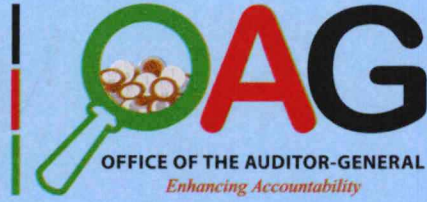


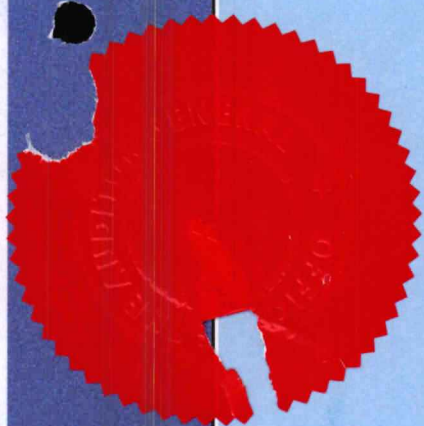
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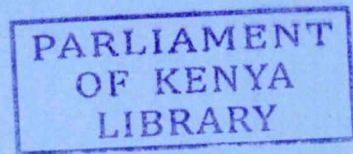


OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability



REPORT

OF



THE AUDITOR-GENERAL

ON

MURANG'A COUNTY YOUTH FUND

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

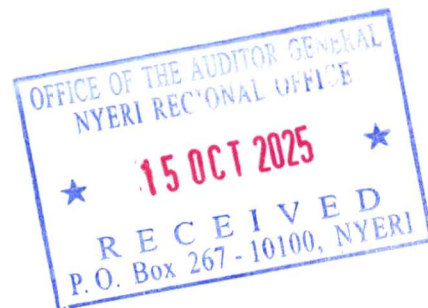
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| COMMITTEE | - |
| PRESENT AT THE TABLE | Chungu |



MURANG'A COUNTY YOUTH FUND
MURANG'A COUNTY GOVERNMENT

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

**Prepared in accordance with the Accrual Basis of Accounting Method under the International
Public Sector Accounting Standards (IPSAS)**



MURANG'A COUNTY YOUTH FUND

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

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1. Acronyms and Definition of Key Terms

A: Acronyms

| | |
|-------|--|
| CECM | County Executive Committee Member |
| C.O | Chief Officer |
| CBK | Central Bank of Kenya |
| ICPAK | Institute of Certified Public Accountants of Kenya |
| IPSAS | International Public Sector Accounting Standards |
| MYS | Murang'a Youth Service |
| NITA | National Industrial Training Authority |
| NT | National Treasury |
| OCOB | Office of the Controller of Budget |
| OAG | Office of the Auditor General |
| OSHA | Occupational Safety and Health Act of 2007 |
| PFM | Public Finance Management |
| PPE | Property Plant & Equipment |
| PSASB | Public Sector Accounting Standards Board |
| VTC | Vocational Training Centre |

B: Definition of Key Terms

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

Comparative Year- Means the prior period.

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

The Murang'a Youth Fund is established by and derives its authority and accountability from The Public Finance Management Act (Murang'a County Youth Fund Regulations 2023). The Fund is wholly owned by the County Government of Murang'a and is domiciled in Kenya.

The fund's objective is to empower the youths from across the County through:

- I. Engaging them in community service and clean up services thereby instilling discipline and sense of responsibility (and paying them weekly stipend for two months)
- II. Equipping the youths with vocational skills.
- III. Catering for their fees and exam cost for the youth undertaking short course, and
- IV. Supporting the successful youths with seed capital.

The Fund's principal activity is to

- I. Provide temporal employment to the youths through community projects and clean ups
- II. Equip the youth with vocational skills and
- III. Provide entrepreneurial grant of at least Kshs 15,000 per youth after vocational training

b) Principal Activities

- c) The principal activity/mission/ mandate of the Fund is to have a skilled and empowered youth in the county who can employ their skills in developing themselves thereby reducing youth unemployment in the County and the Country at large

d) Fund Administration Committee

| | | |
|---|-----------------------------------|--------------------|
| 1 | Mr. Noah Gachucha (CECM YOUTH) | Chairperson |
| 2 | Prof Kiarie Mwaura(CECM FINANCE) | Member |
| 3 | Mr Hassan Abdirahman(C.O YOUTH) | Member |
| 4 | Mr. Samuel Kung'u | Member |
| 5 | MS Michelle Nyambura Wambui | Member |
| 6 | Mr. Mark Justin Kamau Irungu | Member |
| 7 | Mr James Gatebe | Member |
| 8 | Charles Wamagata | Fund Administrator |

MURANG'A COUNTY YOUTH FUND**Annual Report and Financial Statements for the year ended June 30, 2025**

e) Key Management

| Ref | Name | Position |
|------------|-------------------|--------------------|
| 1 | Charles Wamagata | Fund Administrator |
| 2 | Hassan Abdirahman | CO Youth affairs |
| 3 | Samuel kung'u | Director |
| 4 | Alex Njuguna | Secretariat |
| 5 | James Gatebe | Ward Coordinator |
| 6 | Susan Njuguna | Secretariat |
| 7 | James Gatebe | Coordinator |

MURANG'A COUNTY YOUTH FUND

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

f) Registered Offices

P.O. Box 52-10200
Murang'a County Headquarters
Murang'a KENYA

g) Fund Contacts

Telephone: (254) 060-2030271
E-mail: youthfund@muranga.go.ke
Website: www.muranga.go.ke

h) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
P.O. Box 112 - 10200
Murang'a, Kenya

i) Independent Auditors

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

j) Principal Legal Adviser

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

k) County Attorney




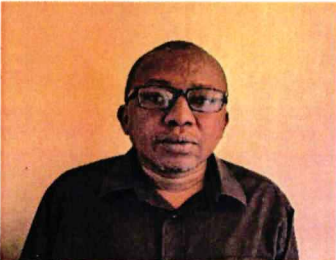
County Hall
P.O Box 52-10200

Murang'a

MURANG'A COUNTY YOUTH FUND




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

3. Fund Administration Committee

| Name | Details of qualifications and experience |
|---|---|
| <p>1, Noah Gachucha Gachanja (CECM Youth)</p>  | <p>Date of Birth: 02/06/1989</p> <p>Academic qualifications: Degree in Actuarial Science</p> <p>Work experience: 11 years</p> |
| <p>2. Hassan Abdullahi Abdirahman (C,O Youth)</p>  | <p>Date of Birth: 01/06/1989</p> <p>Academic qualifications: I. Master's Degree in Development Studies II. Bachelor Degree in Law III. Bachelor Degree in International Relations</p> <p>Work experience: I. Currently Chief Officer Youth Affairs Previously Director Liaison Officer Mandera County Government</p> |
| <p>3.Prof Kiarie Mwaura (CECM Finance)</p>  | <p>Date of Birth:19/08/1971</p> <p>Academic qualifications: PHD in Corporate Law and Governance Professional qualifications: Fellow of The Institute of Certified Secretaries.</p> <p>Work experience: Over twenty years of experience in both private and public sector</p> |
| <p>4.Samuel Kung'u (Director Youth)</p>  | <p>Date of Birth; 09/06/1978</p> <p>Academic qualifications; Bachelors of Arts Diploma in Project Management</p> <p>Work Experience; 10 years in Public Service 13 years in Private Sector</p> |

MURANG'A COUNTY YOUTH FUND





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

| | |
|--|---|
| <p>5. James Gatebe Wainaina (Program coordinator)</p>  | <p>Date: 18/01/1991</p> <p>Academic qualifications: Bachelors of Arts, psychology</p> <p>Working experience 7 years' experience in private sector (pyramid interior and Con ltd.) 2 years' experience in public service</p> |
| <p>6. Ms Michelle Nyambura Wambui (Youth Representative)</p>  | <p>Date of Birth: 09/09/1999</p> <p>Academic Qualifications Diploma in Health Records</p> <p>Work Experience 2 years</p> |
| <p>7. Mr. Mark Justin Kamau Irungu (Youth Representative)</p> | <p>Date of Birth: 14/03/1995</p> <p>Academic qualification Degree in Economics and Psychology</p> <p>Work Experience 3 year experience in private sector</p> |
| <p>8. Mr. Charles Wamagata Fund Administrator</p>  | <p>Date of birth: 26/02/1973</p> <p>Academic qualifications: Masters- finance and economics Professional: CPA(K) CPS</p> <p>Work experience: 20 years in Public Service</p> |

MURANG'A COUNTY YOUTH FUND

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

4. Management Team

| Name | Details of qualifications and experience |
|--|---|
| <p>1. Charles Wamagata (Fund Administrator)</p>  | <p>Date of Birth: 26/02/1975</p> <p>Academic qualifications: Masters- Finance and Economics</p> <p>Professional: CPA(K) CPS</p> <p>Work experience: 20 years in Public Service</p> |
| <p>2. Hassan Abdullahi Abdirahman (C,O Youth)</p>  | <p>Date of Birth: 01/06/1989</p> <p>Academic qualifications:</p> <p>IV. Master's Degree in Development Studies</p> <p>V. Bachelor Degree in Law</p> <p>VI. Bachelor Degree in International Relations</p> <p>Work experience:</p> <p>II. Currently Chief Officer Youth Affairs</p> <p>Work Experience</p> <p>Previously Director Liaison Officer Mandera County Government</p> |
| <p>4. Samuel Kung'u (Director Youth)</p>  | <p>Date of Birth; 09/06/1978</p> <p>Academic qualifications;</p> <p>Bachelors of Arts</p> <p>Diploma in Project Management</p> <p>Work Experience;</p> <p>10 years in Public Service</p> <p>13 years in Private Sector</p> |
| <p>5. James Gatebe (Program Coordinator)</p>  | <p>Date of Birth: 18/01/1991</p> <p>Academic qualifications:</p> <p>Bachelors of Arts, Psychology</p> <p>Working experience</p> <p>7 years' experience in private sector</p> <p>2 years' experience in public service</p> |

6. Chairman's Report

MURANG'A COUNTY YOUTH FUND

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

The vision of the County Government in establishing the fund is to have at least 10,000 youths from the County empowered youths by the year 2027. The program equips the youth with practical skills that are needed in the job market across the world. These skills like plumbing, electrical, beauty and saloon are universally applicable and in great demand. At the end of the Financial year the Fund managed to recruit 3 cohorts of 1,050 youths each which bring to a total of six cohorts since inception. Cohort one to four has completed the program, Cohort 5 sat for the NITA exams in April 2025 while Cohort six was engaged in field service at the close of the Financial year.

The committee has been very focused on delivery of its mandate; the recruit process has been hailed as the fairest and transparent process witnessed in Government agency. The team had planned to recruit 2 cohorts however, as some of the youths were not able to complete the program and it is a policy of the Fund that no replacement should be done (to avoid persons being sneaked in by various interested parties), the committee resolved to recruit another cohort which is currently out of the savings.

The Committee also regularly meet with H.E the Governor, who has been very keen on the success of the program and has made sure the funds for the program are released in time from COB through the County Treasury. His input in addressing various challenges has guided the Committee to implement the program seamlessly.

The fund held graduations for cohort 1, 2 and 3 in July, December and March respectively where over 2000 youth were awarded National Industrial Training Association (NITA) Certificates and a grant of Kshs 15,000 (fifteen Thousand) each.

The Fund is in the process of automating its operations, this will assist in having ready data and information of the youths under the program, what they are doing and at what stage of the program are they undertaking. We hope also to integrate the management system with the payment process so as to increase transparency and efficiency.

Finally, we are also engaging other stakeholders who have interest in youth affairs in order to improve the percentage of youth who benefit from the program and also raise additional financial support.

Name..... Noah Gachwaya Signature..... NG Date..... 25/8/2025

Chairman/CECM Youth Culture and Social Services

7. Report of The Fund Administrator

Murang'a youth fund was established in 2023 following H.E The Governors vision of empowering the youths in the County. The policy and regulations establishing the fund was passed by the County assembly and came into force in August 2023.

The fund establishes Murang'a Youth Services, a program that provides for the recruits of youths from all over the County, engage them in community service while paying them a small stipend. After the community services (which also serves as a measure of ensuring that our Towns are clean and drainages unblocked), the youth are enrolled in the County's Vocational Training Centres (VTC) across the County for free where they are trained different courses of their choice to gain practical skills that are required in the labour market. The skills that are currently being offered are plumbing, masonry, electrical, tiles work, hairdressing, beauty therapy.

On completion of the three months VTC course, the program caters for National Industrial Trade Authority (NITA) exam fees and the required exam materials. Those that complete the training satisfactory are thereafter provided with a grant of Kshs. Fifteen thousand each which we hope to grow if we get more sponsors.

The recruitment of the youths is carried out in a transparent manner, invitations are sent out in public places and through the media. During recruitment day a balloting system is followed and several observers engaged to ensure the process is as transparent and fair.

A unique feature incorporated in the program is that the youths are required to work closely with their guardians who should monitor their attendance at the community service and VTC. In addition, the recruitment program is free and fair; where since the turn out at the various recruitment centres is usually high, open balloting is used under the watchful eyes of area Member of County Assembly (MCA), religious leaders, Local administration and sub County administration representatives. The fairness has been acclaimed and those who don't get a chance usually leave satisfied with hope to get a chance next time.

The regulations provide for the recruitment of 30 youths per ward drawn from every village. The County has 35 electoral ward and therefore each recruitment 1050 youths are enrolled. The first cohort of youths was recruited in October 2023; The program has so far recruited 6 cohorts of 1050 youths per cohort. In July the first cohort of those who had passed were awarded a grant of Kshs. Fifteen thousand each in colourful graduation ceremony. There after the program has held two more graduations during the financial year

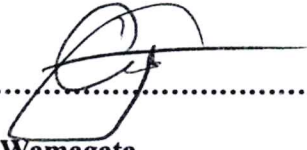
The program was allocated Kshs. One hundred and twenty-seven million (127,000,000). The County Treasury provided adequate funds during the year to run the program smoothly. The Fund received Kshs. One hundred and Twenty-Six Million and Six hundred and Sixty thousand (126,660,000) which adequately covered the funds operation.

There have been a few challenges in implementation of the program, the major one is that some areas do not have Vocational Training Centres (VTC) nearby while others Lack trainers of desired courses that youths would prefer to learn. The program is however engaging the County Education Department to address these challenges.

The program is currently working with Monitoring and Evaluation team under the Department of Finance and Economic Planning to evaluated the impact of those who have completed the training and received the grant. We are also engaging other partners to train the youths on entrepreneurships and of possible opportunities for the skills they have learnt

MURANG'A COUNTY YOUTH FUND

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

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

.....
Charles Wamagata

Fund Administrator

8. Statement of Performance Against Predetermined Objectives for FY 2024-2025

The Funds objective was to recruit 2 cohorts of 1,050 youths engage them in field work, thereafter enrol them in County VTCs for skills development. The program was able to exceed its objective for it recruited 3 cohorts, however not all recruited youth completed the program up to the taking NITA exams. Some drop out for many reasons. The percentage of those who completed the program is about 72%.

The County timely released the Funds allocated which enabled the fund to run smoothly. The balances that accrue due to the youths who do not complete the program have been the source of funds that enabled the program recruit an additional Cohort.

Introduction

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 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.

The key development objectives of the Fund are:

- a) Engaging them in community service and clean up services thereby instilling discipline and sense of responsibility (and paying them weekly stipend for two months)
- b) Equipping the youths with vocational skills.
- c) Catering for their fees and exam cost for the youth undertaking short course, and
- d) Supporting the successful youths with seed capital to start business or buy tools for the skills they learned

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

| | | | | |
|-----------------------------------|--------------------------------|-----------------------|--------------------------|--|
| Recruitment of 2 cohorts annually | To recruit 2100 youth annually | Recruited 3150 youths | Exceeded the expectation | 6300 youth Recruited in two years |
| Vocation training | 2100 youth to enrol in VTC | 2089 youth trained | Meet the target | |
| Provide grants | 2100 | 2089 youth | Meet the target | |

Corporate Governance Statement

The fund is under the Department of Youth Culture and Social Services. The CECM for the department is the chairperson of the Fund. The regulations provide the structure of the fund as follows

i. Fund Committee

The committee of the fund is responsible for considering and recommending the estimates and revenue of the fund. Approve disbursement from Funds and receive reports. In addition, the committee is mandated to monitor and evaluate the program

a. The CECM

The CECM is responsible for the recruitment of youths and those that participate in the youth empowerment program. He therefore invites applicants through public notice and ensure that the exercise is carried out in an open, transparent and equitable manner.

b. Fund Administrator

The fund Administrator is responsible for supervision and control of the fund, cause to be kept proper books of accounts and records of the Fund. Cause to prepare the financial statement and transmit to the Auditor General. He is also the custodian of all the assets, equipment and property.

c. Chief Officer

The Chief officer is responsible for procurement of goods and services required by the Fund. As the accounting officer of the Department.

ii. **Committee Member and Board Performance**

- The Committee consisting of:
- CECM in charge of youth affairs who is the chairperson of the committee
- CECM in charge of finance
- CO in charge of youth
- Program Co-ordinator
- Director in youth department
- Two representative of youth services
- Fund Administrator

The committee held six meetings during the Financial year. Quarterly meetings were held to review the quarterly financial reports and approve the requisition of funds from the Controller of budget through the County treasury and two specially Meeting were held to cater for changes in the work plans and recruitments drive.

All Committee members attended actively participated in deliberations and in the decisions made by the Committee.

MURANG'A COUNTY YOUTH FUND

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

iii. Succession plan

The Fund is domiciled in the Youth Department of the County Government. There is in place a succession plan for the department which includes for Fund.

iv. Process of appointment and removal of Committee member

The Murang'a Youth Fund regulations provide The CECM C.O and Director of Youths department are de-facto Members of the Committee. Other members are nominated by the youth bodies and appointed through a competitive process

v. Ethic and standards

The Committee and staff of the Fund are guided by the Public offices ethics Act on matters ethics and standards

v. Governance Audit

The internal audit department carries out regular governance audit on the structure and processes of the fund.

vi. Remuneration of the Committee

The Committee members who are staff of the County are paid facilitation fees to attend the meetings while the members who are not staff of the County are paid sitting allowance as provided by the Salary and remuneration commission.

9. Management Discussion and Analysis

Funding

The fund is wholly owned by the County government and does not engage in other activities except as stipulated in the regulations. The Fund received the total amount allocated by the County Assembly. The funds primarily are used to pay the youths recruited their daily stipend, pay their exam fees and provide a them with grant money.

Funds operations

The fund is in the process of automating the youth fund services such that their deliverables can be monitored. Initially it had been planned that the youths will attend Vocational training for one month however the NITA program provides for at least three months training before one can sit for the trade test. In addition, the exams result takes about three months to be released after the exams It meant that to complete the program it takes the youth eight months, while initial we had planned that the cycle will run for 4months. This financial year therefore we had graduation for corhort one in July 2024, December 2024 and March 2025 for youths that were recruited in October 2023, February 2024 and June 2024 respectively.

Compliance

The fund has complied with statutory requirements, payment of taxes where applicable and complying with the Controller of Budget reporting requirements.

Risks

The Fund faces similar risk with the County treasury of delays in disbursement of funds or budget cuts, however the Fund has seen an increased allocation amidst the County budget cuts. The committee is considering investing the surplus funds at any one time in a risk free investment portfolio to raise its own funds to mitigate any budget cut and also seek sponsorship partnerships.

10. Environmental and Sustainability Reporting

Murang'a Youth fund itself is a Corporate governance strategy of the County government as the County is not explicitly required to undertake youth empowerment by the any Governing Acts, but the County in order to transform the lives of the youth came up with the program in understanding that the youth are the strength and the future of a nation and that idle youth can be equally destructive. In engaging the youths, the program has nailed two birds at the same time: to cater for the youth unemployment and lack of skills and at the same time protect the environment by clean-up exercises, tree planting, community mobilization for county programs thus promoting environmental sustainability strategy of the County

i. Sustainability strategy and profile -

The program has received interest from many well-wishers and the members of the County assembly. We foresee a growth of the program activities and similar one for other groups.

ii. Employee welfare

The recruitment process gives each gender 50% allocation of the available slots unless the turnout is less. Persons with disability are also consider if the can perform some of the tasks under the program.

iii. Market place practices

The fund is a beacon of impartiality and transparency

The fairness in the recruitment process where balloting with many independent observers has endeared the community to support the program. The distribution of tools and equipment's to all recruited youth and to VTCs has been open to the youths, supervisors and VTC trainers.

Payment also to the youths carrying out community service is done weekly without delay. The fund has very few procurements that are carried but they are all advertised and awarded to the lowest qualifier

iv. Corporate Social Responsibility / Community Engagements

The program incorporates the youth's guardian in the program and provide them with a stipend for the time the youths is under the community service program. The guardians are also invited to every major activity of the program like graduation ceremony where they also benefit from corporate speakers and leaders on maters entrepreneurship. Growth and relationship with the youths. Also they are advised on different government programs available for their benefit and how they can access them

11. Report of The Committee of The Fund

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are youth employment and empowerment through skills development.

Results

The results of the Fund for the year ended June 30, 2025 are set out on page 1 to 22

Members of the Committee

The members of the Committee of the Fund who served during the year are shown on page vii. There were no changes of the composition of Committee members during the Period.

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Committee

..... Noah Gochucho AC

Chairman Fund Committee

Date: 25/6/2025

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Public Finance Management Act (Murang'a County Youth Fund Regulations 2023) shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

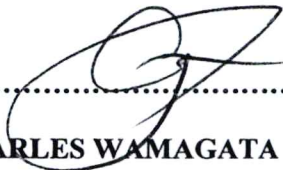
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) 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 Fund; (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 Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Murang'a County Youth Fund Regulations, 2023. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2025, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements and nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Board on 25th August 2025 and signed on its behalf by:



.....

CHARLES WAMAGATA

Fund Administrator

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: 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 MURANG'A COUNTY YOUTH FUND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Murang'a County Youth Fund set out on pages 1 to 24, which comprise of the statement of financial position as at 30 June, 2025 and the statement of statement of financial performance, statement of

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Murang'a County Youth Fund 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) and comply with Public Finance Management (Murang'a County Youth Fund) Regulations, 2023 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

Review of the Statement of Comparison of Budget and Actual Amounts revealed that the final expenditure budget was Kshs.174,166,177 against actual expenditure of Kshs.147,891,537, resulting to under-expenditure of Kshs.26,274,640 or about 15% of the final budget. In addition, the significant accounting policies indicate that the budget is prepared on a cash basis. However, receipts in the statement of comparison of budget and actual amounts, reflect a balance brought forward of Kshs.54,117,117, which is not an actual cash inflow for the year and should instead have been disclosed as an adjustment.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

The Management is responsible for the Other Information set out on page iv to xix which comprise of Key Entity Information and Management, The Fund Administration

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

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

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 effects of the matter 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

Failure to Conduct Monitoring and Audit of the Fund

In the financial year under review, the fund committee did not conduct monitoring and evaluation and as such, no report was tabled before the County Assembly. This was contrary to Regulation 24 of the Public Finance Management (Murang'a County Youth Fund) Regulations, 2023.

In the circumstances, Management was in breach of the Fund Regulations.

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 THE 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, except for the effects of the matter described in the Basis for

Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Non-Integration of Management Information System with Payment Platform

Review of the Management Information System (MIS) revealed that it was not integrated with the Payment platform that was used for paying beneficiaries. Consequently, Management procured the services of a company to process beneficiary payments. Due to the lack of integration, the MIS lacked a dashboard for real-time monitoring, reconciliation, and reporting on funds utilization. This limited Management's ability to effectively track transactions and led to additional costs incurred for outsourced payment for the services.

In the circumstances, failure to integrate the MIS with the payment platform weakens accountability, creates inefficiencies in monitoring fund utilization, delays reconciliations, increases reliance on third parties, and exposes the Fund to higher operational costs and risks of errors or irregularities in payments.

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 Fund'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 Fund'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

14 November, 2025

MURANG'A COUNTY YOUTH FUND

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

12. Statement of Financial Performance For The Year Ended 30th June 2025

| | Note | 2025/2025 | 2024/2024 |
|---|------|---------------------|--------------------|
| | | KSh | KSh |
| Revenue From Non-Exchange Transactions | | | |
| Public Contributions and Donations | 6 | | |
| Transfers From the County Government | 7 | 126,660,000 | 135,000,000 |
| Fines, Penalties and Other Levies | | | |
| | | | |
| Revenue From Exchange Transactions | | | |
| Interest Income | | | |
| Other Income | | | |
| | | | |
| Total Revenue | | 126,660,000 | 135,000,000 |
| Expenses | | | |
| Employee Costs | 8 | 188,000 | 240,650 |
| Use of goods and services | 9 | 2,496,682 | 2,767,134 |
| Depreciation and Amortization Expense | 10 | 1,464,767 | |
| Program Cost | 11 | 145,206,856 | 72,428,483 |
| Total Expenses | | 149,356,305 | 75,436,267 |
| Other Gains/Losses | | | |
| Gain/Loss on Disposal of Assets | | | |
| Surplus/(Deficit) For The Period | | (22,696,305) | 59,563,733 |

(The notes set out on pages 15 to 22 form an integral part of these Financial Statements)

.....
Name: **CHARLES WAMAGATA**
Administrator of the Fund

.....
Name: **SIMON ICHAHURIA**
Fund Accountant
ICPAK Member Number: 18732

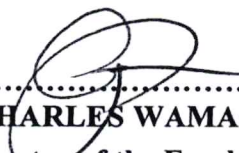
MURANG'A COUNTY YOUTH FUND

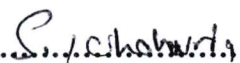
Annual Report and Financial Statements for the year ended June 30, 2025

13. Statement of Financial Position as at 30 June 2025

| Statement of Financial Position as at 30 June 2025 | | | |
|--|----|-------------------|-------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 12 | 32,884,639 | 54,116,177 |
| Current Portion of Long- Term Receivables From Exchange Transactions | | | |
| Prepayments | 13 | 565,000 | 565,000 |
| Inventories | | | |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 14 | 3,417,789 | 4,882,556 |
| Intangible Assets | | | |
| Long Term Receivables from Exchange Transactions | | | |
| Total Assets | | 36,867,428 | 59,563,733 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and Other Payables from Exchange Transactions | | | |
| Non-Current Liabilities | | | |
| Non-Current Employee Benefit Obligation | | | |
| Total Liabilities | | | |
| Net Assets | | 36,867,428 | 59,563,733 |
| Revolving Fund | | | |
| Reserves | | | |
| Accumulated Surplus | | 36,867,428 | 59,563,733 |
| Total Net Assets and Liabilities | | 36,867,428 | 59,563,733 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 25th August 2025 and signed by:


.....
Name: CHARLES WAMAGATA
Administrator of the Fund


.....
Name: SIMON ICHAHURIA
Fund Accountant
ICPAK Member Number:18732

MURANG'A COUNTY YOUTH FUND

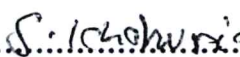
Annual Report and Financial Statements for the year ended June 30, 2025

14. Statement Of Changes in Net Assets for the year ended 30th June 2025

| | PROFIT Fund | Revaluation Reserve | Accumulated Surplus | Total |
|-----------------------------------|----------------|------------------------|------------------------|-------------------|
| | Ksh | Ksh | Ksh | Ksh |
| Balance As At 1 July 2023 | | | | |
| Surplus/(Deficit) For the Period | | | 59,563,733 | 59,563,733 |
| Funds Received During the Year | | | | |
| Transfers | | | | |
| Revaluation Gain | | | | |
| Balance As At 30 June 2024 | | | 59,563,733 | 59,563,733 |
| Balance As At 1 July 2024 | | | | |
| Surplus/(Deficit) For the Period | | | (22,696,305) | (22,696,305) |
| Funds Received During the Year | | | | |
| Transfers | | | | |
| Revaluation Gain | | | | |
| Balance As At 30 June 2025 | | | 36,867,428 | 36,867,428 |

.....

 Name: CHARLES WAMAGATA
 Administrator of the Fund

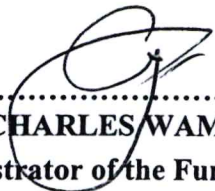
.....

 Name: SIMIN ICHAHURIA
 Fund Accountant
 ICPAK Member Number:18732

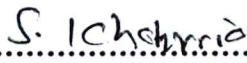
MURANG'A COUNTY YOUTH FUND**Annual Report and Financial Statements for the year ended June 30, 2025****15. Statement of Cash Flows for The Year Ended 30 June 2025**

| Cash flows from operating activities | | | |
|---|----|---------------------|--------------------|
| Receipts | | | |
| Public contributions and donations | | | |
| Transfers from the county government | | 126,660,000 | 135,000,000 |
| Interest received | | | |
| Receipts from other operating activities | | | |
| Total receipts | | 126,660,000 | 135,000,000 |
| Payments | | | |
| Fund administration expenses | | 2,684,681 | 3,007,784 |
| General expenses | | | |
| Program cost | | 145,206,856 | 72,428,483 |
| Other payments | | | |
| | | | |
| Net cash flows from operating activities | 15 | (21,231,537) | 59,563,733 |
| | | | |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment and Intangible assets | | | (4,882,556) |
| Proceeds from sale of property, plant & equipment | | | |
| Net cash flows used in investing activities | | | (4,882,556) |
| | | | |
| Cash flows from financing activities | | | |
| Prepayment | | | (565,000) |
| Net cash flows used in financing activities | | | (565,000) |
| Net increase/(decrease) in cash & cash Equivalents | | (21,231,537) | 54,116,177 |
| Cash and cash equivalents at 1 July | 12 | 54,116,177 | |
| Cash and cash equivalents at 30 June | 12 | 32,884,639 | 54,116,177 |

MURANG'A COUNTY YOUTH FUND

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


.....
Name: CHARLES WAMAGATA
Administrator of the Fund


.....
Name: SIMON ICHAHURIA
Fund Accountant
ICPAK Member Number: 18732

MURANG'A COUNTY YOUTH FUND**Annual Report and Financial Statements for the year ended June 30, 2025****16. Statement Of Comparison Of Budget And Actual Amounts For The Period**

| | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % Utilisation |
|--|--------------------|-------------------|--------------------|----------------------------|------------------------|---------------|
| | 2024-2025 | 2024-2025 | 2024-2025 | 2024-2025 | 2024-2025 | 2024-2025 |
| Revenue | Kshs | Kshs | Kshs | Kshs | Kshs | |
| Transfers From County Govt. | 127,000,000 | 54,116,177 | 181,116,117 | 180,776,177 | 339,940 | 99% |
| Interest Income | | | | | | |
| Other Income | | | | | | |
| Total Income | 127,000,000 | 54,116,177 | 181,116,117 | 180,776,177 | 54,456,117 | 70% |
| Expenses | | | | | | |
| Fund Administration Expenses | 3,810,000 | 1,573,485 | 5,383,485 | 2,684,681 | 2,698,804 | 50% |
| General Expenses | | | | | | |
| Program Cost | 123,190,000 | 45,542,632 | 168,732,632 | 145,206,856 | 23,525,776 | 86% |
| Total Expenditure | 127,000,000 | 47,116,117 | 174,116,117 | 147,891,537 | 26,224,640 | 85% |
| Surplus For The Period | | | | 32,884,640 | | |
| Purchase of property, plant, equipment and intangible assets | | 7,000,000 | 7,000,000 | | 7,000,000 | |

Notes

The adjustment was in respect to balance brought forward from the previous financial year.

MURANG'A COUNTY YOUTH FUND
Annual Report and Financial Statements for the year ended June 30, 2025

17. Notes to the Financial Statements

1. General Information

Murang'a Youth Fund entity is established by and derives its authority and accountability from Public Finance Management Act 2012. Murang'a County Youth Fund is wholly owned by the Murang'a County Government and is domiciled in Kenya. Murang'a County Youth Fund's principal activity is youth empowerment

2. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

The Funds operations and reporting are not affected by the revised standards.

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

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

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

| Standard | Effective date and impact |
|---------------------|---|
| IPSAS 43: Leases | <i>Applicable 1st January 2025</i> 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 cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>The fund does not have leased assets</i> |
| IPSAS 44: | <i>Applicable 1st January 2025</i> The Standard requires, |

MURANG'A COUNTY YOUTH FUND

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

| | |
|--|--|
| <p>Non- Current Assets Held for Sale and Discontinued Operations</p> | <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>The fund does not hold asset 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><i>The Fund does not hold Infrastructure or heritage assets</i></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> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>The fund operations are not affected by the standard</i></p> |
| <p>IPSAS 47: Revenue</p> | <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>The fund does not have revenues transactions</i></p> |

MURANG'A COUNTY YOUTH FUND

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

| | |
|---|---|
| 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>The fund does not have transfer expenses</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>The remuneration of the funds staff is managed by the county executive</i></p> |
| IPSAS 50: Exploration For & Evaluation of Mineral Resources | <p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul 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. <p><i>Not applicable</i></p> |

i. Early adoption of standards

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

MURANG'A COUNTY YOUTH FUND

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

1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Taxes, Levies and fines

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii. Revenue from exchange transactions

a) 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.

b) Budget information

The original budget for FY 2024-2025 was approved by the County Assembly on June 26th 2024. There was no revisions or additional appropriations during the Financial year.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts in page 6.

Summary Of Significant Accounting Policies (Continued)

c) Property, plant and equipment

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

a) 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.

a) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Summary Of Significant Accounting Policies (Continued)

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or a entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

MURANG'A COUNTY YOUTH FUND

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

Summary Of Significant Accounting Policies (Continued)

b) 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:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

c) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

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.

MURANG'A COUNTY YOUTH FUND

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

Summary Of Significant Accounting Policies (Continued)

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.

d) Nature and purpose of reserves

The Fund creates and maintains reserves in terms of accumulated surplus.

e) Changes in accounting policies and estimates

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

f) Employee benefits – Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

MURANG'A COUNTY YOUTH FUND

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

Summary Of Significant Accounting Policies

g) 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.

h) Related parties

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

i) 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

j) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

k) Events after the reporting period

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

l) Ultimate and Holding Entity

The entity is a County Public Fund established by Public Finance Management Act 2012 (*Murang'a Youth fund regulations 2023*) under the Department of Youth Affairs. Its ultimate parent is the County Government of Murang'a.

m) Currency

The financial statements are presented in Kenya Shillings (Kshs).

Summary Of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made e.g.

a) Estimates and assumptions – The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. The Fund has not set aside any amount for provisions

MURANG'A COUNTY YOUTH FUND

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

Notes to The Financial Statements (Continued)

6. Transfer from Other Government entities

| Description | 2024-2025 | 2023-2024 |
|------------------------------------|-----------|-----------|
| | KShs | KShs |
| Donation From Development Partners | | |
| Contributions From The Public | | |
| Total | | |

7. Transfers from County Government

| Description | 2024-2025 | 2023-2024 |
|--|--------------------|--------------------|
| | KShs | KShs |
| Transfers From County Govt. –Operations | 126,660,000 | 135,000,000 |
| Payments By County On Behalf Of The Entity | | |
| Total | 126,660,000 | 135,000,000 |

8. Employee Costs

| Description | 2024-2025 | 2023-2024 |
|------------------------------|----------------|----------------|
| Salaries And Wages | | |
| Staff Gratuity | | |
| Staff Training Expenses | 188,000 | 240,650 |
| Social Security Contribution | | |
| Other (<i>Specify</i>) | | |
| Total | 188,000 | 240,650 |

MURANG'A COUNTY YOUTH FUND**Annual Report and Financial Statements for the year ended June 30, 2025****9. Use of Goods and Services**

| DESCRIPTION | 2024 | 2023 |
|--------------------------------------|------------------|------------------|
| General Office Expenses | 150,500 | 776,475 |
| Event Hosting | | 799,424 |
| Bank Charges | 86,808 | 16,757 |
| Electricity And Water Expenses | | |
| Fuel And Oil Costs | 656,000 | 110,904 |
| Printing And Stationery | 346,550 | 212,800 |
| Travelling Cost | 794,200 | |
| Telephone And Communication Expenses | 230,000 | 146,600 |
| Hospitality | 232,624 | 236,533 |
| Total | 2,496,682 | 2,767,134 |

10. Depreciation and Amortization Expense

| DESCRIPTION | 2024 | 2023 |
|------------------------------|------------------|----------|
| Property Plant and Equipment | 1,464,767 | - |
| Total | 1,464,767 | - |

11. Program cost costs

| DESCRIPTION | 2024 | 2023 |
|---------------------------------|--------------------|-------------------|
| Weekly Stipend | 59,500,107 | 41,037,295 |
| Recruitment Cost | 3,389,172 | 2,286,013 |
| NITA Exams | 11,678,300 | 8,556,450 |
| Grant | 30,420,000 | |
| Launch/Graduation Expenses | 16,807,646 | 2,098,050 |
| Hire Of Cleaning/garbage trucks | 1,514,676 | 1,107,848 |
| Purchase of PPEs | 15,701,180 | 17,342,827 |
| VTC exams tools capitation | 5,704,050 | |
| Vehicle rehabilitation | 491,724 | |
| Total | 145,206,856 | 72,428,483 |

MURANG'A COUNTY YOUTH FUND

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

12. Cash and cash equivalents

| Description | 2024/2025 | 2023/2024 |
|--|-------------------|-------------------|
| Current Account | 32,884,639 | 54,116,177 |
| Others | | |
| Total Cash And Cash Equivalents | 32,884,639 | 54,116,177 |

Detailed analysis of the cash and cash equivalents are as follows:

| Description | 2024/2025 | 2023/2024 |
|---------------------------|------------|-------------------|
| a) Current Account | | |
| Kenya Commercial Bank | 1319495168 | 32,884,639 |
| Bank B | | |
| Total | | |
| b) Others(Specify) | | |
| Cash In Transit | | |
| Cash In Hand | | |
| Sub- Total | | |
| Grand Total | | 32,884,639 |
| | | 54,116,177 |

13. Prepayments

| | | |
|---------------------------|----------------|----------------|
| Prepaid Exam Fees NITA | 565,000 | 565,000 |
| Prepaid Insurance | | |
| Prepaid Electricity Costs | | |
| Total | 565,000 | 565,000 |

MURANG'A COUNTY YOUTH FUND

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

Notes To The Financial Statements (Continued)

14. Property, plant and equipment

| | | |
|-------------------------------------|------------------|------------------|
| At 1st July 2023 | | |
| Additions | 4,882,556 | 4,882,556 |
| Disposals | | |
| Transfers/Adjustments | | |
| At 30th June 2024 | 4,882,556 | 4,882,556 |
| Depreciation And Impairment | | |
| At 1st July 2024 | | |
| Depreciation | 1,464,767 | 1,464,767 |
| Disposals | | |
| Impairment | | |
| Transfer/Adjustment | | |
| At 30th June 2025 | 1,464,767 | 1,464,767 |
| Net Book Values | 3,417,789 | 3,417,789 |
| At 30th June 2024 | 4,882,556 | 4,882,556 |
| At 30th June 2025 | 3,417,789 | 3,417,789 |

MURANG'A COUNTY YOUTH FUND

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

Notes To The Financial Statements (Continued)

15. Cash generated from operations

| | 2024/25 | 2023/24 |
|---|---------------------|-------------------|
| | KSh | KSh |
| Surplus/ (Deficit) For the Year Before Tax | (22,696,304) | 59,563,733 |
| Adjusted For: | | |
| Depreciation | 1,464,767 | |
| Amortisation | | |
| Gains/ Losses On Disposal Of Assets | | |
| Interest Income | | |
| Finance Cost | | |
| Working Capital Adjustments | | |
| Increase In Inventory | | |
| Increase In Receivables | | |
| Increase In Payables | | |
| Net Cash Flow From Operating Activities | 21,231,537 | 59,563,733 |

Other Disclosures

16. Related party balances

Other Disclosures Continued

a) Due to related parties

| | 2024/25 | 2023/24 |
|---------------------------------|---------|---------|
| Due To Parent Ministry | | |
| Due To County Government | | |
| Due To Key Management Personnel | | |
| Total | | |

MURANG'A COUNTY YOUTH FUND

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

Other Disclosures Continued

17. Financial risk management

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

a) Credit risk

The Fund does not have creditors thus not exposed to credit risk

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has 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.

c) Market risk

The board 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 Fund'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.

i. 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

MURANG'A COUNTY YOUTH FUND

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

deposits. This exposes the Entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the funds deposits.

Management of interest rate risk

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

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

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

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

MURANG'A COUNTY YOUTH FUND

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

18. Progress On Follow Up Of Prior Year Auditor's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

| Reference No. on the external audit Report | Issue/ Observations from Auditor | Management comments | Status (Resolved /Not Resolved) | Timeframe (Date when you expect the issue to be resolved) |
|--|---|--|---------------------------------|---|
| 1 | Casting Errors in the performance statement | Errors corrected | | 30 th Sep 2025 |
| 2 | Unsupported payments of Kshs .596,476 | The amount pertained to recruitment expenses and documents available to support the same | | 30 th Sep 2025 |
| 3 | Non-implementation of Management system | The system is in place | | The system has been on trial and its expected to start effectively financial year 2025-2026 |
| 4 | Submission of Quarterly reports | Reports prepared and submitted | | 15 th Oct 2025 |