

REPUBLIC OF KENYA



PARLIAMENT  
OF KENYA  
LIBRARY

REPORT


OF

THE AUDITOR-GENERAL

ON

NATIONAL INTELLIGENCE SERVICE

FOR THE YEAR ENDED  
30 JUNE, 2025

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 25 FEB 2026	
DAY: WEDNESDAY	
TABLED BY:	HON. NAOMI WARO, MP DEPUTY MAJORITY WHIP
CLERK-AT-THE-TABLE:	BESTER NGINYO

OFFICE OF THE COMPTROLLER  
P. O. Box 30074  
RECORDS

29 OCT 2025

RECEIVED



---

**NATIONAL INTELLIGENCE SERVICE**

**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)**

# NATIONAL INTELLIGENCE SERVICE

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

---

Table of Contents	Page
1. Acronyms and Definition of Key Terms .....	ii
2. Key National Intelligence Service Information and Management .....	iv
3. Profile of Accounting Officer and Key Management.....	vii
4. Statement by the Accounting Officer .....	viii
5. Statement of Performance Against Predetermined Objectives for FY 2024/25 .....	xi
6. Governance Statement .....	xii
7. Management Discussion and Analysis .....	xii
5. Environmental and Sustainability Reporting .....	xiv
8. Statement of Management Responsibilities.....	xvi
9. Report of the Independent Auditor for the National Intelligence Service .....	xvii
10. Statement of Financial Performance for the year ended 30 June 2025 .....	1
11. Statement of Financial Position as at 30 June 2025.....	2
12. Statement of Changes in Net Assets for the year ended 30 June 2025.....	3
13. Statement of Cash Flows for the year ended 30 June 2025 .....	4
14. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025 .....	5
16. Notes to the Financial Statements.....	8
27. Appendix.....	36

# NATIONAL INTELLIGENCE SERVICE

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

---

## 1. Acronyms and Definition of Key Terms

### A: Acronyms and Abbreviations

AIA	Appropriations-In-Aid
AIE	Authority to Incur Expenditure
CBK	Central Bank of Kenya
CBS	Chief of the Order of the Burning Spear
DG	Director General
FY	Financial Year
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MBS	Moran of the Order of the Burning Spear
MDA	Ministries, Departments and Agencies
MGH	Moran of the Order of the Golden Heart
MTEF	Medium Term Expenditure Framework
NIS	National Intelligence Service
NISC	National Intelligence Service Council
'nsc' (AU)	National Security Committee (Australia)
OAG	Office of the Auditor General
OGW	Order of the Grand Warrior
OCOB	Office of the Controller of Budget
OSHA	Occupational Safety and Health Act of 2007
PBB	Programme Based Budget
PFMA	Public Finance Management Act
PFMR	Public Finance Management Regulation
PFM	Public Finance Management
PPADA	Public Procurement and Asset Disposal Act
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
TNT	The National Treasury
R&D	Research and Development

# NATIONAL INTELLIGENCE SERVICE

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

---

## B: Definition of Key Terms

### Fiduciary Management

The key management personnel directly entrusted with the responsibility of financial resources of the National Intelligence Service (NIS) during the period ended 30<sup>th</sup> June, 2025 was:

No	Designation	Name	Date of Appointment
1	Director General	Noordin M. Haji, MGH, CBS, OGW, 'nsc' (AU)	14 <sup>th</sup> June 2023

# **NATIONAL INTELLIGENCE SERVICE**

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

---

### **2. Key National Intelligence Service Information and Management**

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

The National Intelligence Service (NIS) was established under Article 242, Chapter 14 of the Constitution of Kenya, 2010. At the Cabinet level, the National Intelligence Service is represented by the Cabinet Secretary for Interior and National Administration. The National Intelligence Service Council (NISC) is responsible for the general policy and strategic direction of the Service.

#### **(b) Mandate**

NIS is responsible for Security intelligence and Counter intelligence to enhance national security in accordance with the Constitution; and perform any other function as prescribed by national legislation.

#### **Vision**

To be a premier Security Intelligence Service dedicated to a secure and prosperous Kenya.

#### **Mission**

To safeguard the Republic of Kenya from internal and external threats, through the provision of security intelligence and counter intelligence, to enhance national security in accordance with the Constitution.

#### **Core Values**

- Confidentiality
- Integrity
- Professionalism
- Discipline
- Meritocracy
- Respect for national diversity

#### **Core Functions**

According to the NIS Act 2012, the Service shall: -

- Gather, collect, analyse and transmit or share with the relevant State agencies, security intelligence and counter intelligence;
- Detect and identify threats or potential threats to national security;
- Advise the President and Government of any threat or potential threat to national security;
- Advise County governments on appropriate security and intelligence matters; and
- Obtain, in accordance with the Constitution, NIS Act or any other written law, intelligence about the activities of foreign interference and capabilities, intentions or activities of people or organizations outside Kenya;

# NATIONAL INTELLIGENCE SERVICE

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

- Support and aid law enforcement agencies in detecting and preventing serious crimes and other threats to national security;
- Carry out protective and preventive security functions and safeguard information systems and processes within State Departments, Agencies, Facilities and Diplomatic Missions.

### (c) Key Management

The NIS's day-to-day management is under the following key organs/Offices/Directorates/Divisions

- Executive Office of The President
- Director General
- Directors.

### (d) Fiduciary Management

The key management personnel who held office during the period ended 30th June, 2025 and who had direct fiduciary responsibility was:

No	Designation	Name	Date of Appointment
1	Director General	Noordin M. Haji, MGH, CBS, OGW, 'nsc' (AU)	14th June 2023

### (e) Fiduciary Oversight Arrangements

- Office of the Auditor General (OAG) - Audit activities,
- Parliamentary Committee on Defence, Intelligence and Foreign Relations – Legislative and oversight functions.

### (f) NIS Headquarters

P.O. Box 30091 – 00100,  
Nairobi,  
KENYA.

### (g) NIS Contacts

Telephone: (254) 020-2930000

Email: [finance@kensi.org](mailto:finance@kensi.org)

Website: [nis.go.ke](http://nis.go.ke)

# **NATIONAL INTELLIGENCE SERVICE**

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

---

**(h) NIS Bankers**

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

**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**

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

## **NATIONAL INTELLIGENCE SERVICE**

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

---

### **3. Profile of Accounting Officer and Key Management.**



**Noordin M. Haji, MGH, CBS, OGW, 'nsc' (AU)**  
Director General-National Intelligence Service (NIS)

Noordin Mohamed Haji, MGH, CBS, 'nsc' (AU) was born on 3<sup>rd</sup> July 1973 is a Kenyan advocate of the High Court of Kenya, a position he has held for the last 21 years and the current Director-General of the National Intelligence Service. He was the second Director of Public Prosecutions after the promulgation of the Constitution of Kenya 2010, which made the Office an independent entity from the Attorney General's Office, which it had been previously under.

In May 2023, he was nominated by President William Ruto as Director-General of the National Intelligence Service (NIS). He was later approved by parliament, and appointed on June 14, 2023 replacing Major-General (Rtd) Philip Kameru.

On 12 December 2012, during the 49th Jamhuri Day celebrations, Haji received the Order of the Grand Warrior of Kenya (OGW) by the then President of the Republic of Kenya, Mwai Kibaki for distinguished services to the nation. Later on, on 12 December 2018, he also received the Chief of the Order of the Burning Spear (CBS) by H.E Uhuru Kenyatta, the President of the Republic of Kenya for his distinguished efforts in the fight against graft. In recent year he was awarded Moran of the Order of the Golden Heart (MGH) for his exemplary service, patriotism, and leadership by H.E William Ruto.

# NATIONAL INTELLIGENCE SERVICE

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

## 4. Statement by the Accounting Officer



The Public Finance Management Act, 2012 (PFMA) requires the National Intelligence Service (NIS) to prepare the Annual Report and Financial Statements for the financial year 2024-2025. This report is in compliance with PFMA, 2012, the International Public Sector Accounting Standards (IPSAS), other relevant Government financial regulations and procedures.

During the year, the Service endeavoured to ensure that Kenyans live in a secure and stable environment by constantly neutralizing threats to National Security as provided for by the Constitution, 2010. To be able to achieve this, the Service supported initiatives and collaborations with other Stakeholders to achieve the wider goal of a secure nation.

In the period under review, the Service enhanced on its efficiency and effectiveness through optimal utilization of allocated budgetary resources, capacity building, application of appropriate technologies in its operations.

### Budget Performance

Printed Estimates	Approved budget	Exchequer Receipts	Expenditure	Budget Utilization
Kshs	Kshs	Kshs	Kshs	%
46,351,000,000	58,651,000,000	58,651,000,000	58,600,308,487	100%

The total approved budget for the FY 2024-25 was **Kshs. 58,651,000,000**. During the year, the Service received exchequer releases from the National Treasury amounting to **Kshs. 58,651,000,000**.

The total approved budget for the FY 2024-25 was **Kshs. 58,651,000,000**. During the period ended 30<sup>th</sup> June 2025, the Service received exchequer releases from the National Treasury amounting to **Kshs. 58,651,000,000.00**.

The National Intelligence Service (NIS) optimized and prioritized the resources allocated during the financial year and implemented the National Security Intelligence programme, as envisaged in the Programme Based Budget (PBB) framework. The total Service expenditure for the period amounted to **Kshs. 58,600,308,487**. In addition, a total of **Kshs. 4,925,246** was raised as A-I-A and transferred to the Exchequer account.

# **NATIONAL INTELLIGENCE SERVICE**

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

---

## **Key achievements**

To deliver on its mandate, the Service acted in accordance with the legal framework as guided by the Constitution and other enabling legislations. Specifically, the Service provided timely and actionable intelligence to the various stakeholders on national security threats, undertook counter intelligence operations, conducted vetting and undertook a wide range of research on security intelligence matters. These initiatives are targeted at value addition in decision making and guiding the national security policy formulation by the Government.

## **Emerging issues**

In the regional and global arena, the Service monitored and advised on political, security and economic developments that had a bearing on Kenya's strategic interests. The Service was instrumental in supporting bilateral and multilateral engagements that helped to advance Kenya's economic interests, diplomatic relations and combat transnational security threats.

## **Key Risk Management Strategies**

The Service endeavours to identify the potential risks and the evaluation of the potential impact of these risks. The risks may arise from; technical or operational risks, financial risk, political risk, environment risk, people risk, schedule risk, client risk, contractual risk, weather risk and so many other emerging risks. After the risks have been identified and evaluated, management team develops a risk mitigation plan guided by the existing legal framework. The plan reduces the impact of an unexpected event through risk avoidance, risk sharing, risk reduction and risk transfer.

## **Implementation Challenges and Way Forward.**

To deliver on its mandate, the Service acted in accordance with the legal framework as guided by the Constitution and other enabling legislations. Specifically, the Service provided timely and actionable intelligence to the various stakeholders on national security threats, undertook counter intelligence operations, conducted vetting and undertook a wide range of research on security intelligence matters. These initiatives are targeted at value addition in decision making and guiding the national security policy formulation by the Government.

To respond to the ever evolving and dynamic threat environment, the Service enhanced human resource capacity, requisite technology, infrastructure, research and development. These initiatives enhanced the effectiveness and efficiency in the achievement of our performance targets.

During the financial year under review the Service continued to face and tackle various challenges, which hampered the delivery of its mandate in an effective and efficient manner. The Service recognizes the constrained fiscal environment as a result of under performance of the key Sectors of the economy. The aftershocks of the political disturbance, climate change, fluctuation of Kenyan currency against world currencies, global supply chain disruption due to the ongoing conflicts in Eastern Europe, Middle East and North Africa, High debt repayment costs are factors that have slowed down the economic recovery efforts.

The Service is focused on continuing to rationalize and prioritize its budget, with the resultant savings being utilized to address some of the expenditure areas affected by constrain in resources. The Service also instituted internal strategic initiatives on performance management and improvement. These are geared towards improved intelligence gathering, analysis and

## **NATIONAL INTELLIGENCE SERVICE**

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

---

dissemination in a dynamic environment. Active support and participation by all the national security stakeholders in collaborative engagements within the multi-agency framework has been sustained in dealing with threats to national security.

In conclusion, to address new trans-national threats, the Service will continue to incorporate innovative ways of improving coordination and collaboration with other regional and global partners.

The Service has also made significant investment in Research and Development (R&D) in order to develop more efficient solutions in tackling various security challenges that we continue to face as a nation.



**Noordin M. Haji, MGH, CBS, OGW, 'nsc' (AU)**  
**Director General.**

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

**5. Statement of Performance Against Predetermined Objectives for FY 2024/25**

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

The key strategic objectives as per the National Intelligence Service's **2024-2027 MTEF** plan, are:

- a) Acquisition of modern security equipment, up-to-date technology, and ICT-based facilities necessary for effective intelligence operations to boost the Service technological capability.
- b) Investment in Research and Development (R&D) initiatives to provide innovative and cost-effective solutions to challenges faced by security/intelligence operations.
- c) Enhancement of operational capabilities of Specialized Service Units through equipping, developing, retention and sustenance of local capacity and expertise.
- d) Acquisition and development of Service infrastructural facilities and assets, including upgrade of operational campuses facilities, residential houses for field and foreign offices/residences, considering the cost-benefit-analysis.
- e) Maintenance of the existing Service facilities, systems, machinery and equipment in order to sustain Service operations and technical capabilities.
- f) Application of best practices in human resource management to ensure optimal staffing levels and sustainable wage bill, through targeted recruitment, retention and deployment, all focused on creating the necessary capacity for intelligence operations.

**Progress on attainment of Strategic Objectives**

The National Intelligence Service (NIS) ensured that the Strategic Objectives set were achieved as follows:

<b>NIS Program</b>	<b>Strategic Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
National Security Intelligence	To provide timely and actionable Intelligence	Secured and protected Nation	The actionable intelligence reports disseminated	Actionable intelligence disseminated on time
(Security Intelligence and Counter Intelligence)	To provide timely and effective Counter Intelligence	Secured and protected Nation	The counter intelligence operations undertaken	Effective counter intelligence operations undertaken

## **6. Governance Statement**

The leadership/governance structure of the National Intelligence Service is guided by the NIS Act, 2012. Leadership structure is outlined below.

- Executive Office of The President
- Director General
- Directors.

## **7. Management Discussion and Analysis**

### **Key programs**

The National Intelligence Service (NIS) endeavoured to ensure that Kenyans live in a secure and stable environment by constantly neutralizing threats to National Security. To be able to achieve this, the Service supported initiatives in collaboration with other Stakeholders to achieve the wider goal of a secure nation. The Service has the Constitutional mandate to safeguard the Nation against internal and external threats. To deliver on its mandate, the Service provided timely and actionable intelligence to the various stakeholders on national security threats, undertook counter intelligence operations, conducted vetting and undertook a wide range of research on security intelligence matters. These initiatives are targeted at value addition in decision making and guiding the national security policy formulation by the Government.

### **Compliance with statutory requirements**

The Service is compliant with the statutory requirement as enshrined in the constitution of Kenya, 2010. The Public Finance Management Act, 2012 (PFMA) requires the National Intelligence Service (NIS) to prepare the Financial Statements for the financial year 2024-2025. This report follows PFMA, 2012, the International Public Sector Accounting Standards (IPSAS), and other relevant Government financial regulations and procedures.

### **Major risks**

To respond to the ever evolving and dynamic threat environment, the Service enhanced its human resource capacity, requisite technology, infrastructure, research and development (R&D). These initiatives enhanced the effectiveness and efficiency in the achievement of the Service performance targets. During the period under review the Service continued to face and tackle various challenges, which hampered the delivery of its mandate in an effective and efficient manner. Additionally, in order to address new trans-national threats, the Service will continue to incorporate novel ways of improving coordination and collaboration with other regional and global partners. The Service has also made significant investment in Research and Development (R&D) in order to develop more efficient and sustainable solutions in tackling various security challenges that continue to face the nation.

## **NATIONAL INTELLIGENCE SERVICE**

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

---

#### **Review of the economy and sector**

The Service recognizes the constrained fiscal environment as a result of under performance of the key Sectors of the economy. This has resulted in global supply chain disruptions due to the ongoing conflicts in Eastern Europe, Middle East and North Africa, High debt repayment costs are factors that have slowed down the economic recovery efforts.

The Service has continuously rationalized and prioritized its budget, with the resultant savings being utilized to address some of the expenditure areas affected by inadequate funding. In addition, the Service has also instituted internal strategic initiatives on performance management and improvement. These are geared towards improved intelligence gathering, analysis and dissemination in a dynamic environment. Active support and participation by all the national security stakeholders in collaborative engagements within the multi-agency framework has been sustained in dealing with threats to national security.

#### **Future developments**

The future of intelligence for both human and artificial is poised to undergo major developments in the coming decades. Artificial intelligence is seen to play a great role in how intelligence is gathered, analysed and disseminated in a dynamic environment. The service has a keen interest in this sphere to make sure Kenya is not left behind on using both artificial intelligence and human intelligence in carrying out its mandate of securing the nation.

#### **Information relevant to the users of the financial statements**

During the period ended 30th June 2025, the Service was able to align the available budgetary resources to its operational strategies for optimal achievement of its mandate.

## **5. Environmental and Sustainability Reporting**

The National Intelligence Service (NIS) has the Constitutional mandate to safeguard the Nation against internal and external threats. The overall objective of the Service is to achieve a secure and protected Nation where the citizens can live, work and prosper. Our core values are Confidentiality, Integrity, Professionalism, Discipline, Meritocracy and Respect for national diversity.

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

The Service has endeavoured to safeguard the national interest and ensure that Kenyans live in a safe environment. The Service provides timely and actionable intelligence to the various agencies for ensuring that the sovereignty and national interests are protected. The Service together with other national security organs has continued to ensure existence of a secure and conducive environment for socio-economic development. The Service is also undertaking Research and Development (R&D) on tools and systems, to ensure continuous service through maintenance, repair and upgrade of its operations systems are carried out in a sustainable manner.

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

The Service has endeavoured to maintain a friendly ecosystem by protecting indigenous forest and wild animals at its headquarter and camps. The natural environment has been sustained through tree planting to enhance forest cover. The entity has continued to put in place measures to ensure proper waste management and disposal, ensuring that its operations don't adversely affect the environment. In regards to safety, the Service has installed fire suppression systems, fire assembly points, fire exits and fire extinguishers. Additionally, the Service has prioritized installation of clean renewal energy such as solar systems in its establishment to reduce over reliance on fossil energy and ease pressure on the national electricity grid.

### **c) Employee welfare**

The Service is an equal opportunity employer. Any employment opportunity is advertised through a portal or a medium that has a nationwide circulation. The Service recruitment is guided by the Public Service Commission guidelines and ensures that any recruitment is geared towards attaining the constitutional gender threshold.

To improve employee productivity, the Service conducts training need assessment to identify skills gap. To improve skills, the Service undertakes training and capacity building designed to address employee skills gap. The Service has a clear career and promotion guidelines which has institutionalized succession management in the organization.

The appraisal and reward systems are transparent and evidence based with clear performance management system in place. An appeal mechanism has been provided for employees who feel unfairly rated.

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

---

The Service also provides a group and personal accident cover to employees who are injured in the course of their duty. To mitigate accidents, the service has maintained a clean and conducive environment and also ensures employees are trained on safety protocols and procedures. The Service has medical facilities that cater for employees' health needs including medical emergencies with a provision of ambulance services.

**d) Operational practices**

As an entity, the National Intelligence Service ensured compliance with PPADA, 2015 in management of its procurement activities. The service maintains a good rapport with suppliers through, competitive bidding in the tendering processes where the most competitive bidders are awarded the contracts with focus on value for money. The entity does not enter into contractual obligations without a budget provision. This has enabled the Service to honour and settle payments timely. The Service ensures that there are no pending bills at the closure of every financial year.

The National Intelligence Service is non-political entity and remains rooted in professionalism when executing its mandate. The Service has continued to operate in a multi-agency framework where different government agencies operate jointly to create synergies and avoid duplication of efforts and funding for the benefit of socio-economic development.

**e) Community Engagements**

The Service is covertly involved in various initiatives that support neighbouring communities in its area of operations through provision of health and water services.

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

---

**8. 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 shall prepare annual financial statements in respect of the National Intelligence Service. 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 National Intelligence Service is responsible for the preparation and presentation of the National Intelligence Service's financial statements which give a true and fair view of the state of affairs of the National Intelligence Service at the end of the financial year ended on June 30, 2025.

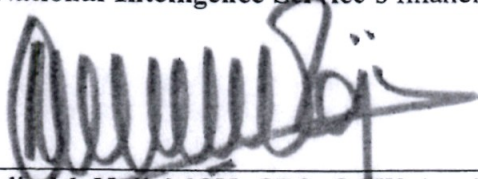
This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the National Intelligence Service; (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 National Intelligence Service; (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 National Intelligence Service accepts responsibility for the National Intelligence Service'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 National Intelligence Service's financial statements give a true and fair view of the state of the National Intelligence Service's transactions during the financial year ended June 30, 2025, and of the National Intelligence Service's financial position as at that date. The Accounting Officer further confirms the completeness of the accounting records maintained for the National Intelligence Service, which have been relied upon in the preparation of the National Intelligence Service's financial statements as well as the adequacy of the system of internal controls.

The Accounting Officer in charge of the National Intelligence Service confirms that the Service has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the Service 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 National Intelligence Service'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 **National Intelligence Service's** financial statements were approved on 30<sup>th</sup> June 2025 and signed by:



Noordin M. Haji, MGH, CBS, OGW, 'nsc' (AU)  
Director General

# 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 NATIONAL INTELLIGENCE SERVICE FOR THE YEAR ENDED 30 JUNE, 2025**

---

### **PREAMBLE**

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

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

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

The three parts of the report 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 National Intelligence Service set out on pages 1 to 36, which comprise of the statement of financial

position as at 30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of the National Intelligence Service 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 National Intelligence Service Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Key Audit Matters**

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

### **Other Information**

The Management is responsible for the other information set out on page iv to xvi which comprise of Key National Intelligence Service Information and Management, Profile of Accounting Officer and Key Management, 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 National Intelligence Service financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work

I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

### **Conclusion**

As required by Article 229(6) of the Constitution and based on the audit procedures performed, I confirm that nothing 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**

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

During the year under review, the Service 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, which has increased over the years, 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 December 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 the Management and those Charged with Governance**

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

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

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

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

Those charged with governance are responsible for overseeing the Service's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the control environment.

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

**Nairobi**

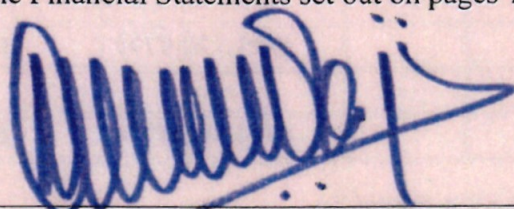
**15 December, 2025**

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

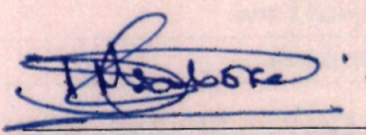
**10. Statement of Financial Performance for the year ended 30 June 2025**

	Notes	Period Ended 30 June 2025
		Kshs
<b>Revenue from non-exchange transactions</b>		
Transfers from exchequer	6	58,651,000,000
Transfers from other government entities	7	12,341,559,396
Levies, fines, penalties, and forfeitures	8	2,325,114
<b>Total</b>		<b>70,994,884,510</b>
<b>Revenue from exchange transactions</b>		
Miscellaneous income	9	2,600,132
<b>Total</b>		<b>2,600,132</b>
<b>Total revenue</b>		<b>70,997,484,642</b>
<b>Expenses</b>		
Use of goods and services	10	59,651,076,225
Other Grants and Subsidies	13	12,341,559,396
<b>Total expenses</b>		<b>71,992,635,621</b>
<b>Other gains/(losses)</b>		
<b>Surplus/Deficit for the year</b>		<b>(995,150,979)</b>
<b>Net Surplus/Deficit</b>		<b>(995,150,979)</b>

The Financial Statements set out on pages 1 to 6 were signed by:



Noordin M. Haji, MGH, CBS, OGW, 'nsc' (AU)  
 Director General



Duke Matoke Isaboke, MBS, OGW  
 Head of Accounting Unit

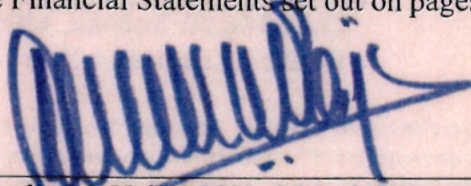
In preparing of this financial report, there are no comparatives in the first year of transition. Paragraph 79 of IPSAS 33 allows for the election by NIS to present one statement of financial performance, one statement of cash flow, one statement of net assets and the statement of financial position, and an opening statement of financial position at the time of adoption of the accrual basis of accounting.

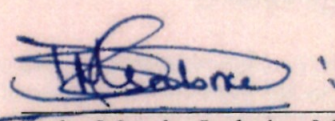
**NATIONAL INTELLIGENCE SERVICE**  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

**11. Statement of Financial Position as at 30 June 2025**

	Notes	As at 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	14	115,900,574	98,835,865
Receivables from non-exchange transactions	15	17,352,602	38,451,167
<b>Total Current Assets</b>		<b>133,253,176</b>	<b>137,287,032</b>
<b>Non-Current Assets</b>			
Property, plant, and equipment	16	-	-
Biological assets		-	-
<b>Total Non-Current Assets</b>		<b>-</b>	<b>-</b>
<b>Total Assets (a)</b>		<b>133,253,176</b>	<b>137,287,032</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	17	1,128,404,155	98,734,982
<b>Total Current Liabilities</b>		<b>1,128,404,155</b>	<b>98,734,982</b>
<b>Non-Current Liabilities</b>		-	-
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>Total Liabilities (b)</b>		<b>1,128,404,155</b>	<b>98,734,982</b>
<b>Net Assets (a-b)</b>		<b>(995,150,979)</b>	<b>38,552,050</b>
<b>Represented By:</b>			
Reserves			
Accumulated surplus		(995,150,979)	38,552,050
Capital Fund			
<b>Net Assets</b>		<b>(995,150,979)</b>	<b>38,552,050</b>

The Financial Statements set out on pages 1 to 6 were signed by:

  
 Noordin M. Haji, MGH, CBS, OGW, 'nsc' (AU)  
 Director General

  
 Duke Matoke Isaboke, MBS, OGW  
 Head of Accounting Unit

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

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

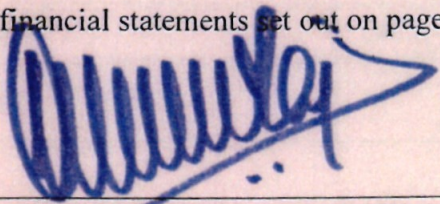
Description	Accumulated Surplus	Reserves	Capital Fund	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 <sup>th</sup> June 2024 (cash basis)	38,552,050	-	-	38,552,050
Adjustments: (to recognize assets and liabilities)	-	-	-	-
As at July 1, 2024	38,552,050	-	-	38,552,050
Deficit for the period	(995,150,979)	-	-	(995,150,979)
Prior year Adjustments	(38,552,050)	-	-	(38,552,050)
Additions to reserves	-	-	-	-
Other changes (specify)	-	-	-	-
As at 30 <sup>th</sup> June, 2025	(995,150,979)	-	-	(995,150,979)

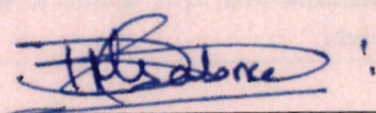
Note:

Prior year adjustments are as tabulated below

Prior year adjustments	Total
Description	Kshs
Central Bank of Kenya, 1000181095, Recurrent Kshs- NIS	(95,228)
Cash in Hand – Held in domestic currency	(5,655)
Government Imprests	(20,764,376)
District Suspense	(139,442)
Clearance accounts-Agency account	(17,547,350)
<b>Total</b>	<b>(38,552,050)</b>

The financial statements set out on pages 1 to 6 were signed by:

  
 Noordin M. Haji, MGH, CBS, OGW, 'nsc' (AU)  
 Director General

  
 Duke Matoke Isaboke, MBS, OGW  
 Head of Accounting Unit

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

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

		Period Ended 30 <sup>th</sup> June 2025
	Notes	Kshs
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Transfers from exchequer	6	58,651,000,000
Transfers from other government entities	7	12,341,559,396
Levies, fines, penalties and forfeitures	8	2,325,114
Other income	9	2,600,132
<b>Total receipts</b>		<b>70,997,484,642</b>
<b>Payments</b>		
Use of goods and services		58,600,308,487
Transfers to Exchequer account		
Other Grants and Subsidies	13	12,341,559,396
<b>Total payments</b>		<b>70,941,867,883</b>
<b>Net cash flows from/ (used in) operating activities</b>	18	<b>55,616,759</b>
<b>Cash flows from investing activities</b>		<b>-</b>
<b>Net cash flows from/ (used in) investing activities</b>		<b>-</b>
<b>Cash flows from financing activities</b>		<b>-</b>
Prior Year Adjustment		(38,552,050)
<b>Net cash flows from financing activities</b>		<b>(38,552,050)</b>
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		<b>17,064,709</b>
Cash and cash equivalents at the start of the period	14	98,835,865
<b>Cash and cash equivalents at the end of the period</b>		<b>115,900,574</b>

**NATIONAL INTELLIGENCE SERVICE**

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

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

**Recurrent and Development Combined**

<b>Description</b>	<b>Original budget</b>	<b>Adjustments</b>	<b>Final budget</b>	<b>Actual on a comparable basis</b>	<b>Budget utilization difference</b>	<b>% of utilization</b>
	<b>a</b>	<b>b</b>	<b>c=a+b</b>	<b>d</b>	<b>e=c-d</b>	<b>f=d/c %</b>
<b>Receipts</b>						
Exchequer releases	46,351,000,000	12,300,000,000	58,651,000,000	58,651,000,000	-	100%
Transfers from other government entities	-	-	-	12,341,559,396	(12,341,559,396)	-
Levies, fines, penalties and forfeitures	-	-	-	2,325,114	(2,325,114)	-
Miscellaneous receipts	-	-	-	2,600,132	(2,600,132)	-
<b>Total Receipts</b>	<b>46,351,000,000</b>	<b>12,300,000,000</b>	<b>58,651,000,000</b>	<b>70,997,484,642</b>	<b>(12,346,484,642)</b>	<b>121%</b>
<b>Payments</b>						
Compensation of employees	-	-	-	-	-	-
Use of goods and services	46,351,000,000	12,300,000,000	58,651,000,000	58,600,308,487	50,691,513	100%
Transfers to other government entities				12,341,559,396	(12,341,559,396)	
<b>Total Payments</b>	<b>46,351,000,000</b>	<b>12,300,000,000</b>	<b>58,651,000,000</b>	<b>70,941,867,883</b>	<b>(12,290,867,883)</b>	<b>121%</b>
Acquisition of assets	-	-	-	-	-	-
<b>Total Payments</b>	<b>46,351,000,000</b>	<b>12,300,000,000</b>	<b>58,651,000,000</b>	<b>70,941,867,883</b>	<b>(12,290,997,883)</b>	<b>121%</b>

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

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 %
Surplus				55,616,759	(55,616,759)	

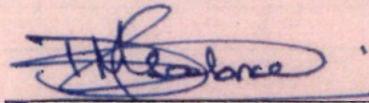
The adjustments in column **b** are as a result of additional funding through supplementary budget. Other receipts were raised in form of AIA (were transferred to the Exchequer account) and inter agency transfers from other MDAs.

Budget Reconciliation to the Statement of Cash Flows is illustrated on 15. (a)

The financial statements set out on pages 1 to 6 were signed by:



Noordin M. Haji, MGH, CBS, OGW, 'nsc' (AU)  
 Director General



Duke Matoke Isaboke, MBS, OGW  
 Head of Accounting Unit

**NATIONAL INTELLIGENCE SERVICE**

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

**15. Budget Execution by Programmes and Sub-Programmes for FY 2025**

<b>Programme:</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Approved A-I-A</b>	<b>Final Budget</b>	<b>Actual on comparable basis</b>	<b>Budget utilization difference</b>
National Security Intelligence	2024/25	2024/25	2024/25	2024/25	30-06-25	2024/25
<b>Sub-Programme:</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Security Intelligence and Counter Intelligence	46,351,000,000	12,300,000,000	-	58,651,000,000	58,600,308,487	50,691,513

**15. (a) Budget Reconciliation to the Statement of Cash Flows**

<b>Description of Particulars</b>	<b>Amount in Kshs.</b>
<b>Actual Surplus Amounts as per the Statement of Budget</b>	55,616,759
Cash Balance b/f	98,835,865
Prior year Adjustments	(38,552,050)
<b>Closing Cash and Cash Equivalent as per the Statement of Cash flows</b>	<b>115,990,574</b>

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

---

**16. Notes to the Financial Statements**

**1. Establishment**

National Intelligence Service is established by and derives its authority and accountability from National Intelligence Service Act, 2012. An ACT of Parliament to provide for the functions, organization and administration of the National Intelligence Service pursuant to Article 239(6) of the Constitution; to give effect to Article 242(2) and other relevant provisions of the Constitution; National Intelligence Service is wholly owned by the Government of Kenya and is domiciled in Kenya. The National Intelligence Service's principal activity is to provide for the establishment of oversight bodies and for connected purposes.

**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).

For the purpose of these financial statements, the National Intelligence Service has been categorized as a Schedule 1 national government MDA 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. 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.

The use of public resources by National Intelligence Service 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 June 30, 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 Service 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 Service has taken advantage of the transition provisions outlined in IPSAS 33.

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

---

**Notes to the financial statements**

**Reporting period**

The reporting period for these financial statements is for the period ended 30 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 National Intelligence Service 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 National Intelligence Service pursues a number of policy targets and outcomes. However, the commitment to these targets and outcomes, generally, do not of themselves constitute a present

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

---

**Notes to the financial statements**

obligation unless National Intelligence Service 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 National Intelligence Service's policy objectives and targets. Where a policy choice gives rise to an obligation that exists independently of the National Intelligence Service future actions, expenses (and other related liabilities) are recognized for that policy.

Purpose and nature of financial instruments

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

Climate change obligations

Kenya's current National Determined Contribution (NDC) to deliver on the goals of the Paris Agreement sets a headline target of a 32 per cent emission reduction by 2030 relative to the business-as-usual scenario of 143 MtCO<sub>2</sub>eq. National Intelligence Service's 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 National Intelligence Service 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.

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

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

**3. Adoption of New and Revised Standards**

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

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

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

<b>Standard</b>	<b>Effective date and impact:</b>
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 NIS.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><b>(The standard did not have an impact on NIS during the current financial year)</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>(The standard did not have an impact on NIS during the current financial year)</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.</p>

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

<b>Standard</b>	<b>Effective date and impact:</b>
	<p>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>(The standard did not have an impact on NIS during the current financial year)</b></p>
<p>IPSAS 46 Measurement</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul 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> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><b>The standard did not have an impact on NIS during the current financial year)</b></p>
<p>IPSAS 47- Revenue</p>	<p><b>Applicable 1<sup>st</sup> January 2026</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>The standard will not have an impact on NIS during the current financial year)</b></p>

**NATIONAL INTELLIGENCE SERVICE**

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 48- Transfer Expenses	<p><b>Applicable 1<sup>st</sup> January 2026</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>The standard will not have an impact on NIS during the current financial year)</b></p>
IPSAS 49- Retirement Benefit Plans	<p><b>Applicable 1<sup>st</sup> January 2026</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>The standard will not have an impact on NIS during the current financial year)</b></p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><b>Applicable 1<sup>st</sup> January 2027</b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ol> <p><b>The standard will not have an impact on NIS during the current financial year)</b></p>

**iii) Early adoption of standards**

The National Intelligence Service did not early – adopt any new or amended standards in the financial year.

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

---

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Fees, taxes and fines**

The National Intelligence Service recognizes revenues from fees, 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 National Intelligence Service 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 National Intelligence Service 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.

**ii) Revenue from exchange transactions**

**Rendering of services**

The National Intelligence Service 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.

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

---

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

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

**b) Budget information**

The original budget for FY 2024/25 was approved by the National Assembly on June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the National Intelligence Service upon receiving the respective approvals in order to conclude the final budget. Accordingly, the National Intelligence Service recorded additional appropriations of **Kshs. 12,300,000,000** on the 2024/25 budget following the governing body's approval. The National Intelligence Service'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 on note 15 of these financial statements.

**c) Property, plant and equipment**

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

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

---

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

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

**d) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

**e) Research and development costs**

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

**f) 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 National Intelligence Service does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. 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.

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

---

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

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

At initial recognition, the National Intelligence Service 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 National Intelligence Service 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 Service'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 the Service 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 Service 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.

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

---

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

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 Service 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 Service 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 Service 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).

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

**b) Financial liabilities**

**Classification**

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

**g) 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 Service.

**h) Provisions**

Provisions are recognized when the Service 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 Service 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.

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

---

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

**i) 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 Service 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 SERVICE will incur in fulfilling the present obligations represented by the liability.

**j) Contingent liabilities**

The Service 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.

**k) Contingent assets**

The Service 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 Service 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.

**l) Nature and purpose of reserves**

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

**Changes in accounting policies and estimates**

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

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

---

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

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

**m) Employee benefits**

**Retirement benefit plans**

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

**n) Foreign currency transactions**

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

**o) 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.

**p) Related parties**

The Service 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 Service, or vice versa.

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

---

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

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

Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

**q) Service concession arrangements**

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

**r) 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.

**s) Comparative figures**

In preparing these financial statements, the National Intelligence Service has elected to apply paragraph 79 of IPSAS 33, which allows for the election by the Service 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.

**t) Subsequent events**

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

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

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

The preparation of the National Intelligence Service'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. National Intelligence Service 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 National Intelligence Service. 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 National Intelligence Service.
- 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

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

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

**6. Transfers from Exchequer**

Nature of transfer	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Total transfers Period ended 30 <sup>th</sup> June 2025
	Kshs	Kshs	Kshs
Recurrent	58,651,000,000	-	58,651,000,000
Development	-	-	-
<b>Total</b>	<b>58,651,000,000</b>	<b>-</b>	<b>58,651,000,000</b>

**7. Transfers from Other Government entities**

Name of The Entity Sending the Grant/Transfer	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Total transfers Period ended 30 <sup>th</sup> June 2025
	Kshs	Kshs	Kshs
Transfers from Executive Office of The President	450,000,000	-	450,000,000
Transfer from Ministry of Internal Security and National Administration	2,522,139,000	-	2,522,139,000
Transfers from State House	2,270,000,000	-	2,270,000,000
Transfers from Ministry of Lands and Physical planning	331,116,271	-	331,116,271
Transfers from The State Department for Immigration & Citizen Services	2,256,010,319	-	2,256,010,319
Transfers from Communications Authority of Kenya	4,500,000,000	-	4,500,000,000
Transfer from Konza Technopolis development Authority	2,035,830	-	2,035,830
Transfers from Kenya Electricity Generating Company PLC (Kengen)	871,063	-	871,063

**NATIONAL INTELLIGENCE SERVICE**

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

Transfer from National Council for Nomadic Education in Kenya (NACONEK)	651,870	-	651,870
Transfer from Kenya School of TVET	105,000	-	105,000
Transfer from LAPSSET Corridor Development Authority	2,605,830	-	2,605,830
Transfer from Special Economic Zones Authority	1,050,124	-	1,050,124
Transfer from The Kenya National Commission for UNESCO (KNATCOM)	586,295	-	586,295
Transfer from National Syndemic Diseases Control council	204,000	-	204,000
Transfers from The State Department for Foreign affairs	1,817,678	-	1,817,678
Transfers from Infinite Planners/Ministry of Foreign Affairs/Africa Fertilizer and soil health (AFSH) Summit 2024/African Union	2,366,115	-	2,366,115
<b>Total Transfers from Other Government entities</b>	<b>12,341,559,396</b>	<b>-</b>	<b>12,341,559,396</b>

**8. Levies, fines, and penalties**

Description	Period ended 30 <sup>th</sup> June 2025
	Kshs
Fines	2,325,114
<b>Total</b>	<b>2,325,114</b>

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

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

**9. Other Incomes**

<b>Description</b>	<b>Period ended 30<sup>th</sup> June 2025</b>
	<b>Kshs</b>
Sale of incidental goods (lunches)	89,530
Administrative fees and charges	1,187,505
Other incomes not specified elsewhere (Temporary Disability Benefit)	1,323,097
<b>Total other income</b>	<b>2,600,132</b>

**10. Use of Goods and Services**

<b>Description</b>	<b>Period ended 30<sup>th</sup> June 2025</b>
	<b>Kshs</b>
Specialized materials and services	1,012,597,599
Other operating expenses	58,613,419,615
<b>Total Use of Goods and Services</b>	<b>59,626,017,214</b>

**11. Return to Exchequer**

<b>Description</b>	<b>Period ended 30<sup>th</sup> June 2025</b>
	<b>Kshs</b>
Others (specify) The National Treasury - The Exchequer Account No. 1000003987-Unspent balances	25,059,011
<b>Total</b>	<b>25,059,011</b>

**12. Depreciation and Amortization Expense**

<b>Description</b>	<b>Period ended 30<sup>th</sup> June 2025</b>
	<b>Kshs</b>
Property, plant and equipment	-
Intangible assets	-
Investment property carried at cost	-
<b>Total</b>	<b>-</b>

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

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

**13. Other Grants and Subsidies**

Description	Period ended 30 <sup>th</sup> June 2025
	Kshs
Other Payments	12,341,559,396
<b>Total Grants and Subsidies</b>	<b>12,341,559,396</b>

**14. Cash and Cash Equivalents**

Description	Period ended 30 <sup>th</sup> June 2025	Opening statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Recurrent account	91,574	95,228
Development account	-	-
Deposits account	115,806,556	98,734,982
Cash on Hand	2,444	5,655
<b>Total</b>	<b>115,900,574</b>	<b>98,835,865</b>

**14 (a) Detailed Analysis of the Cash and Cash Equivalents**

Financial Institution	Account number	Period ended 30 <sup>th</sup> June 2025	Opening statement 1 <sup>st</sup> July 2024
		Kshs	Kshs
Recurrent Account		-	-
CBK001	1000181095	91,574	95,228
Development Accounts		-	-
CBK002	1000181168	115,806,556	98,734,982
Cash on Hand		2,444	5,655
<b>Sub- Total</b>		<b>115,809,000</b>	<b>98,740,637</b>
<b>Grand Total</b>		<b>115,900,574</b>	<b>98,835,865</b>

**15. Receivables from Non-Exchange Transactions**

Description	Period ended 30 <sup>th</sup> June 2025	Opening statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Other Non- exchange debtors	17,352,602	38,451,167
Less: impairment allowance	(-)	(-)
<b>Total Receivables</b>	<b>17,352,602</b>	<b>38,451,167</b>
a) Current receivables	17,352,602	38,451,167
b) Non-current receivables	-	-
<b>Total receivables (a+b)</b>	<b>17,352,602</b>	<b>38,451,167</b>

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

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

**15. (a) Ageing analysis for Receivables from Non-exchange transactions**

Description	Period ended 30 June 2025		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	17,352,602	100%	38,451,167	100%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	<b>17,352,602</b>	<b>100%</b>	<b>38,451,167</b>	<b>100%</b>

**15 (b) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions**

Impairment allowance	Period 30 June 2025
	Kshs
At the beginning of the year	38,451,167
Additional allowance during the year	17,352,602
Recovered during the year	(38,451,167)
Written off during the year	(-)
<b>At the end of the year</b>	<b>17,352,602</b>

**NATIONAL INTELLIGENCE SERVICE**

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

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

**16. Property, Plant, and Equipment**

	Land	Buildings	Motor vehicles	Infrastructure assets	Furniture and fittings	Computers & ICT Equipment	Heritage assets	Work in progress	Service concession assets	Total
Depreciation Rate		2-10%	10-16.67%	2-20%	12.5%	33.3%	x%			
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1 <sup>st</sup> July 2024	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	-	(-)	-	-	(-)	(-)	(-)	(-)
Transfer/Adjustments	(-)	(-)	-	-	-	(-)	(-)	-	-	(-)
As At 30 <sup>th</sup> June 2025	-	-	-	-	-	-	-	-	-	-
<b>Depreciation and Impairment</b>										
Depreciation	-	(-)	(-)	(-)	(-)	(-)	(-)	-	-	(-)
Disposals	-	-	-	-	-	-	-	-	-	-
Impairment	-	(-)	(-)	(-)	-	-	(-)	-	-	(-)
Transfer/Adjustment	-	-	(-)	(-)	(-)	(-)	(-)	-	-	-
As At 30 <sup>th</sup> June 2025	-	-	-	-	-	-	-	-	-	-
<b>Net Book Values</b>										
Opening Bal as at 1 <sup>st</sup> July 2024	-	-	-	-	-	-	-	-	-	-
As At 30 <sup>th</sup> June, 2025	-	-	-	-	-	-	-	-	-	-

NIS acknowledges existence of Property, Plant, and Equipment (PPE). The statements do not reflect the value of PPE, which have not been valued and has taken advantage of IPSAS 33 provisions on presentation for the first year of transition.

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

**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 Service would pay for the remaining service potential of an asset at the measurement date.

**17. Trade and Other Payables**

Description	Period ended 30 <sup>th</sup> June 2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Trade payables	1,012,597,599	-
Third-party payments	115,806,556	98,734,982
Other payables	-	-
<b>Total trade and other payables</b>	<b>1,128,404,155</b>	<b>98,734,982</b>

**17. (a) Ageing analysis: (Trade and other payables)**

Description	Period ended 30 June 2025		Opening statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
	Current FY	% of the Total	1 <sup>st</sup> July	% of the Total
Under one year	1,128,404,155	100%	98,734,982	100%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	<b>1,128,404,155</b>	<b>100%</b>	<b>98,734,982</b>	<b>100%</b>

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

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

**18. Cash Generated from Operations**

	Period ended 30 <sup>th</sup> June 2025
	Kshs
<b>Surplus for the period before tax</b>	<b>(995,150,979)</b>
<b>Adjusted for:</b>	
Depreciation	-
Non-cash grants received	(-)
Contributed assets	(-)
Impairment	-
Gains and losses on disposal of assets	(-)
Contribution to provisions	-
Contribution to impairment allowance	-
<b>Working capital adjustments</b>	
Increase in inventory	-
Decrease in receivables	21,098,565
Increase in deferred income	-
Increase in payables	1,029,669,173
Increase in payments received in advance	-
<b>Net cash flow from operating activities</b>	<b>55,616,759</b>

**19. Financial Risk Management**

National Intelligence Service's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. Its overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. National Intelligence Service's financial risk management objectives and policies are detailed below:

**i) Credit risk**

The National Intelligence Service has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are

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

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

set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the National Intelligence Service management based on prior experience and their assessment of the current economic environment.

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

	<b>Total amount</b>	<b>Fully performing</b>	<b>Past due</b>	<b>Impaired</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>As at at July 2025</b>				
Receivables from non-exchange transactions	17,352,602	17,352,602	-	-
Bank balances	115,900,574	115,900,574	-	-
<b>Total</b>	<b>133,253,176</b>	<b>133,253,176</b>	-	-

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the National Intelligence Service has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The directors of the National Intelligence Service sets credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**ii) Liquidity risk management**

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

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

---

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

**iii) Market risk**

The National Intelligence Service has put in place an internal audit function to assist it in assessing the risk faced on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the National Intelligence Service's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The National Intelligence Service's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to National Intelligence Service's exposure to market risks or the manner in which it manages and measures the risk.

**a) Foreign currency risk**

The National Intelligence Service has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

**b) Interest rate risk**

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

**iv) Capital Risk Management**

The objective of the National Intelligence Service capital risk management is to safeguard the Service ability to continue as a going concern.

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

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

**20. Related Party Disclosures**

**Nature of related party relationships**

Entities and other parties related to the National Intelligence Service include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

**Government of Kenya**

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

**Other related parties include:**

- i) Executive
- ii) The Parent Ministry.
- iii) County Governments
- iv) Other SCs and SAGAs
- v) Key management.
- vi) Directors.

	Period ended 30 June 2025
	Kshs
<b>Transactions with related parties</b>	
<b>a) Sales to related parties</b>	
Sales of electricity to govt agencies	-
Rent income from govt. Agencies	-
Water sales to govt. Agencies	-
Others (specify) e.g. interest and bank charges	-
<b>Total</b>	-
<b>B) purchases from related parties</b>	
Purchases of electricity from KPLC	-
Purchase of water from govt service providers	-
Rent expenses paid to govt agencies	-
Training and conference fees paid to govt. Agencies	-

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

	<b>Period ended 30 June 2025</b>
	<b>Kshs</b>
Others (specify)	-
<b>Total</b>	-
<b>b) Grants /transfers from the government</b>	
Grants from national govt	-
Grants from county government	-
Donations in kind	-
<b>Total</b>	-
<b>c) Expenses incurred on behalf of related party</b>	
Payments of salaries and wages for employees	-
Payments for goods and services	-
<b>Total</b>	
<b>d) Key management compensation</b>	
Directors' emoluments	-
Compensation to key management	-
<b>Total</b>	-

**NB:** The information required in this section is limited due to the disclosure requirement thresholds, in line with the nature of security operations.

**21. Events after the Reporting Period**

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

**22. Ultimate and Holding MDA**

The National Intelligence Service ultimate parent is the Government of Kenya.

**23. Currency**

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

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

**24. Appendix**

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

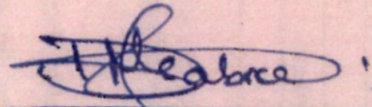
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

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)
None	None	None	None	None

The Service received an **Unqualified Audit Opinion** for the financial statements for the year ended 30<sup>th</sup> June, 2024.



Noordin M. Haji, MGH, CBS, OGW, 'nsc' (AU)  
Director General.



Duke Matoke Isaboke, MBS, OGW  
Head of Accounting Unit

**NATIONAL INTELLIGENCE SERVICE**

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

**Appendix II: Projects implemented by NIS**

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

**NB:** The information required in this section is limited due to the disclosure requirement thresholds, in line with the nature of security operations.

**Status of Projects completion**

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

**NB:** The information required in this section is limited due to the disclosure requirement thresholds, in line with the nature of security operations.

**NATIONAL INTELLIGENCE SERVICE**

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

**Appendix III: Fixed Asset Register**

<b>Asset class</b>	<b>Historical Cost b/f (Kshs) Previous Year 2023/2024</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Transfers in/(out) during the year (Kshs)</b>	<b>Historical Cost c/f (Kshs) Current Year 2024/2025</b>
Land					
Buildings and structures					
Transport equipment					
Office equipment, furniture and fittings					
ICT Equipment					
Machinery and Equipment					
Biological assets					
Infrastructure Assets- Roads, Rails					
Heritage and cultural assets					
Intangible assets					
Work in Progress					
<b>Total</b>					

**NB:** The information required in this section is limited due to the disclosure requirement thresholds, in line with the nature of security operations.

**NATIONAL INTELLIGENCE SERVICE**

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

**Appendix IV: Transfers from Other Government Entities**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
						Deferred Income	Receivables	Others - must be specific	

**NB:** The information required in this section is limited due to the disclosure requirement thresholds, in line with the nature of security operations.

**Appendix V: Reporting of Climate Relevant Expenditures**

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

**Appendix VI: Disaster Expenditure Reporting Template**

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

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

---

**Appendix VII - OTHER REPORTS**

The following financial Reports are attached as appendices to these financial statements.

- i. Board of Survey
- ii. FO30 (Bank reconciliations) for all bank accounts
- iii. Register of bank accounts
- iv. Cash book extract
- v. Confirmation of Inter-Agency transfers