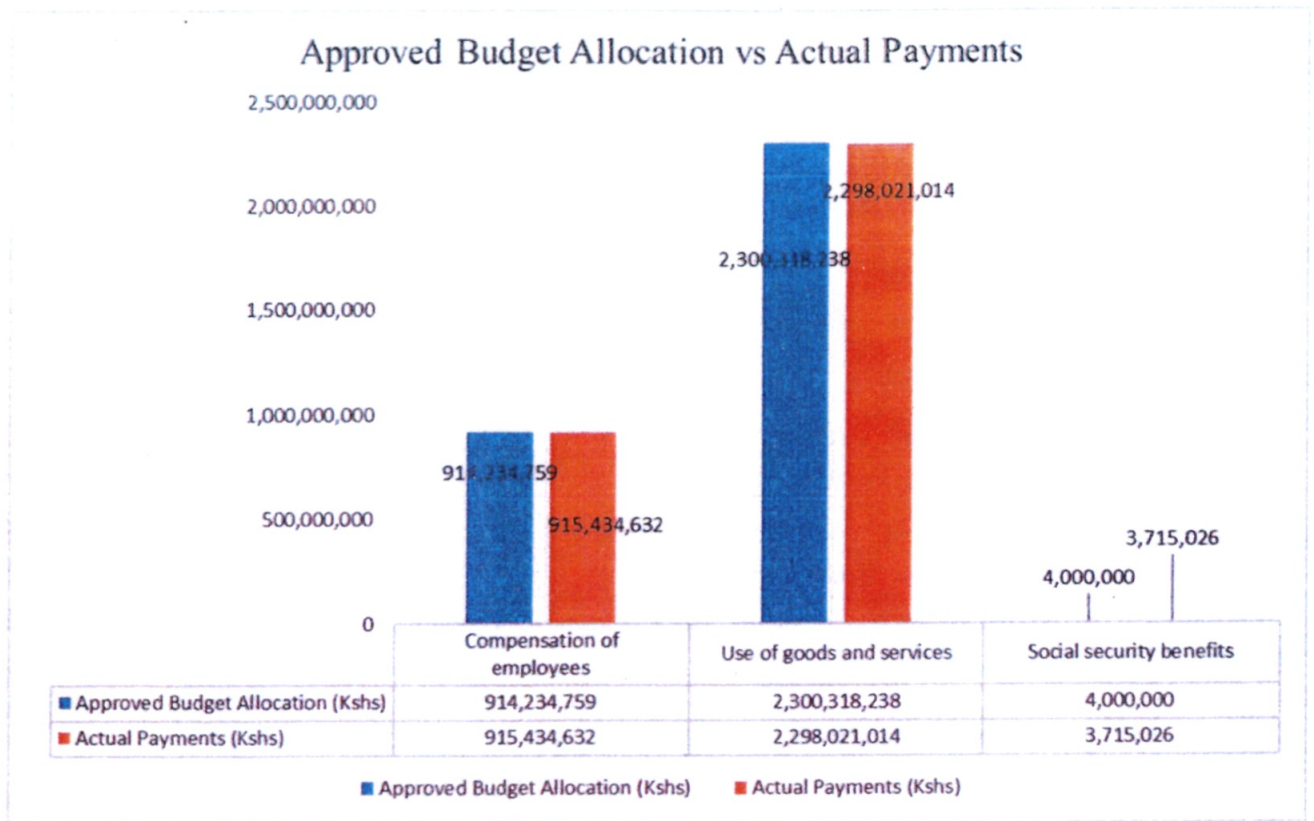
**Annual Report and Financial Statements for the year ended June 30, 2025.**

**Budget Utilisation**

The Office of the Deputy President spent Kshs. **3,218,372,338.95** against an approved budget of Kshs. 3,218,338, representing absorption rate of 100%. Utilisation of the budget was carried out through various activities (economic classifications) as shown in the Table and chart:

	<b>Approved Budget Allocation (Kshs)</b>	<b>Actual Payments (Kshs)</b>	<b>Variance (Kshs)</b>
Compensation of employees	914,234,759	915,434,680	(1,199,921)
Use of goods and services	2,300,318,238	2,230,249,621	70,068,617
Social security benefits	4,000,000	3,999,996	4
Acquisition of assets	0	67,486,375	
<b>Total Payments</b>	<b>3,218,552,997</b>	<b>3,217,140,672</b>	<b>1,412,325</b>





### Cash Flow and Cash Position

The cash and bank balances held by the Office of the Deputy President as at the 30<sup>th</sup> June, 2025 stood at Kshs.23,373,049.12. The breakdown of the cash and bank balances is as summarized in the table herein below.

### Cash and Bank Balance

Cash and Bank balances	As at 30 <sup>th</sup> June 2025 Kshs
Bank Balances	23,373,049
Cash Balances	-
<b>Total</b>	<b>23,373,049.</b>

**Office of the Deputy President**  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

**Cash Flow Activities**

The table below summarizes cash flows generated and used from various activities.

<b>Cash Flow Activities</b>	<b>For The Year Ended 30<sup>th</sup> June 2025 (Kshs)</b>
Net Cash Flows generated from Operating activities	86,761,643
Net Cash Flows used in Investing activities	(92,815,608)
Net Cash Flows generated in Financing activities	(6,578)
<b>Cash and Cash Equivalents at the beginning</b>	<b>29,433,592</b>
<b>Changes in cash and cash equivalents</b>	<b>(6,060,543)</b>
<b>Cash &amp; Cash Equivalents as 30<sup>th</sup> June 2025 (balance C/F)</b>	<b>23,373,049</b>

**10. Environmental and Sustainability Reporting**

The Office of the Deputy President has developed various framework to ensure sustainability whereby the organization ensure maintenance of critical operations when confronted with adverse event such as natural disasters, technology failures, human error.

**a) Sustainability strategy and profile**

**a. Sustainability strategy and profile**

The Office of the Deputy President being part of the Presidency plays a critical role in galvanizing the whole of government in delivery of key priorities as mandated for by the constitution, the executive order and other laws. ODP's primary role is to ensure that it works together with various stakeholders from a broad range of sectors to harness and leverage the benefits of cooperation to provide leadership and a coordinated approach in support of the effective implementation of the Third Medium Term plan themed Bottom-Up Economic Transformation Agenda for inclusive growth.

Pursuit to this, ODP embarked on a comprehensive reorganization that saw the rearranging of various department/delivery units as well as introduction of the new units (as per the organization structure), to ensure that the delivery unit can deliver sound policy advice and support, consistent with the increased complexity of its environment in the execution of government agenda. ODP, like other agencies, also reprioritised resources more effectively and efficiently in the execution of its mandate.

The work being championed by the Deputy President, as part of his delegated responsibilities included coordination of intervention to stimulate and support the realization of BETA. These include:- chairing cabinet sub-committee, deepening devolution by convening Intergovernmental Budget & Economic Council, Championing Development partnership, liaison with Constitutional and Independent offices amongst other interventions.

The top management also held monthly management meetings to track the progress of implementation of high impact priority areas in line with the office mandate. It therefore became prerogative for each section to meet its agreed obligation with management emphasis on the whole of government approach in realization of the agreed action.

**b. Environmental performance /climate change/ mitigation of natural disasters**

To enhance climate change adaptation and resilience in line with the African Leaders Nairobi Declaration on climate change and call to action, and in response to global calls, the President launched the National tree growing and restoration campaign to grow 15 billion trees for restoration of 10.6 million hectare by 2023. In line with this, H.E the Deputy President convened a joint stakeholder forum to fast-track government efforts on climate adaptation and mitigation programmes. Other initiatives ODP undertook included coordination on directive on tree planting where the Office planted 15,000 trees in chepalungu forest and coordination in realization of drought mitigation projects and initiatives in ASAL areas amongst others interventions.

**c. Employee welfare**

ODP was committed towards continuously improving internal administrative business processes for improved execution of the mandate. A critical success to this is the requisite competence needed to fulfil specific job roles coupled with commitment to a performance culture and the competence to work effectively using a whole government approach. To achieve this, employee welfare is critical for productivity. Consequently, the Office applied and will continue to enforce the existing policies, laws and regulations governing the workforce in the public service. These policies, laws and regulations provide guidance on the entry, stay and exit of civil servants and cover wide areas including gender and disability, management, worker's safety as well as application of public service values and principles as well as Article 10 of the Constitution. As a result, the Office identified and facilitated 144 officers from the management level to lower-level for short courses as well as pool

training. Such training enabled Officers to strengthen business continuity through adequate forward planning practices.

**d. Operational practices**

The Office of the Deputy President continued being committed to the promotion of value for money in public procurement. It committed to the following in execution of its mandate: -

**i. Responsible Competition Practice**

- a) Promotion of open and transparent tendering by advertising procurement opportunities in the print media and ODP websites;
- b) Ensured Responsible and Fair competition (Right price, right quality and quantity, right source of goods and right service providers);
- c) Ensured separation of roles in the procurement process to prevent conflict of interest;
- d) Declaration of any interest during tendering process where applicable and Recusing;
- e) Complying with tender management procedures (Preliminary, Technical and Financial evaluations) for objective evaluation of bids;
- f) Communicating outcomes for each tender to all participants;
- g) Preservation/Setting aside of certain categories of procurement to only AGPO registered companies;
- h) Continuous monitoring and periodic market survey on prices to ensure contracts awarded comparable to the prevailing market prices thereby realization of value for money.

**ii. Responsible Supply Chain and Supplier Relations**

- a) Invitations to institution's functions and awards to the suppliers whose services are exceptional;
- b) Issuance of letters of recommendations to other organizations for companies that request and deserve to be recommended;
- c) Promoting companies owned by Youth, Women and PWD through letters to guarantee and access bank credits whenever such a request is mad;
- d) Suppliers empowerment and support on the online procurement processes;
- e) Timely response on various queries / complaints regarding procurement;
- f) Suppliers sensitization on feedback mechanisms and platforms available e.g sharing Official emails, Websites and use of questionnaires;

- g) Request for feedback on the level of satisfaction on responses for various queries;
- h) Strategic placement of suggestion boxes for feedback on the level of satisfaction;
- i) Strategic display of Citizen Service Charters clearly stating the procurement processes and requirements to participate in procurement;
- j) Timely payment for supply of goods and provision of services.

**iii. Responsible Marketing and Advertisement:**

- a. Continuous in-house staff training on responsible marketing practices as well as ethical procurement practices such as honesty, fairness and trustworthiness;
- b. Advertising tenders requiring wide circulation in official website, PPRA Portal and print media and only buying KeBS approved products;
- c. Procuring from ethically approved companies. (Those which promote good business ethics);
- d. Carrying out Due diligence on operations, capacity and capabilities of each company before engaging them for work

**iv. Product Stewardship:**

- a) Procuring eco-friendly supplies (Minimum harm to environment in production and capacity for recycling);
- b) Strict compliance with disposal regulations for obsolete assets and materials;
- c) Promoting value for money in procurement for goods and services - Quality and price;
- d) Keeping consuming departments informed on how to manage the products to reduce harmful exposure and to maximize on the products;
- e) Provision of protective gear and materials to safeguard consumers from injury or any other harm

**e) Community Engagements-**

In line with the Government commitment and priority to youth and women economic empowerment initiatives, H.E the Deputy President as part of his delegated responsibility has been undertaking empowerment programmes across the country.

### **11. Statement of Management Responsibilities**

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a National Government MDA shall prepare financial statements in respect of that MDA. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the Office of the Deputy President is responsible for the preparation and presentation of the MDA's financial statements, which give a true and fair view of the state of affairs of the MDA for and as at the end of the financial year (period) 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 MDA,
- (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 MDA;
- (v) selecting and applying appropriate accounting policies, and
- (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the Office of the Deputy President accepts responsibility for the MDA's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the Office of the Deputy President's financial statements give a true and fair view of the state of MDA's transactions during the financial year ended June 30, 2025 and of the MDA's financial position as at that date. The Accounting Officer further confirms the completeness of the accounting records maintained for the Office of the Deputy President, which have been relied upon in the preparation of the MDA's financial statements as well as the adequacy of the system of internal controls.

*Office of the Deputy President*  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

---

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

**Approval of the financial statements**

The Office of the Deputy President financial statements were approved on 29<sup>th</sup> August, 2025 and signed by:



**Name: Mr. Moses N. Mbaruku, MBS**  
**Accounting Officer**



**Name: Mr. John G. Kariuki, OGW**  
**Head of Accounting Unit**  
**ICPAK M/No 33544**

# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON OFFICE OF THE DEPUTY PRESIDENT 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 the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure 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, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

The three parts of the report 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**

#### **Opinion**

I have audited the accompanying transitional IPSAS financial statements of Office of the Deputy President as set out on pages 1 to 40, which comprise 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, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of the Office of the Deputy President 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 Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

### **Basis for Opinion**

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

### **Emphasis Of Matter**

#### **Outstanding Trade Payables**

The statement of financial position reflects a balance of Kshs. 1,833,328,103 in respect of trade and other payables relating to amounts due to suppliers, service providers, and other third-party obligations. The payables were not settled during the year under review but were instead carried forward to the financial year 2025/2026.

Failure to settle the payables during the year in which they relate adversely affects the budgetary provisions for the subsequent year as they form first charge.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Information**

The Management is responsible for the Other Information set out on page iii to xxxv which comprise Key MDA Information and Management, Profile of Chief of Staff, Profile of

Accounting Officer and Key Management, Statement by the Chief of Staff, Statement by the Accounting Officer, Statement of Performance against Predetermined Objectives, Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN 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 matters described in the Basis for Conclusion on Lawfulness and Effectiveness in 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. Stalled Refurbishments Works - State House Annex Mombasa**

The Office of the Deputy President awarded a contract for the refurbishment of State House Annex Mombasa (Tender No. ODP/03/2023-2024) on 07 February, 2024 at a contract sum of Kshs.49,983,805 for a contract period of twenty-four (24) weeks. The Construction began on 09 February, 2024 with an initial expected completion date of 02 August, 2024.

The scope of works consisted of the refurbishment to the main residence for the Deputy President (Main House) which were completed and in use, ablution block to serve guests and staff, stores and machine room of different levels. During the refurbishment process, several variations to the original scope were made which included; development of a swimming pool, changing rooms and office space. During implementation, excavation of the coral rock cliff facing the ocean allowed for the inclusion of the new guest rooms. As a result, the scope of work was revised to incorporate the concrete framework for the guest rooms.

Review of payment records indicated that two payments were made to the contractor vide Payment Voucher No.3767 dated 05 April, 2024 for Kshs.28,242,435 and Payment

Voucher No.4522 dated 09 May, 2024 for Kshs.21,741,370. However, physical verification carried out in the month of December 2025 revealed that the project is stalled, with a sixteen (16) months delay beyond the expected completion date.

In the circumstances, value for money may not be obtained on the resources already spent on the project.

## **2. Non-Compliance with the Public Procurement Capacity Building Levy Order**

During the year under review, the Office made various procurements worth Kshs.1,111,055,268. However, the Office did not deduct and remit to the Public Procurement Regulatory Authority the 0.03% capacity building levy as required. This was contrary to Paragraph 3(1) of the Public Procurement Capacity Building Levy Order, 2023 (The Levy Order, 2023) which requires all procuring entities to deduct and remit to the Authority a levy of 0.03% of the value of the signed contracts between the supplier and procuring entity exclusive of all applicable taxes.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance on whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities which govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

#### **1. Lack of Audit Committee and Weakness in the Internal Audit Function**

During the year under review and as previously reported, the Office did not have an active Audit Committee. This was contrary to the provisions of Section 73(5) of the Public Finance Management Act, 2012 which requires that every national government public entity establish an Audit Committee, whose composition and functions shall be prescribed by the regulations. The Office therefore did not benefit from Audit Committee oversight. In addition, the Internal Audit Function did not maintain adequate documentation, including an implementation matrix to track prior audit recommendations and follow-up actions taken.

In the circumstances, the existence of an effective oversight mechanism to ensure efficient system of internal controls could not be confirmed.

## **2. Enhancement of Governance Systems for Security Related Expenditures**

During the year under review, the Office incurred some expenditures on confidential security operations. Certificates of confidential expenditure were issued, supported by declarations from the Accounting Officer affirming proper use of funds in compliance with Regulation 101(5) of the Public Finance Management (National Government) Regulations, 2015.

As previously reported, there is need to enhance accountability of confidential expenditures through review of the Regulations to clearly define entities eligible for confidential security related expenditures and to specify what constitutes security related operations. Further, entities should establish internal oversight mechanisms and processes that include detailed budget projections and post-operation financial summaries to address risks and ensure responsible use and accountability of the funds, beyond the certificate.

The measures are aimed at strengthening governance, fostering trust, and ensuring funds are utilised responsibly without compromising State security. However, as at the time of audit in November 2025, no action had been taken to implement the audit recommendations.

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

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

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

In preparing the financial statements, the Management is responsible for assessing the Office'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 the 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 are in compliance with the authorities which govern them, and that public money is applied in an effective manner.

Those charged with governance are responsible for overseeing the Office's financial reporting process, reviewing the effectiveness of how the 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 also 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

16 December, 2025

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

	Notes	2024/2025
		Kshs
<b>Revenue from non-exchange transactions</b>		
Transfers from Exchequer	1	3,215,252,317
<b>Total</b>		<b>3,215,252,317</b>
<b>Revenue from exchange transactions</b>		
Miscellaneous income	2	3,126,600
<b>Total</b>		<b>3,126,600</b>
<b>Total revenue</b>		<b>3,218,378,917</b>
<b>Expenses</b>		
Employee costs	3	782,630,712
Use of goods and services	4	2,704,108,538
<b>Total expenses</b>		<b>3,486,739,250</b>
<b>Surplus/Deficit for the year</b>		<b>(268,360,334)</b>
<b>Taxation</b>	5	-
<b>Net Surplus/Deficit</b>		<b>(268,360,334)</b>

The Financial Statements set out on pages 1 to 35 were signed by:



Name: Mr. Moses N. Mbaruku, MBS  
Accounting Officer



Name: Mr. John G. Kariuki, OGW  
Head of Accounting Unit  
ICPAK M/No 33544

*Office of the Deputy President*  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

**14 Statement of Financial Position as at 30<sup>th</sup> June 2025**

	Notes	30 <sup>th</sup> June 2025	Opening Statement 1 <sup>st</sup> July 2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	6	23,373,049	29,433,592
Receivables from Exchange Transactions	7	52,788	90,218
<b>Total Current Assets</b>		<b>23,425,837</b>	<b>29,523,873</b>
<b>Non-Current Assets</b>			
Property, Plant, and Equipment	8	67,486,375	
<b>Total Non-Current Assets</b>		<b>67,486,375</b>	<b>-</b>
<b>Total Assets (a)</b>		<b>90,912,212</b>	<b>29,523,873</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other Payables	9	1,833,328,103	1,359,469,185
Refundable Deposits	10	21,723,410	29,023,113
Current Provision	11	19,990,851	156,794,816
<b>Total Current Liabilities</b>		<b>1,875,042,365</b>	<b>1,545,287,114</b>
<b>Total Liabilities (b)</b>		<b>1,875,042,365</b>	<b>1,545,287,114</b>
<b>Net Assets (a-b)</b>		<b>(1,784,130,153)</b>	<b>(1,515,763,241)</b>
<b>Represented By :</b>			
Accumulated Surplus		(1,784,130,153)	(1,515,763,241)
<b>Net Assets</b>		<b>(1,784,130,153)</b>	<b>(1,515,763,241)</b>

The financial statements set out on pages 1 to 35 were signed by:



Name: Mr. Moses N. Mbaruku, MBS  
 Accounting Officer



Name: Mr. John G. Kariuki, OGW  
 Head of Accounting Unit  
 ICPAK M/No 33544

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

	Accumulated Surplus	Reserves	Capital Fund	Total
<b>Fund balance as at 30<sup>th</sup> June 2024</b>	500,760	-	-	500,760
Adjustments (To recognize assets and liabilities)	(1,516,264,001)			
<b>As at July 1, 2024</b>	<b>(1,515,763,241)</b>	-	-	<b>(1,515,763,241)</b>
Surplus / Deficit for the period	(268,360,334)			(268,360,334)
Return to Exchequer	(6,578)	-	-	(6,578)
<b>As at June 30, 2025</b>	<b>(1,784,130,153)</b>	-	-	<b>(1,784,130,153)</b>

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

		2024/2025
	Notes	Kshs
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Transfers from exchequers	1	3,215,252,317
Other income	2	3,126,600
<b>Total receipts</b>		<b>3,218,378,917</b>
<b>Payments</b>		
Employee costs	3	919,434,676
Use of goods and services	4	2,230,212,128
<b>Total payments</b>		<b>3,149,646,805</b>
<b>Net cash flows from /(used in) operating activities</b>	<b>12</b>	<b>68,732,112</b>
<b>Cash flows from investing activities</b>		
Purchase of PPE	8	(74,786,077)
<b>Net cash flows from/(used in) investing activities</b>		<b>(74,786,077)</b>
<b>Cash flows from financing activities</b>		
Return to Exchequer	12	(6,578)
<b>Net cash flows from financing Activities</b>		<b>6,578</b>
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		<b>(6,060,543)</b>
Cash and cash equivalents at 1 July 24	6	29,433,592
<b>Cash and cash equivalents at 30 June 25</b>	<b>6</b>	<b>23,373,049</b>

17. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025

Recurrent and Development Combined

Description	Original budget	Adjustments	Final budget	Actual on a comparable basis	Budget utilization difference	% of utilization
	A	B	C=a+b	D	E=c-d	F=d/c %
Revenue						
Transfers from exchequer	4,572,300,000	(1,357,047,003)	3,215,252,997	3,215,252,317	680	100%
Other income	3,300,000	-	3,300,000	3,126,600	173,400	95%
<b>Total revenue</b>	<b>4,575,600,000</b>	<b>(1,357,047,003)</b>	<b>3,218,552,997</b>	<b>3,218,378,917</b>	<b>174,080</b>	
<b>Expenses</b>						
Employees Costs	805,400,000	112,834,759	918,234,759	919,434,676	(1,199,917)	100%
Use of goods and services	3,464,625,870	(1,257,262,293)	2,207,363,577	2,230,249,621	(22,886,044)	100%
<b>Total recurrent expenses</b>	<b>4,270,025,870</b>	<b>1,779,849,999</b>	<b>3,218,552,997</b>	<b>3,124,355,064</b>	<b>94,197,931</b>	<b>100%</b>
<b>Capital items</b>			-			
Acquisition of PPE	305,574,130	(212,619,469)	92,954,661.00	67,486,375	25,468,286	100%
Acquisition of Intangible assets	-	-	-	-	-	-
<b>Total expenses Development</b>	<b>305,574,130</b>	<b>(212,619,469)</b>	<b>92,954,661</b>	<b>67,486,375</b>	<b>25,468,286</b>	<b>73%</b>
<b>Total expenses</b>	<b>4,575,600,000</b>	<b>(1,357,047,003)</b>	<b>3,218,552,997</b>	<b>3,217,170,672</b>	<b>1,382,325</b>	<b>100%</b>
<b>Surplus/ deficit</b>	-	-	-	<b>1,208,245</b>	<b>(1,208,245)</b>	

**Office of the Deputy President**  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

**Budget Reconciliation to the Statement of Cash Flows**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	1,208,245
1	Opening cash and Cash Equivalent (Retention Monies in Deposits and Unswept Bank Balances)	29,433,592
2	Deposits Refunded During the Year from Retention Monies	(7,299,703)
3	Returns to Exchequer	(6,578)
4	Increase in Receivables from Exchange Transactions	37,493
	Closing Cash and Cash Equivalent as per the statement of Cash flows	23,373,049

**Budget Execution by Programmes and Sub Programmes**

Program	Sub Program	Approved Budget	Actual Payments	Variance
Office of The Deputy President (VOTE 1012)		3,218,552,997.00	3,217,170,672.00	1,382,325
	Administrative Services	593,892,588.00	593,887,675.55	4,912.45
	Office of the Deputy President	2,576,660,409.00	2,574,083,046.15	2,577,363
	Office of the spouse to the Deputy President	0	1,200,000.00	(1,200,000)
	Legislative and Intergovernmental Liaison Office	48,000,000.00	47,999,950.30	49.7
	Grand Total	3,218,552,997.00	3,217,170,672.00	1,382,325

## 18. Notes to the Financial Statements

### 1. Establishment

The Office of the Deputy President is established by and derives its authority and accountability from 147 of the Constitution of Kenya, the Executive Order No. 1 & 2 of 2023 on Organization of Government of the Republic of Kenya and other related laws. The Office of the Deputy is wholly owned by the Government of Kenya and is domiciled in Kenya. The MDA's principal activity is to deputize the President in the execution of the President's functions in accordance with Article 147 of the Constitution.

### 2. Statement of Compliance and Basis of Reporting

#### Statement of compliance

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

- a) **FY 2024/2025 – 30<sup>TH</sup> June 2025;** The Office of the Deputy President in the first year of accrual included in the financial Statements, the financial assets and financial liabilities. Where financial assets included were cash and cash equivalent, receivables and prepayment, while financial liabilities include payables-commonly referred to as pending bills and third-party deposits. However, in the year under review the Office of the Deputy President did not have receivables and prepayments.
- b) **FY 2025/2026 – 30<sup>TH</sup> June 2026;** The Office of the Deputy President in the second year of accrual will include in the financial statements all financial assets and financial liabilities and all inventories.
- c) **FY 2026/2027 – 30<sup>th</sup> June 2027;** The Office of the Deputy President will comply fully to IPSAS Accrual financial statements by including all assets and all liabilities, including fixed assets and non-financial assets and liabilities if there will be any.

For the purpose of these financial statements, the Office of the Deputy President has been categorized as a Schedule 1 national government entities include Ministries, Departments, Agencies, constitutional institutions and independent offices. MDAs are reporting entities whose primary objective is to provide policy and coordination of government services in line with Section 4 of the Public Finance Management Act, 2012 read together with Regulation 211 (2) of the Public Finance Management (National Government) Regulations, 2015.

*Office of the Deputy President*

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

---

The use of public resources by MDAs is primarily governed by Chapter 12 of the Constitution, the relevant Appropriation Act, the Public Finance Management Act, of 2012, and the Public Procurement and Disposal Act, of 2015.

These financial statements were authorized for issue by the Accounting Officer on 29<sup>th</sup> August, 2025. Guiding note during the transition period. The financial statements have been prepared in accordance with the Public Finance Management Act, and International Public Sector Accounting Standards (IPSAS) or the MDA has taken advantage of the transitional provisions under IPSAS 33 and therefore these 1<sup>st</sup>/ 2<sup>nd</sup>/ 3<sup>rd</sup>/year financial statements are transitional financial statements and the following elements historical **assets** of the financial statements have not been recognized as the MDA has taken advantage of the transition provisions outlined in IPSAS 33. (MDA to state the transitional provisions it has applied and the steps being towards full compliance with IPSAS Accrual).

**Reporting period**

The reporting period for these financial statements is for the period ended 30<sup>th</sup> June 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 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 to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

**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

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

Recognition of non-exchange expenses and liabilities

A liability is a present obligation of Office of the Deputy President 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 Office of the Deputy President 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 Office of the Deputy President 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 Office of the Deputy President policy objectives and targets. Where a policy choice gives rise to an obligation that exists independently of the Office of the Deputy President's future actions, expenses (and other related liabilities) are recognized for that policy.

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

#### Purpose and nature of financial instruments

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

#### Climate change obligations

Kenya's current National Determined Contribution (NDC) to deliver on the goals of the Paris Agreement sets a headline target of a 32 per cent emission reduction by 2030 relative to the business-as-usual scenario of 143 MtCO<sub>2</sub>eq. MDAs 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 MDA as a result of a past event. The primary reason for holding property, plant and equipment and other assets is for their service potential rather than their ability to generate cash flows. Because of the types of services provided, a significant proportion of assets used by public sector entities including roads, national parks, heritage buildings etc are specialized in nature. There may be a limited market for such assets and so judgement is required on measurement. Judgment is also required whether assets are held for commercial purposes or public benefit purposes.

3. Adoption of New and Revised Standards

i) New and amended standards and interpretations in issue effective in the year ended 30 June 2024.

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

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.

Standard	Effective date and impact:
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></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 MDA.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><b>State the expected impact of the standard to the MDA if relevant</b></p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><b>State the expected impact of the standard to the MDA if relevant</b></p>
IPSAS 45- Property Plant and Equipment	<p><b>Applicable 1<sup>st</sup> January 2025</b></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><b>State the expected impact of the standard to the MDA if relevant</b></p>

Standard	Effective date and impact:
IPSAS 46 Measurement	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ol> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><b><i>State the expected impact of the standard to the MDA if relevant</i></b></p>
IPSAS 47- Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></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 MDA 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><b><i>State the expected impact of the standard to the MDA if relevant</i></b></p>
IPSAS 48- Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></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><b><i>State the expected impact of the standard to the MDA if relevant</i></b></p>
IPSAS 49- Retirement Benefit Plans	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></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><b><i>State the expected impact of the standard to the MDA if relevant</i></b></p>

*iii) Early adoption of standards*

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

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Fees, taxes and fines**

The MDA recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the MDA and the fair value of the asset can be measured reliably.

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

**Summary of Significant Accounting Policies (Continued)**

**ii) Revenue from exchange transactions**

**Rendering of services**

The MDA recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**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.

**Rental income**

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

**b) Budget information**

The original budget for FY 2024/25 was approved by the National Assembly in June, 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the MDA upon receiving the respective approvals in order to conclude the final budget. Accordingly, the MDA recorded additional appropriations of 620 million on the 2024/25 budget following the governing body's approval. The MDA's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of cash flows has been presented under section 14 of these financial statements.

**c) Investment property**

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

**d) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the MDA 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.

**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 MDA 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 MDA 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 MDA 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 MDA; the MDA controls the tangible natural resource as a result of past events; and The tangible natural resource can be measured reliably. Where this criteria is not met, the MDA 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 MDA 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.

**g) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the MDA. 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 MDA 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 MDA 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.

**h) 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.

**i) Research and development costs**

The MDA expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the MDA 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.

**j) 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 MDA 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 MDA and a financial liability or equity instrument of another MDA. At initial recognition, the MDA 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.

**a) Financial assets**

**Classification of financial assets**

The MDA classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the MDA'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 MDA 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 MDA 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 MDA 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 MDA 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 MDA 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 xx*.

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

**Summary of Significant Accounting Policies (Continued)**

**b) Financial liabilities**

**Classification**

The MDA classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

**k) 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 *MDA*.

**l) Provisions**

Provisions are recognized when the MDA 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 MDA 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.

**m) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The MDA recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the MDA will incur in fulfilling the present obligations represented by the liability.

**n) Contingent liabilities**

The MDA 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.

**o) Contingent assets**

The MDA 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 MDA 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.

**p) Nature and purpose of reserves**

The MDA creates and maintains reserves in terms of specific requirements. *MDA to state the reserves maintained and appropriate policies adopted.*

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

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

**r) Employee benefits**

**Retirement benefit plans**

The MDA provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an MDA pays fixed contributions into a separate MDA (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.

**s) Foreign currency transactions**

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

**t) 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.

**u) Related parties**

The *MDA* regards a related party as a person or an *MDA* with the ability to exert control individually or jointly, or to exercise significant influence over the *MDA*, or vice versa. Members of key management are regarded as related parties and comprise *the directors, the CEO and senior managers. (MDA to amend accordingly).*

**v) Service concession arrangements**

The *MDA* 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 *MDA* 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 *MDA* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**w) 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.

**x) Comparative figures**

In preparing these financial statements, the *MDA* has elected to apply paragraph 79 of IPSAS 33, which allows for the election by an *MDA* 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.

**y) 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, 20xx.

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

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

The preparation of the MDA'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 MDA based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the MDA. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

#### **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 MDA.
- 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 40.

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

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

## 1. Transfers from Exchequer

Nature of transfer	Amount recognized to Statement of Financial performance Kshs	Amount deferred under deferred income Kshs	Total transfers Period ended Sep*/Dec*/March*/June* 2025
	Kshs	Kshs	Kshs
Recurrent	3,215,252,317		3,215,252,317
Development			-
<b>Total</b>	<b>3,215,252,317</b>	<b>-</b>	<b>3,215,252,317</b>

## 2. Other Incomes

Description	2024/2025 FY
	Kshs
Sale of incidental goods	3,126,600.00
<b>Total other income</b>	<b>3,126,600.00</b>

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

## 3. Employee Costs

Description		2024/2025 FY
	Kshs	Kshs
Basic salaries of permanent employees		540,911,765
Basic wages of temporary employees		659,000
Personal allowances – part of salary		348,085,995
Employer contributions to compulsory national social security schemes		
NSSF Employer Contribution	3,887,280	
PSSF Employer Contribution	11,430,843	
NITA Employer Contribution	261,500	
Housing Levy Employer Contribution	10,198,297	
Total Employer contributions to compulsory national social security schemes		25,777,920
<b>Employee costs</b>		<b>915,434,680</b>

\* Other employee related costs- please provide a brief explanation for these costs

**3b. Adjusted Employee Cost**

<b>Employee costs and Gratuities</b>	
<b>Reported in Unaudited Financial Statements</b>	
Total Employee Cost	915,434,680
Social Benefits (Part of Gratuity)	3,999,996
<b>Aggregated Employee Cost</b>	<b>919,434,676</b>
Adjusted for:	
Less Gratuity Paid during the Year	(156,794,816)
Add Provision for new gratuity for FY 24/25 (Accrued)	19,990,851
<b>Adjusted Total Employee Cost</b>	<b>782,630,712</b>

**4. Use of Goods and Services**

<b>Description</b>	<i>2024/2025 FY</i>
	<b>Kshs</b>
Utilities, supplies and services	52,874,187
Communication, supplies and services	37,104,553
Domestic travel and subsistence	261,848,485
Foreign travel and subsistence	22,661,935
Printing, advertising, and information supplies & services	46,566,169
Rentals of produced assets	142,038,565
Training expenses	29,334,101
Hospitality supplies and services	414,029,785
Specialized materials and services	9,244,975
Office and general supplies and services	104,807,438
Fuel Oil and Lubricants	157,619,987
Routine maintenance – vehicles and other transport equipment	153,309,040
Routine maintenance – other assets	56,763,375
Other operating expenses	742,047,027
<b>Total Use of Goods and Services</b>	<b>2,230,249,621</b>

*Office of the Deputy President*

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

---

**4b. Adjusted Use of Goods and Services**

<i>Adjusted Use of Goods and Services</i>	
<b>IFMIS Based (Note (4a))</b>	<b>2,230,249,621</b>
Pending Bills FY 2023/24 Settled in FY2024/25	(4,813,659)
Pending Bills FY 2024/25	478,672,577
<b>Total Goods and Services Reported in FY 2024/25</b>	<b>2,704,108,539</b>

**5. Cash and Cash Equivalents**

<b>Description</b>	<b>2024/2025 FY</b>	<b>Opening statement 1<sup>st</sup> July 2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Recurrent Account	6,578	72,432
Development Account	-	-
Deposits Account	21,723,410	29,023,113
On - Call Deposits	-	-
Fixed Deposits Account	-	-
Others National Bank of Kenya Limited	1,643,061	250,947
Cash on Hand	-	-
Mobile Money Accounts	-	87,100
<b>Total</b>	<b>23,373,049</b>	<b>29,433,592</b>

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

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

		2024/2025 FY	Opening statement 1 <sup>st</sup> July 2024
Financial Institution	Account number	Kshs	Kshs
Recurrent Account			
<b>CBK001</b>	<b>1000689293</b>	6,577	72,432
Development Accounts			
<b>CBK002</b>	<b>1000689358</b>	21,723,410	29,023,113
Deposits Accounts			
On - Call Deposits			
Fixed Deposits Account			
Others: National Bank of Kenya	<b>01001060943000</b>	1,643,061	250,947
Cash on Hand		-	87,100
Mobile Money Accounts		-	-
<b>Sub- Total</b>		<b>1,643,061</b>	<b>338,047</b>
<b>Grand Total</b>		<b>23,373,048</b>	<b>29,433,592</b>

## 7.Receivables from Exchange Transactions

Description	2024/2025 FY	Opening statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Other exchange debtors	52,788	90,281
Less: impairment allowance		
<b>Total Receivables</b>	<b>52,788</b>	<b>90,281</b>
a) Current receivables	52,788	90,281
b) Non-current receivables		
<b>Total receivables (a+b)</b>	<b>52,788</b>	<b>90,281</b>

7 (b) Ageing analysis for Receivables

Description	2024/2025 FY		Opening statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
	Current FY	% of the total	1 <sup>st</sup> July	% of the total
Less than 1 year	52,788	100%	90,281	100%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (a+b)</b>	<b>52,788</b>	<b>100%</b>	<b>90,281</b>	<b>100%</b>

## 8 Property, Plant and Equipment

Description	Land	Buildings	Motor vehicles	Furniture and fittings	Computers & ICT Equipment	Other Assets (specify)*	Capital Work in progress	Total
<b>Depreciation Rate</b>		2%	12.50%	12.50%	30%	12.50%		
<b>Cost</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Opening Bal as 1st July 2024</b>	-	-	-	-	0	-	-	-
<b>Additions</b>	-	-	-	13,942,162	53,544,213	-	-	67,486,375
Disposals	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-
<b>As At June, 2025</b>	-	-	-	13,942,162	53,544,213	-	-	67,486,375
<b>Depreciation And Impairment</b>								
Depreciation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-
<b>As At June, 2025</b>	-	-	-	-	-	-	-	-
<b>Net Book Values</b>								
<b>Opening Bal as at 1st July 2024</b>	-	-	-	-	-	-	-	-
<b>As At June, 2025</b>	-	-	-	13,942,162	53,544,213	-	-	67,486,375

9. Trade and Other Payables

Description	2024/2025 FY		Opening Statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Trade payables	1,833,328,103		1,359,469,185	
Payments received in advance	-		-	
Employee payables	-		-	
Third-party payments	-		-	
Other payables	-		-	
<b>Total trade and other payables</b>	<b>1,833,328,103</b>		<b>1,359,469,185</b>	
<b>Ageing analysis: (Trade and other payables)</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>1<sup>st</sup> July</b>	<b>% of the Total</b>
Under one year	478,672,577	26%	4,813,659	0.4%
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	1,354,655,526	74%	1,354,655,526	99.6%
<b>Total (tie to above total)</b>	<b>1,833,328,103</b>		<b>1,359,469,185</b>	

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

**Valuation**

Items of PPE are valued at Historical cost at the point of recognition in the financial statements. Where historical cost is not available or the item has been acquired at , PPE has been valued at the current operational value which is the amount the MDA would pay for the remaining service potential of an asset at the measurement date.

**10. Refundable Deposits and Prepayments**

Description	2024/2025 FY		Opening Statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Customer deposits	21,723,410.45		29,023,113.00	
Prepayments	0		0	
Other deposits	0		0	
<b>Total deposits</b>	<b>21,723,410.45</b>		<b>29,023,113.00</b>	
<b>Ageing analysis: (Refundable deposits)</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>1<sup>st</sup> July</b>	<b>% of the Total</b>
Under one year	xxx	%	xxx	%
1-2 years	21,723,410.45	100%	xxx	%
<b>Total</b>	<b>21,723,410.45</b>		<b>xxx</b>	

*Office of the Deputy President*

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

---

**11. Gratuity**

	2024/2025 FY
	Kshs
<b>Opening Balance</b>	<b>156,794,816</b>
Gratuity for the year	19,990,851
Gratuity paid in the Year	(156,794,816)
<b>Closing Balance</b>	<b>19,990,851</b>

**12. Cash Generated from Operations**

	2024/2025 FY
	Kshs
<b>Surplus for the period before tax</b>	<b>(268,360,334)</b>
<b>Adjusted for:</b>	
Contribution to provisions (gratuity)	(136,803,965)
Increase in receivables	37,493
Increase in payables	473,858,918
<b>Net cash flow from operating activities</b>	<b>68,732,112</b>

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

13. Appendix

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

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
	<b>EMPHASIS ON MATTER</b>			
1	<p>Pending Accounts Payable</p> <p>As disclosed in Note 14.2 to the financial statements, the Office had pending accounts payable totaling Kshs.4,813,659 as at 30 June,2024.The bills were not paid during the year under review but were instead carried forward to financial year 2024/2025.</p> <p>Failure to settle bills during the year in which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.</p>	<p>It is true that the office reported Pending bills for FY 2023/2024 amounting to Kshs.4,813,659. These bills have been settled in full as a first charge on the consolidated fund in the FY2024/2025.</p>	No Resolved (Awaiting PAC Recommendation)	
	<b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES</b>			
1	<p>Review of the Office's payroll revealed that forty-two (42) members of staff received a net salary less than one-third (1/2) of their basic salary during various months of the year. This was contrary to Section19(3) of the Employment Act, 2007 which states that all deductions made by an</p>	<p>It is true that a review of the Office's payroll revealed that forty-two (42) members of staff received a net salary less than one-third These changes happened when the officers had already committed their salaries to mortgages, loans and other obligations hence</p>	Not Resolved (Awaiting PAC Recommendation)	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
	<p>employer from the wages or salaries of his employees at any one time shall not exceed two-thirds of such wages or salaries.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>pushing their net salaries below a third (1/3) of the basic salary.</p> <p>To mitigate the non-compliance, the human resource department has directed the affected officers to reschedule their obligations with an aim of ensuring compliance to the rule. The department has also ensured strict adherence to the 1/3 rule when approving new requests for commitment. Further compliance is being achieved through annual salary increments and promotions.</p> <p>The Management is fully committed to adherence to the law and Human Resource Policies.</p>		
2	<p>2. Non-Compliance with Law on Ethnic Diversity</p> <p>Review of human resources and personnel records provided for audit revealed that the Office of the Deputy President had five hundred and forty-two (542) employees, out of which two hundred and forty-nine (249) or 46% of the total number of employees were from one ethnic community. This was contrary to Section 7(1) and 7(2) of the National Cohesion and</p>	<p>It is true that Section 7(1) and 7(2) of the National Cohesion and Integration Act, 2008 provides that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff, has been breached. The Office of the Deputy President has an approved Establishment of 682 staff comprising of both permanent and contract staff. Out of the Five Hundred</p>	Not Resolved (Awaiting PAC Recommendation)	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
	<p>Integration Act, 2008 which provides that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and the no public establishment shall have more than one third of its staff from the same ethnic community. In the circumstances, Management was in breach of the law.</p> <p>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.</p>	<p>ninety-two (592) employees reviewed Three Hundred and Seventy-Five (375) were on contract.</p> <p>Given the nature of the Office of the Deputy President, staff are engaged on supernumerary contracts and most of them are personal aides / staff to the Deputy President. This is due to the nature of their roles since they are assigned sensitive duties like hospitality, protocol, communication and security which directly affects the office holder. It is therefore necessary for them to be personally known to the principal and therefore their identification/ recruitment is directly linked to the office holder. The human resource department's role is to onboard the identified staff. Further, the engagement of these staff is of an ad-hoc nature with their contracts tied to the tenure of the office holder.</p> <p>The permanent staff are competitively recruited by the public service commission and their deployment meets the requirements of Section 7(1) and 7(2) of the National Cohesion and Integration Act, 2008.</p>		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
		The management through the scheme of administrators are committed to adhering to the law.		
	<b>REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE</b>			
1	<p>1. Lack of an Audit Committee During the year under review, the Office did not have an active Audit Committee. This was contrary to Section 73(5) of the Public Finance Management Act, 2012 which requires that every national government public entity should establish an Audit Committee whose composition and functions shall be as prescribed by the regulations. The Office, therefore, did not benefit from the oversight of an Audit Committee.</p> <p>In the circumstances, the existence of an effective oversight mechanism to ensure efficient system of internal controls could not be confirmed.</p>	<p>Management Response It is true that the office of the Deputy President had not established an Audit Committee for the period under review. However, the Head, Internal Audit Unit advised the management through the Chief of Staff-Office of the Deputy President on the establishment of the Ministerial Audit Committee on 12th July 2023 and 12th June 2024. (Copies attached). (Annex 4 &amp; 5).</p> <p>The process of establishing the Committee has commenced. (letter attached. (Annex 6).</p> <p>The Management is fully committed in ensuring compliance with the requirement of establishing an Audit Committee for effective oversight mechanism to</p>	Not Resolved (Awaiting PAC Recommendation)	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
		ensure efficient system of internal controls.		
2	<p>2. Enhancement of Governance Systems for Security Related Expenditures</p> <p>During the year under review, the Office incurred some expenditure on confidential security operations. A certificate of confidential expenditure was issued, supported by a declaration from the Accounting Officer affirming proper use of funds in compliance with Regulation 101(5) of the Public Finance Management (National Government) Regulations, 2015. There is need, however, to enhance accountability of confidential expenditures through review of the Regulations to clearly define entities eligible for confidential security related expenditures and to specify what constitutes security related operations. Further, entities should establish internal oversight mechanisms and processes that include detailed budget projections and post-operation financial summaries to address risks and ensure responsible use and accountability of the funds, beyond the certificate.</p> <p>The measures will strengthen governance, foster trust, and</p>	<p>The management has taken note of the auditors comments and commit to put in place measures that will strengthen governance, foster trust, and ensure funds are utilised responsibly without compromising State security.</p>	<p>Not Resolved (Awaiting PAC Recommendation)</p>	

*Office of the Deputy President*

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	ensure funds are utilised responsibly without compromising State security.			

Guidance Notes:

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



Accounting Officer

Date: 29<sup>th</sup> August, 2025

Appendix 11: 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
Buildings and structures	365,917,429	-	-	-	365,917,429
Transport equipment	231,605,996	-	2,285,000.00	-	229,320,996
Purchase of Household Furniture and Institutional Equipment	7,911,956	-	-	-	7,911,956
Office equipment, furniture and fittings	76,181,318	13,942,162	841,100.00	-	89,282,380
ICT Equipment	-	53,544,213	-	-	53,544,213
Machinery and Equipment	233,856,031	-	-	-	233,856,031
Rehabilitation and renovation of Plant, Machinery	10,181,490	-	-	-	10,181,490
Intangible Assets	2,000,000	-	-	-	2,000,000
<b>Total</b>	<b>927,654,220</b>	<b>67,486,375</b>	<b>3,126,100.00</b>	<b>-</b>	<b>992,014,495</b>