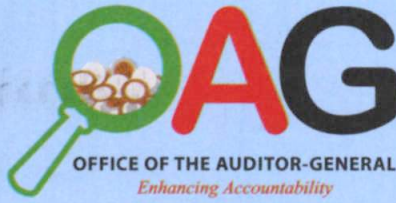


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REPORT

OF

THE AUDITOR-GENERAL

ON

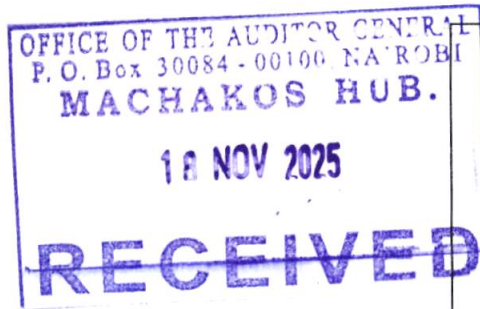
COUNTY ASSEMBLY OF MAKUENI

FOR THE YEAR ENDED
30 JUNE, 2025

PAPERS LAID	
DATE	19/08/2026
TABLED BY	LENA OLEKIM
COMMITTEE	
CLERK AT THE TABLE	ABDIRAHMAN



Revised on 30th June 2025



MAKUENI COUNTY ASSEMBLY

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

Transitional Financial Statements under International Public Sector Accounting Standards (IPSAS)

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

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Makueni County Assembly
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1. Acronyms, Abbreviations and Definition of Key Terms

A. Acronyms and Abbreviations

<i>AIE</i>	<i>Authority to Incur Expenditure</i>
<i>CA</i>	<i>County Assembly</i>
<i>CARA</i>	<i>County Allocation of Revenue Act</i>
<i>CBK</i>	<i>Central Bank of Kenya</i>
<i>CRA</i>	<i>Commission on Revenue Allocation</i>
<i>CRF</i>	<i>County Revenue Fund</i>
<i>CT</i>	<i>County Treasury</i>
<i>IPSAS</i>	<i>International Public Sector Accounting Standards</i>
<i>MCA</i>	<i>Member of County Assembly</i>
<i>OAG</i>	<i>Office of the Auditor General</i>
<i>OCOB</i>	<i>Office of the Controller of Budget</i>
<i>PFM</i>	<i>Public Finance Management</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>NT</i>	<i>National Treasury</i>
<i>Kshs</i>	<i>Kenya Shillings</i>
<i>FY</i>	<i>Financial Year</i>
<i>Hon.</i>	<i>Honorable</i>
<i>DCA</i>	<i>Deputy clerk, Administration</i>
<i>DCLP</i>	<i>Deputy Clerk legislative and procedures</i>

B. Definition of Key Terms

Example

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

2. Key Entity Information and Management

(a) Background information

The County Assembly is constituted as per article 177 of the Constitution of Kenya 2010. It is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes 48 Members of County Assembly (MCAs). Makueni county assembly has 30 elected MCAs and 18 Nominated MCAs which represent members of the public from their respective wards. The MCAs are responsible for making laws for effective performance of the County Government, approving plans and policies, and playing the oversight role over the County Executive

(b) Key Management Team

The Makueni County Assembly day-to-day management is under the following key organs:

No.	Designation	Name
1.	Speaker of the County Assembly	Hon. Douglas Mbila
2.	Clerk of the County Assembly	Mr. Kevin Mutuku
3.	Deputy Clerks	Mr. Faustine Mutuku-DCA Mr. Robert Musyoka- DCLSP
4.	Directors	Mr. Francis Nzyoka-Finance Miss Esther Musau-Legislative and procedures
5.	Head of Departments	Mr. Abraham Anyegah-Procurement Miss Monica Munene-Payroll Dr Susan Kiilu-Human resource Miss Diana Mutheu-Hansard Mr. Tomas Ndambuki-Legislative and procedures Miss. Muteti Rose -Committee services Miss Mathuku Catherine-Accounts Mr Kilonzo Nathan-Audit Mr Joseph Nzioki-Sergeant at Arms Mr. Lewis Nzuki-ICT Mr. Griffins Mutevu-Budget Mr. Julius Nzumbi-Administration

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

(c) Fiduciary Management

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

No.	Designation	
1.	Accounting Officer- Clerk	-Mr. Kevin Mutua Mutuku
2.	Director of Financial services	-Mr. Nzyoka Fraucis Maitha
3.	Assistant Director, Supply chain	-Mr. Anyegah Abraham Nyakondo
4.	Assistant Director, Accounts	-Mathuku Catherine Nthemba

d) Fiduciary Oversight Arrangements

- *Makueni County Assembly performed its mandate in legislation and oversight arrangements to the County executive through assembly business and different committees like approval of the annual and supplementary budgets and appropriation bills. The finance and audit committees did review and recommendations of the Auditor General reports on the financial statements.*
- *The County Assembly committees did various oversight and public participation exercises throughout the year*
- *The Assembly service board ensured that the committee on public accounts recommendations were adhered to*
- *The office of the controller of budget ensured that the county assembly followed and strictly adhered to the budget*

e) County Assembly Headquarters

Makueni County Assembly buildings,
Off Wote – Makindu road,
P.O. Box 572 – 90300,
Wote, Makueni, **KENYA**

f) Assembly Contacts

Telephone: 0741843579/ 0731663505/ 020 2393005
E-mail: info@makuenicountyassembly.go.ke
Website: www.makueniassembly.go.ke

g) County Assembly Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
NAIROBI, KENYA
2. Other Commercial Banks
Co-operative Bank of Kenya
P.O Box 537-90300
Wote Branch.

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

h) Independent Auditor.

Auditor-General
Office of The Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
NAIROBI, KENYA

i) Principal Legal Adviser

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

j) County Attorney.

Makueni County Government
P.O Box 78-90300
Office of the Governor Building
Wete Makueni, Kenya

3 Governance Statement

a. Background and roles


The County Assembly is constituted by the MCAs of Makueni county government. It is headed by the Speaker who is elected by the MCAs. The speaker is also the chairperson of the county assembly service board while the county assembly clerk is the secretary. Section 10 (4) of the County Governments Act 2012 provides that a county assembly shall observe the following order of precedence.




- a) The speaker of the county assembly.
- b) The leader of the majority party; and
- c) The leader of the minority party.

The Roles of the county assembly are outlined in Section 8 of the County Governments Act 2012, and they include:

- i. Vet and approve nominees for appointment to county public office as may be provided for in this Act or any other law.
- ii. Perform the roles set out under Article 185 of the Constitution.
- iii. Approve the budget and expenditure of the county government in accordance with Article 207 of the Constitution, and the legislation contemplated in Article 220(2) of the Constitution, guided by Articles 201 and 203 of the Constitution.
- iv. Approve the borrowing by the county government in accordance with Article 212 of the Constitution.
- v. Approve county development planning; and
- vi. Perform any other role as may be set out under the Constitution or legislation.

b. Profiles

Name	Details of qualifications and experience
1. Hon. Douglas Mbilu 	Speaker County Assembly/ Chair County Assembly Service Board. Over 8 Years experience with the County Government of Makueni served as Executive Committee Member for water served as the and chief of staff for Makueni county government Serving his second term as the Speaker of the County Assembly Holds a degree certificate from a recognised university in Kenya

Name	Details of qualifications and experience
<p>1. HON KISUNGI WA KATETE</p> 	<p>MAJORITY LEADER</p> <p>Over 6 years working with the county government. Serving his second term as a member of the county assembly.</p> <p>He previously worked with the national government in charge of water for Makueni district</p> <p>Holds a degree certificate from a recognised university in Kenya</p> <p>He holds a masters degree certificate from the university of Nairobi</p>
<p>2. HON JADES KALUNDA</p> 	<p>MINORITY LEADER</p> <p>Over 6 years working with the county government. Serving his second term as a member of the county assembly.</p> <p>He previously worked in the private sector</p> <p>Holds a degree certificate from a recognised university in Kenya</p>
<p>3. MR. KEVIN MUTUKU</p> 	<p>Clerk of the county assembly</p> <p>One time member of the county assembly</p> <p>The clerk of the county assembly</p> <p>He has over five years' experience working as the clerk of the county assembly</p> <p>Holds a degree certificate from a recognised university in Kenya</p> <p>Holds a senior management course certificate from the Kenya school of government</p>

c. Sectoral Committees

The mandate of Sectoral Committees is in respect to the subject matter assigned by the Standing Orders and is exercised within the limits contemplated under Part 2 of the Fourth Schedule to the Constitution.

The County Assembly has the following Select and Sectoral committees:

- i. Committee of Powers and Privileges
- ii. Committee on health
- iii. Public Accounts/Investment Committee
- iv. Budget and Appropriations Committee
- v. Finance committee

d. Select Committees

Select committees are generally responsible for overseeing the work of county departments and agencies.

i. Committee of Powers and Privileges

There is established committee known as the Committee of Powers and Privileges consisting of the Speaker, who shall be the chairperson of the Committee; and such other members of the county assembly as may be provided in the Standing Orders of the county assembly. The functions of the Committee of Powers and Privileges shall be to inquire into the conduct of a member whose conduct is alleged to constitute a breach of privileges accorded to the county assembly members by any legislation or standing orders and perform such other functions as may be specified by enabling legislation. The committee held 8 meetings in FY 2024/25. The committee members during FY 2024/25 were:

Member	Designation	Ward
Hon Douglas Mbilu	Chairperson	
Hon. Reuben Musau Kavai	V/Chairperson	Kasikeu
Hon. Steve Nzivo Kilonzo	Member	Makindu
Hon. Mercy Ndinda Mutuku	Member	Special elect
Hon. Jackline Muthini Kamula	Member	Special elect
Hon. Jackson Ndolo Kimunyi	Member	Ukia
Hon. Joseph Mbindyo Matheka	Member	Kilungu
Hon. Muthiani Mwangangi	Member	Nguumo
Hon. Magdalene Nduku Muiwa	Member	Special elect

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

ii. **Public Accounts/Investment Committee**

The committee was formed to provide oversight on the County's finances. The committee held quarterly mandatory meetings during the year. Additionally, it also held 4 extra sittings to deal with arising matters. The members who served in the committee during the year were:

Members	Designation	Ward
Hon. Jonathan Kimongo Mutunda	Chairperson	Mavindini
Hon. Cosmas Mutunga Kaleli	V/Chairperson	Emali
Hon. Benard Mutua Tivu	Member	Mbitini
Hon. Elizabeth Muthike Muli	Member	Special Elect
Hon. Elizabeth Mutindi Kio	Member	Special Elect
Hon. Erick Masuyoki Katumo	Member	Thange
Hon. Urbanus Yulu Manzu	Member	kee
Hon. Mercy Ndinda Matuku	Member	Special Elect
Hon. Muthiani Mwangangi	Member	Nguamo

iii. Budget and Appropriations Committee

The budget and appropriations committee provides guidance in the budgetary process. It is charged with the budget making process and ensuring that there is public participation in the budget process. The members who served in the committee during the period were:

Member	Designation	Ward
Hon. Dennis Mutinda Musyoka	Chairperson	Kako/waia
Hon. Harrison Mwanzia Mutie	V/Chairperson	Ivingo/Nzambani
Hon. Joyce Mwendu Wambua	Member	Special Elect
Hon. Kisungi wa katete	Member	Kithungo kitundu
Hon. Fiametta Mwikali Ndunda	Member	Special Elect
Hon. Francis Munyao Mutuku	Member	Kilili Kaiamba
Hon. Jackson Muema Mbalu	Member	Kikumbulya North
Hon. Joseph Muthini Muema	Member	Mukaa
Hon. Martina Ngusye Kimilu	Member	Special Elect

iv. Finance and social economic Committee

The Committee deals with all matters related to public service policy formulation and implementation; public finance; county public funds/ debt, county development/ integrated/ sectoral and spatial plans; county statistics; liquor and trade licensing, county revenue, emergency fund, County assets, public private partnership & grants, risk management, control of, and accounting for the finances of the county government county audit, procurement and asset disposal, social- economic planning, financial management and its Entities

Member	Designation	Ward
Hon. Kennedy Benedict Maneno	Chairperson	Kathonzweni
Hon. Daniel Kivuva Musau	V/Chairperson	Nguu/ Masumba
Janiffer Kamanthe Mwanthi	Member	Special Elect
Hon. Sharon Mueni Mutinda	Member	Special Elect
Hon. Cosmas Mutunga Kaleli	Member	Emali
Hon. Francis Mwanja Mulwa	Member	Mtito Andei

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

Hon. Harrison Mwanzia Mutie	Member	Ivingo/ Nzambani
Hon. Justus Muema Mwanzia	Member	Kiima Kiu
Hon. Mercy Ndinda Mutuku	Member	Special Elect

e. Communication with all Stakeholders

The County is committed to ensuring that all its stakeholders are provided with full and timely information about its programmes and performance. They are also given an opportunity to give feedback. In this regard, the County held an Annual consultative meeting in County Assembly where the different stakeholders were invited for information sharing. This communication is important in ensuring that stakeholder expectations are aligned to the County's service delivery charter.

The County Assembly also subjected 3 bills through public participation

Number	Bill Description	Date passed
1	The Makueni county Trade and public Market bill	18 Aug 2024
2	The Makueni Finance Bill	18 Aug 2024
3	The trade bill	23 Aug 2024

f. Risk management

Effective arrangements for risk management and internal control

- The assembly has ensured that all its payments are done through the IFMIS system
- The assembly has suggestion boxes for reporting any corruption related cases.
- All the tenders for the assembly projects are awarded through open tender process
- The assembly has a fully functional internal audit department

Formal processes to identify and assess risk:

- The assembly has a risk management policy which is operational
- All the assembly financial reports are audited quarterly by the internal audit department and annually by the office of auditor general
- The assembly has a public accounts committee which examines the implantation of the audit report recommendation of the audited financial reports

Formal processes to identify and assess changes in the internal and external environments which could give rise to risks.

- The Assembly keeps a keen eye on the rise of political temperatures within the Assembly

- The Committees of Public Accounts maintains a regular check on the recommendations done by the office of auditor general on the financial statements of the county assembly.
- The office of the controller of budget (OCOB) provides the required guidelines in the budget execution, processed and approved funds requisitions and provided oversights in the budget implementation.

Risks identified and analysed in the period and how they were managed

Risk identified	How it was managed
Corruption	<ul style="list-style-type: none"> - The assembly has embraced open tender for all its procurement - The assembly has installed suggestion boxes at strategic corners to get suggestions on any corruption related case.
Risk of fire outbreak	<ul style="list-style-type: none"> - The Assembly has installed fire extinguishers at every building in the assembly to help mitigate that risk
Political interference	<ul style="list-style-type: none"> - The Assembly works in collaboration with the relevant national government authorities to keep the politicians at check
Lack of Training Budget	<ul style="list-style-type: none"> - More budget was added for training
Fights in the chamber	<ul style="list-style-type: none"> - More security staff have been deployed - Reinforcement by the administration police
Breach of confidentiality and system use	<ul style="list-style-type: none"> - Introduction of the cloud storage
Potential breakdown of ICT infrastructure (servers, network equipment, etc.),	<ul style="list-style-type: none"> - Introduction of more powerful machines
Media Relations Crisis	Media engagement plan Providing media training for spokespersons, monitoring media coverage regularly

g. Compliance

Makueni County Assembly is governed by the rule of law and uses the following

- The constitution of Kenya 2010
- The public finance and management act
- Asset and disposal act

Makueni County Assembly prepares its financial reports pursuant to the public finance management act. The reports are audited and discussed at the public accounts committee. All the recommendations from the committee are well complied to.

laws	outcome

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

• The constitution of Kenya 2010	The assembly legislates on the county matters	bills
• The public finance and management act	The assembly prepares all the reports as required by PFM act	Annual reports Quarterly reports
• Asset and disposal act	The assembly manages its assets according to the assets and disposal act	Assets management reports
• The PPRA		

4 Foreword by Clerk of the County Assembly

The County Assembly of Makueni is one of the forty-seven (47) County Assemblies in Kenya established under Article 176 (1) of the Constitution of Kenya 2010. As contemplated by Article 177, the Assembly consists of 30 members elected by registered voters of the Wards on the same day as a general election of Members of Parliament, each Ward constituting a single member constituency. The Assembly further consists of 18 special seat members to ensure that 2/3 gender, marginalised and people living with disability are represented as envisaged in the constitution of Kenya 2010. However during the year ended 30 June 2025

County Assembly of Makueni approved FY 2024/2025 budget was Ksh. 837,740,866 which comprised of Kshs.816,395,851 and Kshs. 21,345,015 for Recurrent and Development activities respectively.

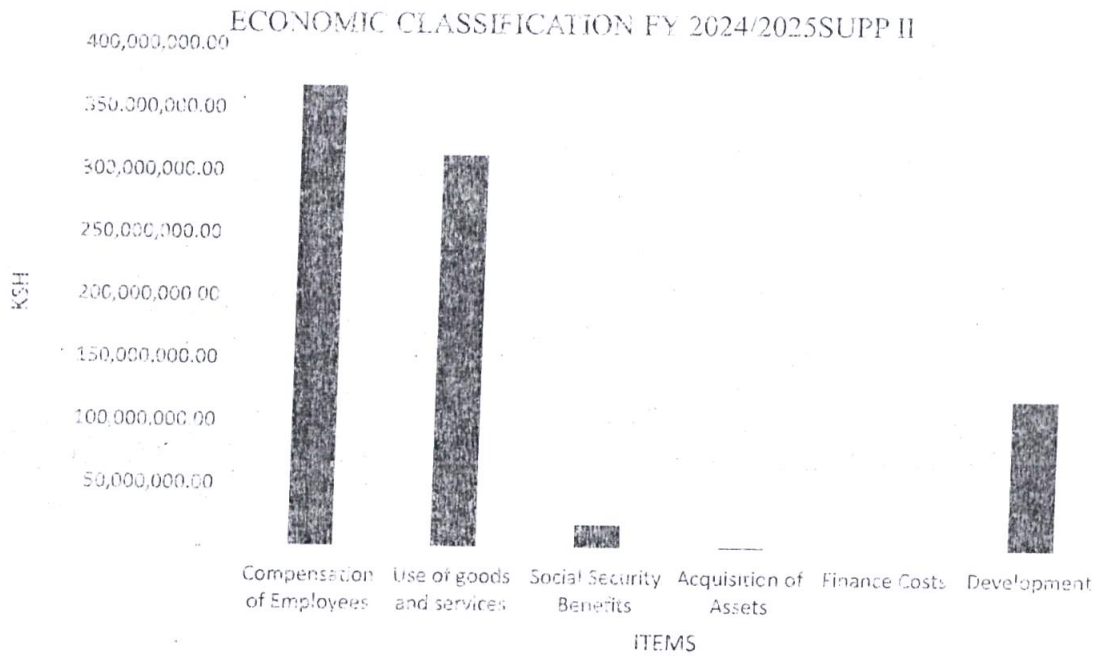
As at 30th June 2025, the County Assembly of Makueni had received Ksh. 835,333,583 from the County Revenue Fund against its approved budget of Ksh. 837,740,866 hence a budgetary limitation.

Major plans which had been accomplished as at 30 June 2025 include installation of solar system at the Assembly, refurbishing honourable speakers' residence, drilling and installation of borehole in the assembly, finishing and furnishing the waiting bay and installing new CCTVs in the assembly. commissioning of the strategic plan, formulation and establishment of all key policies and procedure manuals, formulate a robust risk management framework, institutionalizing performance management, and staff capacity building.

(i) Budget performance

The budget in operation as at 30th June 2025 was FY 2024/2025 Supplementary budget II, which was approved on 28th June 2024. The total budget was Ksh.837,740,866. which comprised of Ksh. 816,395,851 for Recurrent and Ksh. 21,345,015 for Development. The recurrent Budget was comprised of Kshs.426,381,722 for Compensation to employees, Ksh 390,014,128 which was for use of goods, social security benefits and finance costs

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



Budget absorption rate

Further analysis of the budget performance indicated that compensation to employees had 99.6% absorption rate, Use of Goods and Services had 99% absorption rate and development had 88.3 % absorption rate. The total budget absorption rate was 99.40%.

TABLE 1: BUDGET ABSORPTION RATE

No.	Classification	Approved Budget (Ksh.)	Budget expenditure (Ksh.)	Budget absorption rate %
1	compensation to employees	426,381,722	426,381,673	99%
2	Use of Goods and Services	390,014,128	387,067,685	99%
5	Development	21,345,015	18,858,224	88%
	Total	837,740,866	832,307,582	99%

(ii) Operational Performance

A) The Laws and policies passed during the year

NO.	LEGISLATION	DATE APPROVED	EXPECTED IMPACT
1.	The Makueni County Supplementary Appropriation Bill, 2024	21 December, 2024	To authorize the revision of a sum of money out of the County Revenue Fund and its application towards the service for the year ending on the 30 th June, 2025, and to appropriate that sum and a sum voted on account by the County Assembly for certain public services and purposes.
2.	The Makueni County Trade and public Market Bill, 2024	6 th September, 2024	a) To put in place the framework and mechanisms for mobilization and facilitation of the county government, communities and other stakeholders to respond effectively.
3.	The Makueni County Finance Bill, 2024	17 October, 2024	To provide for the imposition of fees, charges, licenses, rents or rates for services pursuant to Article 209 and 210 of the Constitution of Kenya, 2010.
4.	The Makueni county Supplementary Appropriation Bill, 2024	17 th October, 2024	To authorize the revision of a sum of money out of the County Revenue Fund and its application towards the service for the year ending on the 30 th June, 2025, and to appropriate that sum and a sum voted on account by the County Assembly for certain public services and purposes.
5	The Makueni county Supplementary 2 Appropriation Bill, 2024	10 February 2025	To authorize the revision of a sum of money out of the County Revenue Fund and its application towards the service for the year ending on the 30 th June, 2025, and to appropriate that sum and a sum voted on account by the County Assembly for certain public services and purposes
6.	The Makueni county Appropriation Bill, 2024	21, Nov 2024	To authorize the issue of a sum of money out of the County Revenue Fund and its application towards the service for the year ending on the 30 th June, 2025, and to appropriate that sum and a sum voted on account by the County Assembly for certain public services and purposes.

b) BUDGET APPROVAL PROCESS – Main Budget

The County Assembly's Financial Year 2024/25 budget estimates and the supplementary budgets for the FY 2024/2025 were approved pursuant to the provisions of Sections (130) & (131) and Section (135) of the Public Finance Management Act, 2012 respectively as read together with the County Assembly Standing Order No. (237)

The Makueni county Assembly budget estimates for the financial year 2024/25 were approved on 28 June 2024 Tabulated below is a chronological procedure used to approve the FY 2024/2025 Supplementary Budgets and the FY 2024/2025 Budget Estimates

2024/25 SUPPLEMENTARY BUDGET I AND APPROPRIATION BILL 2024			
Paper Laid	Public Participation	Reporting	Appropriation Bill
-Supplementary Budget Laid by the Majority Leader on 4 November, 2024 -Committed to the Sectoral Committees to report to the Budget Committee within 21 days	Public Participation conducted between 7 and 8 November, 2024	Report of the Budget Committee tabled on 11 November, 2024 and approved. All legislative procedures were adhered to.	-1 st Reading Done on 12 November, 2023 and committed to the Budget Committee -Waiving Publication period done on 13/11/2024 -Reporting Done -2 nd reading done on 18/11/2024 -Committee of the Whole done on 19/11/2024 -3 rd Reading Done on 20/11/2024 -Vellum copy forwarded to the Governor for Assent

2024 SUPPLEMENTARY BUDGET II AND APPROPRIATION BILL 2025			
Paper Laid	Public Participation	Reporting	Appropriation Bill
-Supplementary Budget Laid by the Majority Leader on 19 th March, 2025. - Committed to the Sectoral Committees to report to the Budget Committee within 21 days.	Public Participation conducted between 20 th and 21 March, 2025	Report of the Budget Committee tabled on 24 th March, 2025 and approved. All legislative procedures were adhered to.	-1 st Reading Done on 25 th March, 2025 and committed to the Budget Committee -Waiving Publication period done on 25/03/2025 -Reporting Done -2 nd reading done on 25/03/2025 -Committee of the Whole done on 26/03/2025 -3 rd Reading Done on 31/03/2025 -Vellum copy forwarded to the Governor for Assent

C)The Committees of the Assembly

Committees in the Assembly are smaller units or groups of Members of the County Assembly that allow the Assembly to perform several functions simultaneously, and provides the opportunity for more detailed investigation and discussions before findings and outcomes of these Committee meetings are presented as Committee Reports to the broader group for debate and adoption.

- i. Oversight on the Executive
- ii. Initiating legislative proposals
- iii. Scrutiny of legislative proposals and Bills
- iv. Conducting investigations and reporting to the plenary for action
- v. Reviewing and approving the budget and expenditure
- vi. Auditing accounts of government and public agencies
- vii. Housekeeping, including orderly management of the business of the House
- viii. Investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned departments
- ix. To vet and report on appointments where the Constitution or any law requires the Assembly to approve

There are six types of Committees in the County Assembly of Makueni.

These include;

- i. Committee of the whole House
- ii. Housekeeping Committees
- iii. Investigatory/watchdog Committees;
- iv. Other Select Committees
- v. Sectoral/departmental committees

Ad hoc committee

D) Highlight on Committee Services successes over period under review

Committees are one of the greatest resources of the Assembly and conduct a wide-range of inquiries into policy issues and Government decisions. During the Sittings of Select Committees during the period committees undertook the following;

- i) Members of the County Assembly processed evidence from County Government Executive Committee Members, experts, relevant stake holders, the public and the relevant organizations. (168 reports)
- ii) Members of the County Assembly scrutinized the work of individual Government Departments; (33 - Departmental reports)
- iii) Members of the County Assembly invited and summoned witnesses during inquiries. (4 - PIAC Reports)
- iv) vetting of nominees to public office (3 - Reports)
- v) Initiation of legislation and formulation of policies. (Bill trackers)

The operations of the Committees are under the direct supervision of the Liaison Committee. Staff of the Committee Services Department provide support for Committees. The Clerk of the Assembly is the head of all Committee clerks and is assisted by the Deputy Clerk and other Clerks Assistants

The role of Committee clerks during the period under review was to:

- i. Make all administrative arrangements for meetings, public hearings, and visits;
- ii. Prepare briefing materials for the committee.
- iii. Liaise closely with Members, government departments, and other institutions, including the Auditor General, the Controller of Budget, among others, and the public to ensure the effective inquiry of matters and the timely presentation of reports to the House.
- iv. Write Committee minutes during meetings.
- v. Ensure that Committee documents are properly filed and kept
- vi. Draft Committee reports, background position papers on enquiries and briefing papers, and preparing committee documents for debate and/or adoption in the House.
- vii. Provide information, advice and executive support to Assembly committees
- viii. Provide procedural and other advice to Committee Chairs and Members. The advice covers a wide range of issues including parliamentary privileges, Committee powers and statutory interpretation.
- ix. Assist and enhance Members' roles and contributions as Committee Members and Chairs;

- x. Facilitate public sector and community awareness of, and involvement in, Committee work
- xi. Provide independent research, drafting and impartial procedural support to committees.
- xii. Administration of oath to witnesses and maintaining the list of witnesses.
- xiii. Tracking and the implementation of the decisions of the Committee.
- xiv. Consult and review with the chair on regular basis the committees programme among others

Oversight role of the County Assembly

A County Assembly, while respecting the principle of the separation of powers, may exercise oversight role over the County Executive Committee and any other county executive organ(s) pursuant to Article 185 (3) of the Constitution. The Assembly may receive and approve plans and policies for the management and exploitation of the county's resources as well as for the development and management of its infrastructure and institutions pursuant to Section (4) of the same Article. During the period under review the county assembly through the members of the county assembly conducted the following oversight activities

- i) Oversight on status of water projects across the county
- ii) Oversight on the status of the flood lights, street lights and green energy across the county
- iii) Oversight on people living with disability across the county
- iv) Oversight on water projects (borehole) across the county
- v) Oversight on gender-based violence across the county
- vi) Oversight on the health facilities across the county

(iii) Performance of key development projects

a) Key project narrative

The county assembly has been implementing projects in every financial year since the year 2014. Various key projects have been implemented for enhancing smooth and efficiency operations of the Assembly namely;

I. Construction of the new chamber.

The County Assembly new Chamber was constructed in the FY2017/2018 with the objective of creating more space for Hon. Members for plenary sittings while in Assembly sessions. This was done after the old chamber was burnt down, the objective being to Improve working environment.

II. Construction of the new office block A.

The new office block was constructed in the FY 2015/2016 with a target of creating more office space for the Hon. Members and staff to operate in in requirement of HOSHA requirements. The first phase of the building is Complete and in in use.

III. Landscaping and cabro works.

This project was implemented in the FY2018/2019 and its objective was to create more parking slots and improve physical appearance of the County Assembly.

IV. Construction of speaker's residence and staff quarters.

The main objective for constructing the Speaker's residence was to reduce the wage bill and to effect smooth operations of the Speaker and his staff in line with the advisory from the salaries and remuneration commission. The project was done in the FY 2016/2017. Increased convenience has been noted.

V. Construction of cafeteria

This project was initiated in the FY2015/2016 with objective of improving county assembly operations in terms of hospitality. The facility became operational in the FY2021/2022. Since then, staff and Hon. Members have had ease in having meals close to the office hence no time wastage. This has also reduced the Exposure of Members to COVID-19 Pandemic

VI. Construction of prefabs block

The main reason for this project which was done in the FY 2014/2015 was to create temporal space as the Assembly waited for construction and furnishing of the new office block. Even though its purpose was temporal but today it is still in use thus no wastage of resources

VII. Construction of elevated steel water tank

The project was done in the FY2020/2021. Its purpose is to curb water shortages in the Assembly. It is operational and in good condition

VIII. Construction of Waiting Bay

This project was initiated in the FY 2020/2021 to create space for visitors and committee meetings. Construction is complete awaiting equipping and commissioning for use.

IX. Installation of Hansard systems

The project was done in the FY2020/2021. The main objective for the hansard system was to improve hansard production regarding committee and plenary sittings in the Assembly. It was also meant to improve effective proceedings during plenary and committee sittings.

X. Construction of new office block B

Phase one of the project was budgeted in the FY 2020/2021. The construction of new office block B was initiated to create more working space for the staff members. This was completed but more funding is needed for finishing and furnishing.

XI. Furnishing the waiting bay

The project was done in the FY 2022/2023. The waiting bay was built in the year 2020, the furnishing of the waiting bay was initiated to create more space for visitors visiting the county assembly.

XII. Installation of new CCTVS

The project was done in the FY 2022/23. This project was initiated to enhance security in the county assembly precincts.

XIII. Drilling of borehole

This project was done in the financial year 2022/23 in the assembly compound and the major aim was to provide sufficient water in the assembly following frequent water rationing from the water company.

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

Key development projects included in financial year 2024/25 procurement plan

a) Finishing and equipping the new office block

Equipping and finishing of the new office block is was a project for the financial year 2024/25. Once the project is complete, it will provide a conducive environment for the staff of makueni county assembly to work from

b) Installation of solar panels within the Assembly

Installation of solar panels was a project in the procurement plan for the financial year 2024/2025. The project was almost complete by the close of the year 30 June 2025. Once complete, the assembly will cut down on the expenses incurred in paying for power with the kenya power limited company and also embrace a green energy.

Efforts to ensure responsible competition

Makueni County Assembly gives equal chances to all the suppliers across the country to participate in tendering of its supply of goods and services.

Some of the notable efforts done by the assembly to ensure responsible competition included the following

- The Makueni county Assembly uses open tender or request for quotations in procuring their services and goods thus making the process to be free and participatory by all citizens
- Introduction of the E-procurement system in procurement process starting with evaluation to award of tenders using the IFMIS system.
- The formation of a Corruption Committee and training of the same by EACC officers on the mandate which will help in corruption prevention in the Assembly operations.
- -Continued registration of suppliers during the Financial Year and quotations given on rotational basis.
- Tenders are advertised online for transparency
- Payment of suppliers are done on a FIFO basis.

(iv) Comment on value-for-money achievements

The County assembly absorption of the recurrent budget by 99% and Development budget by 85% as at the end of the year and through this facilitated the general function of the Assembly in achieving its mandate.

The County Assembly during the FY approved policies, which directly improved the welfare citizens of the County.

Makueni county assembly engaged in football tournaments and ligi mashinani with the locals

(v) Challenges and recommended way forward

Delay in funds disbursements from the National Government, which led to the Assemblies Operations being paralysed affecting its oversight role.

Makueni County Assembly

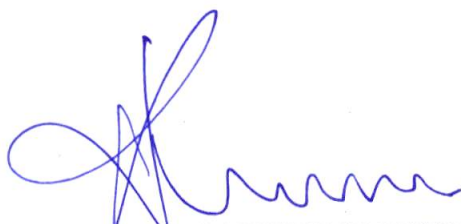
Annual Report and Financial Statements for the year ended June 30, 2025.

-Lack of County Assembly autonomy in fiscal management in of its resources. The long process by the Assembly to access funds through the County Treasury by the Controller of Budget affected operations of the Assembly.

.Political interference affecting operations this need to be addressed by separating the two arms of the Government for the Assembly to perform better oversight roles.

-Lack of resources. This has led to lack of trainings and promotion of staff due to budget ceilings.

-Staffing challenge due to CRA ceilings. The ceilings for the Assembly of 100 staff need to be addressed and increased to align the number with the Staff establishment and organizational structure.



.....
Name: Kevin Mutuku

Clerk of the County Assembly

28th Oct 2025

5 Statement of Performance against Predetermined Objectives

Section 164 (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 each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives

Strategic development objectives

The key mandate of the County Assembly of Makueni is legislation, oversight, and representation. To achieve this, the Assembly's program was documented in terms of objective, key performance indicators, and output. Below is the performance of the Assembly in FY 2024/25.

Program	Objective	Indicator	Target	Performance	Remarks
Legislation, oversight and representation	To pass 7 Bills into Acts of the County Assembly	Improved service delivery to citizens	No of bills passed in the County Assembly	In FY 2024/25 number of bills were passed 7	Enhanced professional development of MCAs – Provide ongoing professional development of MCAs
	To enhance professional development of MCAs – Review standing orders	Review standing orders	% Increase in efficient Assembly operation	8 standing orders were reviewed	Enhanced professional development of MCAs – Review standing orders
Program 2	Having a professional development of MCAs and Provide ongoing professional development of MCAs	Increased ability of MCA in legislation	% Increase in efficient Assembly operation	4bills passed in the County Assembly	MCA were trained on capacity building

6 Environmental and Sustainability Reporting

Makueni county assembly exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on three pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

a) Sustainability strategy and profile

The county Assembly promotes sustainable development through environmental and social governance reforms that are founded on integrity transparency and accountability. To achieve Corporate Social Responsibility (CSR) this goal and shape, the Assembly Accounting Officer incentives in the intended direction requires substantial investments in the enforcement infrastructure and in human expertise which are in place in the Assembly.

b) Environmental performance

The Makueni County Environment and Climate Change Policy which was approved on 6th April, 2022. Provides for a legal framework to facilitate a coordinated, coherent and effective response to the local, national and global challenges and opportunities presented by climate change. An overarching mainstreaming approach has been adopted to ensure the integration of climate change considerations into development planning, budgeting and implementation in all sectors and at all levels of government. This Policy therefore aims to enhance adaptive capacity and build resilience to climate variability and change, while promoting a low carbon development pathway

c) Employee welfare

Makueni county assembly is an equal employer which considers gender ratio while hiring. The institution has been approved and adopted the HR policy; Gender policy 2020 has also been adopted

d) Marketplace practices-

a) Responsible Supply chain and supplier relations-

Makueni County Assembly strictly adheres to the laid down procedures of procurement strictly using the IFMIS. The Assembly pays their contractors in time.

b) Responsible ethical practices-

Makueni county assembly adheres to Non-discriminatory treatment. This is done by ensuring inclusion and equitable treatment of all stakeholders (including employees and the suppliers of goods and services to the institution regardless of factors such as age, race, or sexual orientation

Makueni County Assembly
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e) -Stewardship of goods and services

Makueni County Assembly has ensured environmental stewardship by reducing pollution and emissions in the compounds and also the institution is in the process of installing solar systems. Also, Makueni county assembly responsible planning, management, and use of resources with the aim of ensuring their sustainability.

F) -Community Engagements

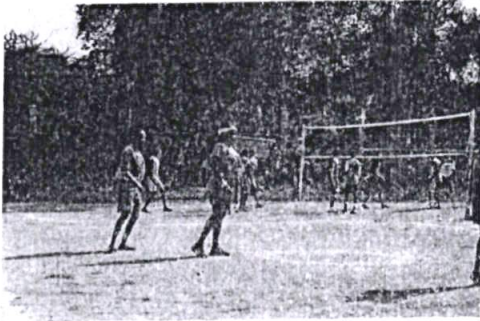
Makueni county assembly staff engages in charitable events and welfare. During the Financial year 2024/25, the Institution participated in the following events:

- *Ligi Mashinani*

The Makueni county Assembly Volleyball team engaged teams from the county in competition and awareness on what the Assembly does on oversight activities done by the Institution



Makueni County Assembly
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- *Sports day*

The institution organised a sports day which involved various players from other institutions in the Assembly grounds. This helped in team building among the staff and Hon Members



Makueni County Assembly

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

7 Management Discussion and Analysis

(Makueni County Assembly investment decisions implemented in the financial year 2024/2025)

Some of the investment decisions implemented included

- Building the Assembly County assembly office block phase two
- Installation of the solar system

Report on the operational and financial performance for the last 3- 5 years

- Construction of the new chamber which was done in the financial year 2017/2018
- Land scapping and cabro works which was done in the financial year 2018/2019
- Construction of speakers residence and staff quarters which was done in the financial year 2016/2017

Makueni County Assembly Compliance with statutory requirements

Makueni county assembly adheres to all the statutory requirements

Major risks facing Makueni County Assembly

Some of the major risks facing the assembly include

- Corruption
- Political interference

Risk identified	How it was managed
Corruption	<ul style="list-style-type: none">- The assembly has embraced open tender for all its procurement- The assembly has installed suggestion boxes at strategic corners to get suggestions on any corruption related case.
Risk of fire outbreak	<ul style="list-style-type: none">- The Assembly has installed fire extinguishers at every building in the assembly to help mitigate that risk
Political interference	<ul style="list-style-type: none">- The Assembly works in collaboration with the relevant national government authorities to keep the politicians at check
Lack of Training Budget	<ul style="list-style-type: none">- More budget was added for training
Fights in the chamber	<ul style="list-style-type: none">- More security staff have been deployed- Reinforcement by the administration police
Breach of confidentiality and system use	<ul style="list-style-type: none">- Introduction of the cloud storage
Potential breakdown of ICT infrastructure (servers, network equipment, etc.),	<ul style="list-style-type: none">- Introduction of more powerful machines
Media Relations Crisis	Media engagement plan Providing media training for spokespersons, monitoring media coverage regularly

8 Statement of Management Responsibilities

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

The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly financial statements, which give a true and fair view of the state of affairs of the County Assembly for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the county Executive/assembly; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the county Executive; (v) Selecting and applying appropriate accounting policies; and (iv) Making accounting estimates that are reasonable in the circumstances.

The Clerk accepts responsibility for the County Assembly's financial statements, which are transitional financial statements prepared using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that the County Assembly financial statements give a true and fair view of the state of the County Assembly's transactions during the financial year ended June 30, 2025, and of its financial position as at that date.

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

The Clerk confirms that the County Assembly has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Assembly funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

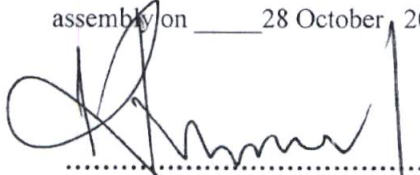
Further the Clerk confirms that the County Assembly's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Makueni County Assembly

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

Approval of the financial statements

The Makueni County Assembly financial statements were approved and signed by the Clerk of the county assembly on ____ 28 October, 2025.


.....
Kevin Mutuku
Clerk of County Assembly

28/10/2025

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF MAKUENI FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

Qualified Opinion

I have audited the accompanying transitional International Public Sector Accounting Standards (IPSAS) financial statements of County Assembly of Makueni set out on pages 1 to 59, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the transitional International Public Sector Accounting Standards (IPSAS) financial statements present fairly, in all material respects, the financial position of County Assembly of Makueni as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis (including the transitional Provisions permitted under IPSAS 33) and comply with the County Governments Act, 2012, the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

Basis for Qualified Opinion

Misclassification in Use of Goods and Services

The statement of financial performance and as disclosed in Note 10 to the financial statements reflect use of goods and services totalling Kshs.413,695,856. Included in the expenditure is Kshs.33,040,734 relating to hospitality, supplies and services. However, review of supporting documents including payment vouchers revealed that the expenditure included Kshs.4,785,096 which was wrongly charged to hospitality instead of training expenses.

In the circumstances, the accuracy and completeness of hospitality, supplies and services totalling Kshs.33,040,734 could not be confirmed.

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

Key Audit Matters

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

Other Information

Management is responsible for the Other Information set out on pages iii to xxxii which comprise of Key Entity Information and Management, Governance Statement,

Forward by the Clerk of the County Assembly, Statement of Performance Against Predetermined Objectives, Environmental and Sustainability Reporting, Management Discussion and Analysis and the 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 Assembly 's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Observance of the Commission on Revenue Allocation (CRA) Ceilings on Ward Expenditure

The statement of financial performance and as disclosed in Notes 9 and 10 to the financial statements reflect Kshs.54,059,086 and Kshs.143,098,129 in respect to basic wages of temporary employees and other operating expenses respectively. Included in the amount is Kshs.53,549,086 and Kshs.56,298,332 totalling to Kshs.109,847,418 paid to staff at the Wards and operating and maintenance costs respectively in respect to forty-eight (48) Members of the County Assembly (MCAs). The amount is over and above the approved ceiling by the Commission on Revenue Allocation (CRA) of Kshs.118,333 per month per Ward (MCA) as per Circular No.CRA/CSO/CMG/9/VOL V/59. The payment made to the Wards during the year under review of Kshs.109,847,418 was over and above the Ward expenditure ceiling of Kshs.68,159,808 (Kshs.118,333x12x48) by Kshs.41,687,610.

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

2. Irregular Payments During Oversight and Public Participation

As previously reported, the statement of financial performance and as disclosed in Note 10 to the financial statements reflect Kshs.413,695,856 in respect of use of goods and services which include Kshs.143,098,129 for other operating expenses. Included in

other operating expenses is Kshs.31,548,700 incurred on oversight and public participation activities. Review of documents including payment vouchers revealed that Members of the County Assembly (MCAs) and the speaker of the County Assembly were paid Kshs.70,000 each for every Public Participation and Oversight activity undertaken. However, the rate is not specified by Salaries and Remuneration Commission in the Gazette Notice on Remuneration and Benefits for State Officers dated 9 August, 2022. In addition, each participating MCA was paid transport facilitation allowance of Kshs.8,000 (one way) and Kshs.16,000 (return). No document was provided for audit review to support the rates used for transport facilitation.

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

3. Irregular Subscriptions to County Assembly Forum and SOCATT

The statement of financial performance and as disclosed in Note 10 to the financial statements reflect Kshs.413,695,856 in respect to use of goods and services which includes Kshs.143,098,129 for other operating expenses. Included in the operating expenses is Kshs.6,742,220 being payment of Kshs.750,000 and Kshs.5,992,220 to Society of Clerks At-The-Table (SOCATT) and the County Assembly Forum. However, the entities are not established in law rendering the payments irregular.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance 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 and based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of the Management and those Charged with Governance

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

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

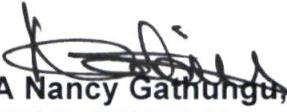
My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the

effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 December, 2025

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

Description	Notes	Period ended Jun-25 Kshs
Revenue from non-exchange transactions		
Transfers from CRF	6	837,740,866
Miscellaneous Revenue	7	-
Revenue from exchange transactions		
Other income	8	-
Total revenue		837,740,866
Expenses		
Employee costs	9	457,169,944
Use of goods and services	10	413,695,856
Transfers to other Government Entities	11	
Depreciation and amortization expense	12	
Other Grants and Subsidies	13	-
Finance costs	14	-
Social Benefits	15	56,115,288
Total expenses		926,981,088
Gain/(loss) on sale of assets	16	-
Gain/Loss on Foreign Exchange	17	-
Gain/Loss on fair value of investments	18	-
Impairment loss	19	
Surplus/Deficit for the year		(89,240,222)
Taxation	20	-
Net Surplus/Deficit		(89,240,222)

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

Name: Mr Kevin Mutuku
Clerk of The County Assembly

28/10/2025

Name: Francis Nzyoka
Director Financial Services
ICPAK M/No...13020

28/10/2025

11 Statement of Financial Position as at 30 June 2025


Description	Notes	Reported June 30, 2025	Reported Statement July 2024
		KSh	KSh
Assets			
Current Assets			
Cash and Cash equivalents	21	15,722,413	12,696,411
Receivables from Exchange Transactions	22	2,407,298	-
Receivables from Non-Exchange Transactions	23	-	-
Inventories	24	-	-
Current portion of investments	25	-	-
Total Current Assets		18,129,711	12,696,411
Non-Current Assets			
Receivables from Exchange Transactions	22(b)	-	-
Non- Current portion of investments	25	-	-
Property, Plant and Equipment	26	18,865,717	-
Total Non- Current Assets		18,865,717	-
Total Assets (A)		36,995,428	12,696,411
Liabilities			
Current Liabilities			
Trade and Other Payables	32	120,030,246	8,898,304
Refundable deposits and prepayments	33	6,109,945	8,898,304
Total Current Liabilities		126,140,191	17,796,608
Non-Current Liabilities			
Total Non- Current Liabilities		-	-
Total Liabilities (B)		126,140,191	17,796,608
Net Assets (A-B)		(89,144,762)	(5,100,197)
Represented by:			
Reserves			
Accumulated Surplus		(96,226,031)	(5,100,196)
Capital Fund		-	-
Net Assets		(96,226,031)	(5,100,196)

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



.....
Name: Kevin Mutaku
Clerk of The County
Assembly
25th Oct 2025

The financial statements set out on pages 1 to 2 were signed by:


.....
Name: Francis Nzyoka
Director financial Services
ICPAK M/No...13020.
25th Oct 2025

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

Description	Accumulated Surplus	Reserves	Capital	Total
As at 30 th June 2024 (cash basis)	(5,100,196)			(5,100,196)
Adjustments: (to recognize assets and liabilities)				-
As at July 1, 2024	(5,100,196)	-		(5,100,196)
Surplus/ deficit for the period	(89,240,222)			(89,240,215)
Returns to CRF	(1,885,613)			(1,885,613)
Additions during the period		-		-
Other changes (specify)		-		-
As at 30 June, 2025	(96,226,031)	-	-	(96,226,024)

Disclosure notes for statement of changes in net assets

Adjustments to restate opening balances from prior year

opening balances	3,798,108
adjustments to restate opening retentions Payables	(8,898,304)
	(5,100,196)

The return to CRF of Ksh 1,885,613 was done on 31.07.2024

The financial statements set out on pages 1 to 4 were signed by:

.....
Name Kevin Mutuku

Clerk of The County
Assembly

25th Oct 2025

.....
Name CPA Nzyoka Francis

Director Financial Services

ICPAK M/Nb 13020.....

25th Oct 2025

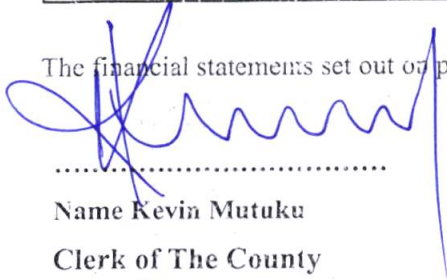
13 Statement of Cash Flows for the year ended 30 June 2025

Period ended June		
Cash flows from operating activities		
Receipts		
Transfers from CRF		835,333,568
Miscellaneous Revenue		
Other income		
Total receipts		835,333,568
Payments		
Employee costs		426,381,674
Use of goods and services		383,180,563
Transfers to other Government Entities		
Other Grants and Subsidies		
Finance costs		
Social Benefits		1,994,000
Returns to CRF		1,885,613
Total payments		813,441,850
Net cash flows from/(used in) operating activities	40	21,891,718
Cash flows from investing activities		
Purchase of PPE		(18,865,717)
Purchase Intangible assets		
Proceeds from sale of PPE		
Proceeds from sale of Biological Assets		
Purchase of investments		
Sale of investments		
Net cash flows from/(used in) investing activities		(18,865,717)

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Cash flows from financing activities		
Returns to CRF		
Proceeds from borrowings		
Adjustments		
Net cash flows from financing Activities		
Net increase/(decrease) in cash & Cash equivalents		3,026,001
Cash and cash equivalents as at Period Start	20	12,696,411
Cash and cash equivalents as at Period End	20	15,722,412

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



Name Kevin Mutuku
 Clerk of The County
 Assembly

28th Oct 2025



Name CPA Nzyoka Francis
 Director Financial Services

ICPAK M/No 13026.....
 28th Oct 2025

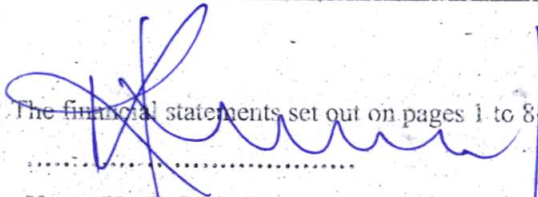
Makueni county Assembly
Annual Report and Financial Statements for the year ended June 30, 2025


Acquisition of PPE	21,345,015		21,345,015	18,865,717	2,479,298	88
Acquisition of Intangible assets		-	-	-	-	
Purchase of investments		-	-	-	-	
Repayment of borrowings		-	-	-	-	
Total expenses Development	21,345,015	-	21,345,015	18,865,717	2,479,298	88
Total Expenses	837,740,866	-	837,740,866	830,421,952	7,318,913	99
Surplus/ deficit	0	-	0	4,911,616		

Reconciliation table

Description of Particulars		Amount in KSh
	Actual Surplus Amounts as per the statement of Budget	A
1	Reason for differences	
2	Reason for differences	
3	Reason for differences	
4	Reason for differences	
	Closing Cash and Cash Equivalent as per the statement of Cash flows	

The financial statements set out on pages 1 to 8 were signed by:


 Name Kevin Mutuku
 Clerk of The County Assembly
 25th Oct 2025


 Name CPA Nzyoka Francis
 Director Financial Services
 25th Oct 2025

Makueni county Assembly

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

ICPAK M/No 13020

15 Notes to the Financial Statements

1. General Information

Makueni County Assembly is established by and derives its authority and accountability from The Constitution of Kenya 2010. The Assembly is domiciled in Kenya and its principal activities are Legislation, Oversight and representation.

2. Statement of Compliance and Basis of Preparation

Statement of compliance

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

Guiding note during the transition period:

The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS), or the entity has taken advantage of the transitional provisions under IPSAS 33 and therefore the 1st year financial statements are transitional financial statements and the following elements of the financial statements have not been recognised as the entity has taken advantage of the transition provisions outlined in IPSAS 33.

- *Inventory Recognition- The County Assembly has not recognised the inventory held at the close of the financial year 2024/25. The Assembly will undertake stock taking to recognise inventory in the second year of transition*
- *Non-Current Assets -Makueni County Assembly has recognised the assets acquired in the financial year 2024/25 in the books. Assets relating to previous period will be ascertained and revalued for recognition by 3rd year of transition.*

These financial statements were authorised for issue by the accounting officer on August 27th 2025

Basis of Preparation

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

Reporting period

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

Critical accounting judgements

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

Recognition of revenue

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

Recognition of non-exchange expenses and liabilities

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

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

Purpose and nature of financial instruments

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

Climate change obligations

Kenya's current National Determined Contribution (NDC) to deliver on the goals of the Paris Agreement sets a headline target of a 32 per cent emission reduction by 2030 relative to the business-as-usual scenario of 143 MtCO₂eq. Entities commitment to climate change action does not constitute a present obligation on the balance sheet but are disclosed separately.

Physical assets

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

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of the Assembly. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>The standard is not relevant to Makueni county assembly</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>The standard is relevant to the assembly as it will affect all the assets like motor vehicle which are due for sale</i></p>
<p>IPSAS 45- Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>The standard is relevant to Makueni county assembly since it build some property</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p>

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

Standard	Effective date and impact
	<p>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</p> <p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>Standard is not relevant to Makueni county assembly</i></p>

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

Standard	Effective date and impact
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>Standard not relevant</i></p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>Standard not relevant</i></p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>Standard is relevant</i></p>
IPSAS 50: Exploration For &	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p>

Evaluation of Mineral Resources	<ol style="list-style-type: none">i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.
	<i>Standard not relevant</i>

iii) Early adoption of standards

The Assembly did not early – adopt any new or amended standards in the financial year

Notes to the Financial Statements (Continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Entity and can be measured reliably. Recurrent grants are recognized in the statement of financial performance. Development/Capital grants are recognized in the statement of financial performance after meeting revenue recognition criteria. Conditional grants are recognized as revenue upon fulfilment of the set conditions.

ii) Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2024/25 was approved by the County Assembly on 27th 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 Assembly upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Assembly recorded additional appropriations of two on the 2024/25 budget following the governing body's approval. The Assembly budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements.

Budget information (continued)

The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial cash flows has been presented under section 13 of these financial statements.

c) Investment property

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

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration, the asset is initially measured at its fair value.

Notes to the Financial Statements (Continued)

e) **Right of use asset**

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

f) **Tangible Natural Resources**

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

Leases

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

Notes to the Financial Statements (Continued)

g) Intangible assets

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

h) Research and development costs

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

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

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

i) Financial instruments

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

Notes to the Financial Statements (Continued)

i. Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Trade and other receivables

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

Fair value through surplus or deficit

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

Impairment

The Assembly assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Note 18.

ii. Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

j) Inventories

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

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

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

k) Provisions

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

l) Contingent liabilities

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Notes to the Financial Statements (Continued)

m) Contingent assets

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

n) Nature and purpose of reserves

The Makueni county assembly does not create and maintains reserves in terms of specific requirements.

o) Changes in accounting policies and estimates

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

p) Employee benefits

Retirement benefit plans

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

q) Foreign currency transactions

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

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

Notes to the Financial Statements (Continued)

r) Borrowing costs

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

s) Related parties

Makueni county Assembly regards a related party as a person or an Entity with the ability to exert control individually or jointly, or to exercise significant influence over the *Entity*, or vice versa. Members of key management are regarded as related parties and comprise *Speaker of the county assembly and, Clerk of the county Assembly, Directors and senior managers*

t) Service concession arrangements.

The *Entity* analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Assembly* 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 *Assembly* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

u) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

Notes to the Financial Statements (Continued)

v) Comparative figures

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

w) Subsequent events

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

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Assembly based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.

Useful lives and residual value

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 33. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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Note to the Financial Statements (Continued)

6. Transfers from CRE

Total		Kshs	
Recurrent	816,395,851		816,395,851
Development	21,345,015		21,345,015
Special purpose transfers			
Total	837,740,866	-	837,740,866

7. Miscellaneous Revenue

In kind grants and donations	
Refunds & Reimbursements	
Revenues not classified anywhere else	
Total	

8. Other Incomes

Insurance recoveries	
Sale of tender documents	
Services concession income	
Other incomes not specified elsewhere	
Total other income	

Notes to the Financial Statements (Continued)

9. Employee Costs

Description	Kenya Shs
Basic salaries of permanent employees	159,460,710
Basic wages of temporary employees	54,059,086
Personal allowances – part of salary	218,388,459
Pension and other social security contributions	21,229,727
Employer contributions to compulsory national social security schemes	4,031,960
Employee costs	457,169,944

10. Use of Goods and Services

Description	Period ended June 25 Kenya Shs
Utilities, supplies and services	2,885,055
Communication, supplies and services	3,026,091
Domestic travel and subsistence	148,974,698
Foreign travel and subsistence	13,085,396
Printing, advertising, and information supplies & services	2,243,411
Rentals of produced assets	3,366,000
Training expenses	1,666,320
Hospitality supplies and services	33,040,734
Insurance costs	32,994,426
Specialized materials and services	997,500
Other operating expenses <i>including bank Charges</i>	143,098,129
bank charges	
Office and general supplies and services	3,899,107
Fuel Oil and Lubricants	5,761,925

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Routine maintenance – vehicles and other transport equipment	7,141,205
Routine maintenance – other assets	9,303,859
car reimbursement	2,212,000
Total	413,695,856

Notes to the Financial Statements (Continued)

11. Transfers to Other Government Entities

Description	30 June 2025 Kshs
Transfers to other County Government entities	
Transfers to self-reporting projects	
Transfers to car loan and mortgage schemes	
Others (specify)	
Total	

The assembly did not get any other transfers from other government entities apart from the CRF

12. Depreciation and Amortization Expense

Description	30 June 2025 Kshs
Property, plant and equipment	
Intangible assets	
Investment property carried at cost	
Total	

13. Other Grants and Subsidies

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

14. Finance Costs

Description	30 June 2025 Kshs
Interest Payments on Guaranteed Debt Taken over by Govt	
Interest on Domestic Borrowings (Non-Govt)	
Interest on Borrowings from Other Government Units	
Interest on bank overdrafts	
Interest on loans from commercial banks	
Total finance costs	

Notes to the Financial Statements (Continued)

15. Social Benefits

	Period ended 30 June 2025 Kshs
gratuity for meas	54,121,288
gratuity for CASB members	1,994,000
Transfers to the physically challenged	
Total social benefit expenses	56,115,288

16. Gain/Loss on Sale of Assets

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

17. Gain/Loss on Foreign Exchange

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

18. Gain/Loss on Fair Value Investments

	30 June 2025 Kshs
Investments at Fair Value	
Total Gain	

19. Impairment Loss

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

Notes to the Financial Statements (Continued)

20. Taxation

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

21. Cash and Cash Equivalents

Description	Period ended	Opening Statement
	Jun-25	31 July 2024
	Kshs	Kshs
Recurrent Account	1,113	460
Development Account	71,999	1,885,153
Deposits Account	15,649,301	10,810,798
Special Purpose Accounts		
Total	15,722,413	12,696,411

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

Financial Institution	Account number	Period ended	Opening Statement
		Jun-25	31 July 2024
		Kshs	Kshs
Recurrent Accounts			
CBK00001	1000199188	1,113	460
Development Accounts			
CBK00002	1000199199	71,999	1,885,153
Deposits Accounts			
CBK00003	11415339155500.00	15,649,301	10,810,798
CBK00004			
Total		15,722,413	12,696,411

Notes to the Financial Statements (Continued)

22. Receivables from Exchange Transactions

Description	30 June 2025	Opening Statement
	Kshs	1 July 2024
Total receivables		
Other exchange debtors CRF funds for development budget	2,407,298	
Less: impairment allowance		
Total receivables		
a) Current receivables		
b) Non-current receivables		
Total Receivables (a+b)	2,407,298	

i) Ageing analysis for Receivables

Description	30 June 2025		Opening Statement	
	Kshs	% of the total	Kshs	% of the total
	Current FY	% of the total	Opening Balance	% of the total
Less than 1 year	2,407,298	100		
Between 1-2 years				
Between 2-3 years				
Over 3 years				
Total (a+b)	2,407,298	100		

ii) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment Allowance	30 June 2025
	Kshs
At the beginning of the year	
Additional allowance during the year	
Recovered during the year	
Written off during the year	
At the end of the year	

Notes to the Financial Statements (Continued)

23. Receivables from Non-Exchange Transactions

Description	30 June 2025		Opening Balance	
	KSh		KSh	
Other debtors (non-exchange transactions)				
Less: impairment allowance				
Total receivables from non-exchange transactions				
Ageing Analysis- Receivables from non-exchange transactions	30 June 2025	% of the total	Opening Balance	% of the total
Less than 1 year				
Between 1-2 years				
Over 3 years				
Total				

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

Description	30 June 2025
	KSh
At the beginning of the year	
Additional provisions during the year	
Recovered during the year	
Written off during the year	
At the end of the year	

24. Inventories

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

Detailed disclosure on inventories

	30 June 2025
Opening balance	
Additional Inventory in the year	
Inventory expensed in the year	
Write-downs in the year	
Others specify	
Closing balance	

25. Investments

Description	30 June 2025	Opening Statement 1 st July 2024
	Kshs	Kshs
a) Investment in Treasury bills and bonds		
Financial institution		
CBK		
CBK		
Sub- total		
b) Investment with Financial Institutions/ Banks		
Bank		
Bank		
Sub- total		
c) Equity investments (specify)		
Equity/ shares in Entity		
Sub- total		
Grand total		
Analysed as:		
Current portion of Investment		
Non-current portion of investment		

d) Movement of Equity Investments

At the beginning of the year	
Purchase of investments in the year	
Sale of investments during the year	
Increase /(decrease) in fair value of investments	
At the end of the year	

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Notes to the Financial Statements (Continued)

e) Shareholding in other entities

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

Name of Entity Address on statement held	No. of shares			Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Hidden shareholding		
	%	%	%	Kshs	Kshs
Entity A					
Entity B					
Entity C					

Notes to the Financial Statements (Continued)

26. Property, Plant and Equipment

	Infrastructure assets	Furniture and fittings	Computers & ICT Equipment	Heritage assets	Work in progress	Service concession assets	Total
Depreciation Rate	2-20%	12.50%	33.30%	x%			
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1st July 2024							0
Additions			-		18,865,717	0	18,865,717
Disposals	0	-	-	0	0	0	0
Transfer/Adjustments	0	0	0	0	0	0	0
As At 30 Jun 2025	0	0	0	0	18,865,717	0	18,865,717
Depreciation And Impairment							
Depreciation					-	-	0
Disposals	-	-	-	0	-	-	0
Impairment	0	0	0	0	-	-	0
Transfer/Adjustment	0	0	0	0	-	-	0
As At 30 Jun 2025	0	0	0	0	0	0	0
Net Book Values							
Opening Bal as at 1st July 2024							0
As At 30, June 2025	0	0	0	0	18,865,717	0	18,865,717

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Work in progress relates to payment for construction of buildings and installation of solar system in the assembly compound which had not been completed fully as at 30 June 2025.

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Notes to the Financial Statements (Continued)

27. Intangible Assets

Description	
Cost/Opening balance at the beginning of the year	
Additions	
Disposal	
At end of the year	
Additions-internal development	
Disposal	
At end of the year	
Amortization and impairment	
At beginning of the year	
Amortization	
At end of the year	
Impairment loss	
At end of the year	
NBV	

28. Investment Property

Description	
Cost/Opening balance at the beginning of the year	
Additions	
Disposal during the year	
Depreciation	
Impairment	
At end of the year	

Notes to the Financial Statements (Continued)

29. Right-of-use assets

	2024			2025			Total
	2024	2025	2025	2024	2025	2025	KShs.
Cost							
As at 1 July 2024							
Additions							
As at June 2025							
Accumulated Depreciation							
As at 1 July 2024							
Charge for the year							
As at June 2025							
Carrying Amount							
As at June 2025							

30. Biological Assets

	2024			2025		
Specify						
Specify						
Total						

31. Tangible Natural Resources

	2024			2025		
Cost						
As at 1 July 2024						
Additions						
As at June 2025						
Accumulated Depreciation						
As at 1 July 2024						
Charge for the year						
As at June 2025						
Carrying Amount						
As at June 2025						

Notes to the Financial Statements (Continued)

32. Trade and Other Payables

Description	30 June 2025		Opening Statement 30 June 2024	
	Kshs		Kshs	
Trade payables	89,241,976		8,898,304	
Payments received in advance				
Employee payables	30,788,270			
Third-party payments				
Total trade and other payables	120,030,246			
Ageing analysis: (Trade and other payables)	30 June 2025	%	Opening balance	% of the Total
Under one year	120,030,246	100%		%
1-2 years		%	8,898,304	%
2-3 years		%		%
Over 3 years		%		%
Total (tie to above total)	120,030,246		8,898,304	

33. Refundable Deposits and Prepayments

Description	30 June 2025		Opening Statement 30 June 2024	
	Kshs		Kshs	
Customer deposits				
Prepayments				
Other deposits	6,109,945		8,898,304	
Total deposits	6,109,945		8,898,304	
Ageing analysis: (Refundable deposits)	30 June 2025	% of the Total	Opening Balance	% of the Total
Under one year				
1-2 years	6,109,945	100%		
2-3 years		%	8,898,304	100%
Over 3 years		%		%
Total	6,109,945		8,898,304	

Notes to the Financial Statements (Continued)

34. Provisions

	2025	2024	2023	Total
	Provision	Provision	Provision	KShs
Balance b/f				
Additional provisions				
Provision utilised				
Change due to discount and time value for money				
Total provisions year end				
Current Provisions				
Non-Current Provisions				

35. Lease Liabilities

	2025	2024	2023
Balance at the beginning of the year			
Discount interest on lease liability			
Paid during the year			
At end of the year			

Maturity Analysis

	2025	2024	2023
Year 1			
Year 2			
Year 3			
Year 4			
Year 5 and onwards			
Less: unearned interest			

Analysed as:

	2025	2024	2023
Current			
Non-Current			
Total			

Notes to the Financial Statements (Continued)

36. Deferred Income

Description	30 June 2025	30 June 2024
	Kshs	Kshs
National Government		
International Funders		
Public Contributions and Donations		
Total Deferred Income		

The deferred income movement is as follows:

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

Analysed as:

Description	Amount
Current	
Non- Current	
Total	

Notes to the Financial Statements (Continued)

37. Employee Benefit Obligations

	Defined benefit plan	Post-employment benefits - medical benefits	Other benefits	2024	Opening Statement of Financial Position July 2024
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation					
Non-Current Benefit Obligation					
Total Employee Benefits Obligation					

Retirement benefit Asset/ Liability (Applicable to Pensions)

Makueni county assembly does not operates a defined benefit scheme for all full-time employees

	2024	2023
Discount Rates		
Future Salary Increases		
Future Pension Increases		
Mortality (Pre- Retirement)		
Mortality (post-retirement)		
Withdrawals		
Ill Health		
Retirement		

Notes to the Financial Statements (Continued)

Recognition of Retirement Benefit Asset/ Liability

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

Description	30 June 2025	Opening Statement of Financial Position 30 June 2024
	KShs	KShs
The return on defined plan assets		
Actuarial gains/ losses arising from changes in demographic assumptions		
Actuarial gains/ losses arising from changes in financial assumptions		
Actuarial gains and losses arising from experience adjustments		
Others (specify)		
Adjustments for restrictions on the defined benefit asset		
Remeasurement of the net defined benefit liability (asset)		

b) Amounts recognized in the Statement of Financial Position

Description	30 June 2025	Opening Statement of Financial Position 30 June 2024
	KShs	KShs
Present value of defined benefit obligations(a)		
Fair value of plan assets(b)		
Funded status(=a-b)		
Restrictions on asset recognised		
Others		
Net asset or liability arising from defined benefit obligation		

Makueni county Assembly also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The assembly obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs 200 per employee per month. Other than NSSF the Assembly also has a defined contribution scheme operated by lap fund Pension Fund. Employees contribute 12% while employers contribute 15% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

Notes to the Financial Statements (Continued)

38. Borrowings

Description	30 June 2025
	Kshs
a) External borrowings	
Balance at beginning of the year	
External borrowings during the year	
Repayments of during the year	
Balance at end of the year	
b) Domestic borrowings	
Balance at beginning of the year	
Domestic borrowings during the year	
Repayments during the year	
Balance at end of the year	
Balance at end of the period- domestic and External borrowings c = (a+b)	

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

Description	31 December 2024
	Kshs
External Borrowings	
Dollar Denominated Loan From 'X Organisation'	
Sterling Pound Denominated Loan From 'Y Organisation'	
Euro Denominated Loan from Z Organisation'	
Domestic Borrowings	
Kenya Shilling Loan From KCB	
Kenya Shilling Loan from Barclays Bank	
Kenya Shilling Loan from Consolidated Bank	
Total /Balance at end of The Year	

Notes to the Financial Statements (Continued)

Description	30 June 2025	
	KSh	US\$
Short Term Borrowings (Current Portion)		
Long Term Borrowings		
Total		

39. Service Concession Arrangements Liability

Description	30 June 2025	
	KSh	US\$
Fair value of service concession assets recognized under PPE		
Accumulated depreciation to date		
Net carrying amount		
Service concession liability at beginning of the year		
Service concession revenue recognized		
Service concession liability at end of the year		

40. Cash Generated from Operations

	Period ended 30 June 2025
Surplus for the year before tax	(89,240,215)
Adjusted for:	
Contribution to provisions	
Contribution to impairment allowance	0
Working capital adjustments	
Increase in inventory	0
Increase in receivables	0
Increase in deferred income	
Increase in payables	111,131,942
Increase in payments received in advance	0
Net cash flow from operating activities	21,891,718

Notes to the Financial Statements (Continued)

41. Financial Risk Management

Makueni county assembly activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Assembly overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The assembly financial risk management objectives and policies are detailed below:

i) Credit risk

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

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

	Carrying amount	Impairment provisions	Net carrying amount	Impaired
	KSh	KSh	KSh	KSh
As at 30 June 20xx				
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances				
Total				

Notes to the Financial Statements (Continued)

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has significant concentration of credit risk on amounts due from third party deposits. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

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

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

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

Notes to the Financial Statements (Continued)

Financial Risk Management

iii) Market risk

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

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

a) Foreign currency risk

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

Notes to the Financial Statements (Continued)

Financial Risk Management

The carrying amount of the Entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Current FY 30 June 2025

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

Financial Risk Management

The following table demonstrates the effect on the Entity's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
2025			
Euro	10%		
USD	10%		
20xx-1			
Euro	10%		
USD	10%		

Notes to the Financial Statements (Continued)

b) Interest rate risk

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

Management of interest rate risk

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

Financial Risk Management

Sensitivity analysis

The Entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

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

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

Notes to the Financial Statements (Continued)

Financial Risk Management

The following table shows an analysis of financial and non-financial instruments recorded at fair value by level of the fair value hierarchy:

As at 30 June 2025				
Financial Assets				
Quoted Equity Investments				
Non- Financial Assets				
Investment Property				
Land And Buildings				

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

iv) Capital Risk Management

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

	30 June 2025	Opening Statement of Financial Position 1 July 2024
	Kshs.	Kshs.
Revaluation Reserve		
Retained Earnings		
Capital Reserve		
Total Funds		
Total Borrowings		
Less: Cash And Bank Balances		
Net Debt/(Excess Cash And Cash Equivalents)		
Gearing		

Notes to the Financial Statements (Continued)

42. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Other related parties include:

- i) County Government Entities
- ii) National Government Entities
- iii) Key management.

30 June 2025	
KShs.	
Transactions with related parties	
a) Sales to related parties	
Others (specify) e.g interest and bank charges	
Total	
B) purchases from related parties	
Purchases of electricity from KPLC	
Purchase of water from govt service providers	
Rent expenses paid to govt agencies	
Training and conference fees paid to govt. Agencies	
Others (specify)	
Total	
b) Grants /transfers from the government	
Grants from national govt	
Grants from county government	
Donations in kind	
Total	
c) Expenses incurred on behalf of related party	
Payments of salaries and wages for employees	
Payments for goods and services	
Total	
d) Key management compensation	
Compensation to key management	
Total	

43. Segment Information

Makueni county assembly does not operate a different geographical region

44. Contingent Assets and Contingent Liabilities

Contingent Assets

	KShs
Contingent Assets	
Insurance Reimbursements	
Assets Arising from Determination Of Court Cases	
Reimbursable Indemnities and Guarantees	
Receivables From Other Government Entities	
Others (Specify)	
Total	

(Give details)

Contingent Liabilities

	KShs
Contingent Liabilities	
Court Case xx against the Entity	
Bank Guarantees in Favour of Subsidiary	
Contingent Liabilities arising from Contracts Including PPPs	
Others (Specify)	
Total	

(Give details)

45. Capital Commitments

	KShs
Capital Commitments	
Authorised for	
Authorised and contracted for	
Total	

Notes to the Financial Statements (Continued)

46. Program for Results (PforR) Disclosure

This disclosure note is for entities implementing Programs for Results (PforR). Implementing entities are required to make disclosures in accordance with their respective financing agreements. The disclosure should capture the program's goal and expenditures designated in the expenditure framework:

Name of PforR:	Name of Financing Partners:					
	Opening Cumulative to Previous FYs		Current FY		Total Cumulative	
	Budget	Actual	Budget	Actual	Budget	Actual
Expenditure Details						
Program code						
Sub-program						
Sub-program						
Sub-total						
Program code						
Sub-program						
Sub-program						
Sub-total						
Total						

Expenditure Details* - Provide the details per your expenditure framework requirements. (Program, sub-program, and or economic lien)

47. Events after the Reporting Period

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

48. Ultimate And Holding Entity

The Entity ultimate parent is the Government of Kenya.

49. Currency

The financial statements are presented in Kenya Shillings (Kshs)

16 Appendix

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

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

Reference No. on the external audit Report	Issue/Observations from Auditor	Management comments	Status	Completion Date
1	Non-compliance with law on development expenditure threshold	The issue was resolved by ensuring more absorption of the development budget	Resolved	31 July 2024
2	Non-compliance with law on domestic travel and subsistence allowance	The issue was resolved by ensuring that all the activities which can be conducted in the assembly are conducted in the assembly as guided by the auditor	Resolved	31 July 2024
3	Failure to comply with the ceiling for ward operations cost	The management resolved the issue by ensuring strict adherence to relevant circular	Resolved	31 July 2024
4	Irregular oversight and public participation expenses	The management resolved the issue by ensuring strict adherence to relevant circular	Resolved	31 July 2024

Matauri County Assembly

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

Accounting Officer: Kevin Mūtaka

Date: 28 October 2025

28th Oct 2025