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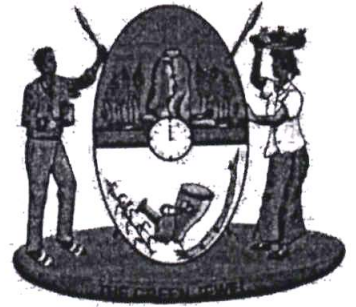
EXHIBIT
184

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

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**COUNTY GOVERNMENT OF KAKAMEGA
(EXECUTIVE)**

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

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

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

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1. Acronyms, Abbreviations and Definition of Key Terms

A. Acronyms and Abbreviations

ADP	Annual Development Plan
AIE	Authority to Incur Expenditure
CA	County Assembly
CARA	County Allocation of Revenue Act
CBK	Central Bank of Kenya
CECM	County Executive Committee Member
CE	County Executive
CG	County Government
CIDP	County Integrated Development Plan
COG	Council of Governors
CRA	Commission on Revenue Allocation
CRF	County Revenue Fund
CT	County Treasury
IPSAS	International Public Sector Accounting Standards
MCA	Member of County Assembly
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
OSR	Own Source Revenue
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
NT	National Treasury
WB	World Bank
KRB	Kenya Roads Board
Kshs	Kenya Shillings
FY	Financial Year

B. Definition of Key Terms

Fiduciary Management	The key management personnel who had financial responsibility
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2. Key Entity Information and Management

a) Background information

The County Executive is constituted as per article 176 of the Constitution of Kenya 2010. It is headed by the Governor, who is responsible for the general policy and strategic direction of the County.

The County Executive is comprised of the following departments:

No.	Department	Major Responsibility
1.	Agriculture, Livestock, Fisheries and Co-operatives.	Provision of Agricultural services in accordance with the provisions of the County and Agricultural Acts and other related statutes.
2.	Health Services	Ensure access to quality and affordable health services
3	Education, Science and Technology	Formulate policies and legislation on pre-primary education and childcare, technical and vocational training and education support.
4	Roads, Public Works and Energy	Develop through construction, modernization, rehabilitation and effective management of all infrastructure and energy facilities
5	Lands, Housing, Urban Areas, and Physical Planning	Formulate specific County policy on land administration in line with the National Government policy
6	Social Services, Youths, Sports, Gender, Culture and Library Services	Implement policies and legislation on youth, sports, social development, public entertainment, promoting sports and cultural activities, management of recreation and multi-purpose community social halls, libraries, museums, cultural and sport facilities and parks
7	Trade, Industrialization and Tourism	Promote, expand and diversify trade, fair trade practices, environmentally sustainable industrialization and tourism
8	Water, Environment, Natural Resources and Climate Change	Improve access to adequate, safe water and sewerage services, conserve and protect the environment, and promote sound utilization of natural resources, for sustainable development.
9	Public Service and County Administration	Provision of human resource management and administration services.
10	Finance, Budget and Economic Planning	Monitor, evaluate and oversee the management of public finances and economic affairs of the County Government.
11	ICT, e-Government and Communication	Develop and implement ICT, e-Government and Communication systems with a view to improving efficiency in service delivery.

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12	County Public Service Board	Administration of Human Resource.
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b) Key Management team

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

No.	Designation	Name
1.	Office of the Governor	H.E Fernandes Barasa
2.	County Secretary	Dr. Laurence Omuhaka
3.	County Attorney	CS. Vivian Mmbaka

c) Fiduciary Management

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

No.	Designation	Name
1.	CECM, Finance and Economic Planning	Hon. Benjamin Andama.
2.	Chief Officer-Finance and Budget	Dr. June Jeophita Mwajuma
3.	Chief Officer-Agriculture, Livestock, Fisheries and Cooperatives.	Mr.Emanuel Njenga Kariuki
4.	Chief Officer-Health Services	Dr. David Anekeya Alilah
5.	Chief Officer-Education, Science and Technology	Ms.Vivien Ayuma Asiachi
6.	Chief Officer-Roads, Public Works and Energy	Eng. Joseph Sweta
7.	Chief Officer-Lands, Housing, Urban Areas, and Physical Planning	Mr.Shakir Dahir Adan
8.	Chief Officer-Social Services, Youths, Sports, Gender, Culture and Library Services	Mrs. Christine Chemenkoi
9.	Chief Officer-Trade, Industrialization and Tourism	Mrs.Faith Gitira
10	Chief Officer-Water, Environment, Natural Resources and Climate Change	Ms Mariam Nyongesa Were
11	Chief Officer-Public Service and County Administration	CS Prisca Otipa
12	ICT, e-Government and Communication	Dr. June Jeophita Mwajuma
13	Deputy County Secretary-Office of the Governor	CPA. Samson Otieno
14	County Public Service Board	CS.Catherine Otenyo.CPA.

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d) Fiduciary Oversight Arrangements

The key Fiduciary Oversight Arrangements include the following;

No.	Entity	Role
1.	Parliamentary committee activities	Legislation, Oversight, Representation
2.	County Assembly of Kakamega	Legislation, Oversight, Representation
3.	Controller of Budget	Oversight and advisory
4.	Office of the Auditor General	Oversight and advisory, Accountability, Express opinion on Books of account, Offer quality assurance on fiscal and monetary matters.
5.	Audit Committee	Monitoring and reviewing risk, control and governance processes that have been established.

e) County Executive Headquarters

P.O. Box 36-50100

County Headquarters Building

Kenyatta Avenue

Kakamega, KENYA

f) County Executive Contacts

Telephone: 056 31850/31852/31853

E-mail: info@kakamega.go.ke

Website: www.kakamega.go.ke

g) County Executive Bankers

1. Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

NAIROBI, KENYA

2. Other Commercial Banks

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- i KCB Group- P.O. Box 152 (50100) Kakamega
- ii Equity Bank- P.O. Box 2512 (50100) Kakamega
- iii National Bank-PO Box 1773 (50100) Kakamega
- iv Co-operative Bank- P.O. Box 595 (50100) Kakamega.
- v Family Bank P.O.Box 74145(50100) Kakamega

h) Independent Auditor

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

i) Principal Legal Adviser

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

j) County Attorney/Legal Advisor.

County Attorney
County Government of Kakamega
P.O Box 36-50100
Kakamega, Kenya

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3. Governance Statement

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

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

a) Membership of the cabinet/County Executive Governance Structures and photos of the Governor, Deputy Governor, the CECMs and County Secretary.

County Government of Kakamega Executive is made up of the Governor, the Deputy Governor and 10 other County Executive Committee members who are nominated and subsequently appointed by the Governor after approval by the County assembly. The governor is the leader of the County executive committee.

The following are the County Executive Committee Members.

i. H.E the Governor

Professional Summary

He served as a chairman of the Institute of Certified Public Accountants of Kenya. He also worked as the managing director and chief executive officer at Kenya Electricity Transmission Company Limited (KETRACO).

Hon. Barasa was born and raised in Khabondi village, Mumias East constituency in Kakamega County. After finishing Primary education, Barasa attended Naitiri high school where he sat for his national examinations. He later proceeded to Kenyatta University where he pursued a Bachelor of Commerce, Master of Business Administration, and Ph.D. in Accounting and Finance degrees.

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**H. E. HON. FCPA FERNANDES BARASA OGW, GOVERNOR
KAKAMEGA COUNTY**

H.E. Hon. FCPA Fernandes Barasa, was elected in office in 2022 as the Second Governor of Kakamega County following promulgation of the Constitution of Kenya, 2010

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H.E the Deputy Governor.



**H. E. AYUB SAVULA ANGATIA DEPUTY GOVERNOR KAKAMEGA
COUNTY**

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Professional Summary

In 1998 till 2007 Ayub Angatia got a job at Standard Group Limited as an acting regional news editor. In 2007, he joined Cross Continental Venture Limited and Johnnewton Communication as a Managing Director and Director respectively. From the year 2008 till 2012, Ayub Angatia worked in Express Media Group as a Managing Director. In March 2013, he joined the Kenya National Assembly as a Member of Parliament for Lugari Constituency .He was elected as Deputy Governor for Kakamega County in 2022 General Elections.




Education

In 1989, Ayub Angatia attended Manyonyi Primary School for his Kenya Certificate of Primary Education (KCPE). In 1990, Ayub Angatia went to Lumakanda Boys Secondary School before transferring to Vihiga High School for his Kenya Certificate of Secondary Education (KCSE). In 2001, Ayub Angatia joined Kenya Institute of Mass Communication to pursue a diploma in Journalism. In 2010, Ayub Angatia joined Moi University to take a Bachelor of Science in Public Relations and Communication and still at the same university, he did the Master of Philosophy in Communication.





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County Executive Committee members





The following are the County Executive Committee members held offices in FY 2024/2025.

No	Photo	Name and Designation
1		Mr. Benjamin Andama-CECM Finance, Economic Planning & ICT
2		Mr. Mophat Mandela-CECM -Agriculture, Livestock, Fisheries and Cooperatives.
3		CPA. Livingston Imbayi - CECM, Health Services


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4		<p>Mr. Bernard Amwayi- CECM-Education, Science and Technology</p>
5.		<p>Arch. Patrick Kundu-CECM -Roads, Public Works and Energy</p>
6.		<p>Dr. Angeline Silima Muchai-CECM-Lands, Housing, Urban Areas and Physical Planning</p>
7.		<p>Mr. Godfrey Owuori- CECM - Social Services, Youth, Sports and Culture</p>

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8		<p>Ms. Jackline Kakai Masicha-CECM Trade Industrialization and Tourism.</p>
9.		<p>Mrs. Peninnah Mukabane-CECM-Water, Environment, Natural Resources, & Climate Change</p>
10		<p>Dr. Bonface Okoth- CECM -Public Service & Administration</p>
11		<p>Mr. Lawrence Angolo Omuhaka-County Secretary</p>

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12		Cs. Viviene Komwoyo County Attorney
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- b) The County Government of Kakamega has elaborate guidelines and polices that directs how the County engages the public, the following are some of the strategies in place; Public Participation directorate; Public participation guidelines; Public participation Act 2015; Draft Kakamega County Public participation policy facilitate smooth engagement with stakeholders and Kakamega County Website.
- c) The County has established a risk management and service delivery department to mitigate against any risk and an ethical practices in addition each county office has a customer care desk to assist the public on any arising complain against the County staff.
- d) The following are the engagements with the County Assembly through its committees and the Senate including number of bills sponsored by the executive and any other matters presented for deliberations.
- a. Through vetting and approval of nominees for the county executive committee members, chief officers
 - b. Enacting of laws or policies which enable the county government to effectively perform its functions such as Kakamega County Finance Act,2024 which enhance revenue collection
 - c. Approval budget and expenditure of the County Government
 - d. Approval of any development plan and borrowing by the County Government.
 - e. Deliberate on internal audit reports and give directions
- e) Risk management

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- The County Government of Kakamega through the office of the Governor has a full-fledged department of internal Audit among other functions it ensures strong internal controls in each department, does assurance Audit and ensures compliance to statutory obligations.
 - The county Government of Kakamega has well elaborated policies and regulations which guide on the processes of risk mitigation.
 - It is the responsibility of the management to develop a risk framework. Internal audit function shall then review the risk and advice on the relevance and effectiveness of the risk identified by the management.
 - The County government risk policy framework which comprehensively cover risk management is under development.
 - Are risks identified and analysed in the period and how they were managed?
- f) Brief descriptions of appointment operation and membership of the audit committee and its charter.
- The audit committee is composed of 6 members including the chairman and one member appointed to represent the County Treasury.
 - The members are not past or present employees of the County
 - The committee members were appointed and gazzeted as per the Public Sector Accounting Standards Board guidelines.
 - Members of audit committees were appointed, for a term of three years and are eligible for re-appointment for a further one term only.
 - The Audit Committee is responsible for oversight of the institution's control, governance and risk management.
 - The audit committee charter has been developed which outlines the process by which audit related issues are identified, reviewed, and resolved.

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g) Compliance

Internal Audit function conducts audit assignments on compliance to the relevant laws, regulations and policies and report on the same. Audit committee ensure that all audit recommendations on non-compliance issues are implemented.

h) Any other Governance issue include committees that the county may need to disclose.

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4. Foreword by CECM Finance and Economic Planning

It is my pleasure to present the County Government of Kakamega (Executive) Annual Financial Report and Statement for the financial year 2024-2025. The statement present the financial performance of the County Government for financial year 2024-2025.

The Financial Statements have been prepared in line with the Public Finance Management (PFM) Act, 2012 and are in line with the format prescribed by the Public Sector Accounting Standards Board. The PFM Act, 2012 requires that these statements be submitted to the Office of the Auditor General and copied to the Clerk of County Assembly, The National Treasury, The Controller of Budget and The Commission on Revenue Allocation within 3 month after the end of financial Year.

The Financial Statements present the recent actual fiscal performance for the year 2024-2025 and make comparisons to the budget appropriations for the same period. They further provide a comprehensive financial review with sufficient information to show changes from the projections outlined in the latest County Fiscal Strategy Paper 2024/2025.

a) Functions of the County Government as per the County Government Act.

The County Government serves the entire County in these ways: (1) through elected officials, it administers and enforces state laws, collects taxes, assesses property, records public documents, issues licenses; (2) through appointed boards and officials, it provides parks, libraries, sewers, emergency management, public assistance, and hospitals. As required by state law, County Government also serves unincorporated areas by providing such purely local government facilities and services as highways, building inspection, planning and zoning. Elected County officials oversee most of these services.

b) Budget performance against actual amounts for current year for the county government entity.

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County Government's financing

Article 202 of the Constitution of Kenya, 2010 provides that revenue raised nationally shall be shared equitably among the National Government and County Governments. Each County Government's equitable share of revenue raised nationally is determined annually before the preparation of budget estimates through the Division of Revenue Act as required by articles 218 and 224 of the Constitution. The revenue sharing formula is developed by the Commission on Revenue Allocation and approved by Parliament in accordance with article 217 of the Constitution.

The County also finances its operations through own generated revenues and continues to explore new and innovative ways of increasing its local revenue collections despite economic difficulties. The key Local revenue sources for Kakamega County include; Land rates and rents, Business permits, Parking fees, Health facilities' fees among others. Some of the measures that the County has taken towards improving its revenue collection include;

- i. Fully operationalized County Revenue Agency Board.
- ii. Automation of revenue collection.
- iii. Revenue enforcement.
- iv. Introduction of revenue weekly meetings to assess the collection performance of the County.
- v. Close monitoring through monthly reviews and ensuring targets set are met at higher margins.
- vi. Assigning a special team to monitor, evaluate and raise revenues from high generating streams for example toll fees, advertising fees, and land rates among others.
- vii. Mapping all businesses to ease invoicing or billing.

Budget Allocation

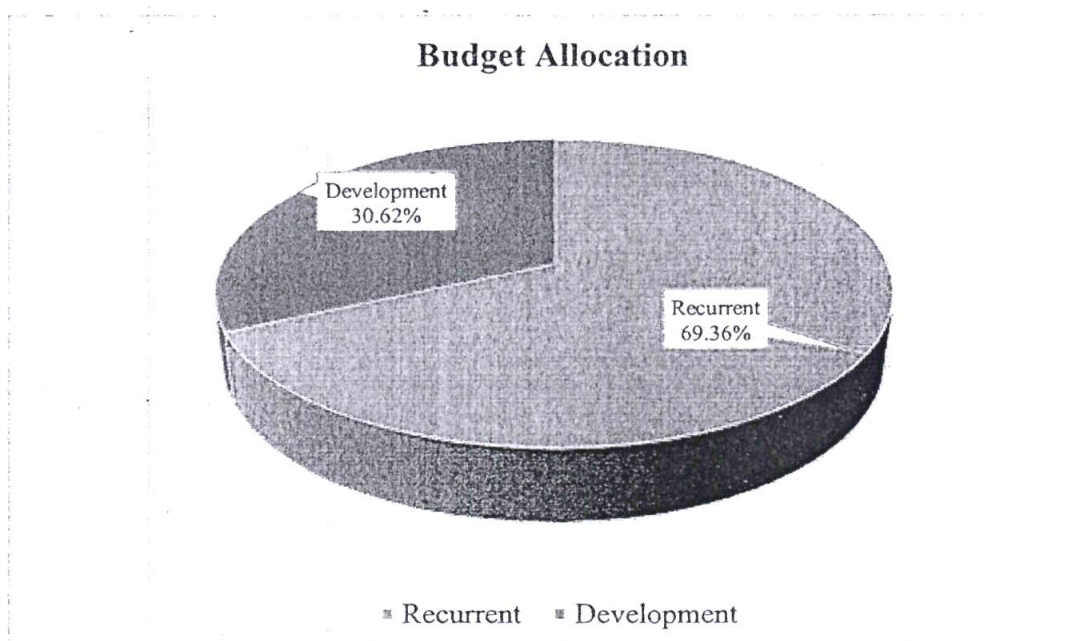
In the Financial year 2024/2025, the County had an approved budget of Kshs 17,646,788,762 comprising of Kshs 1,474,767,217 for County Assembly and Kshs. 16,172,021,545 for County Executive.

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The County executive financial statements excludes operations of County Assembly, therefore the budget for the County Executive was divided down into Recurrent and Development expenses as follows, Recurrent Kshs. 12,243,575,957 (69.36%) and Development Kshs 5,403,212,805 (30.62%). During the financial year 2024/2025 the budget was revised 2 times and the figures provided here are based on the 2nd Supplementary budget.

Below is pictorial presentation of allocation of Funds for development and Recurrent



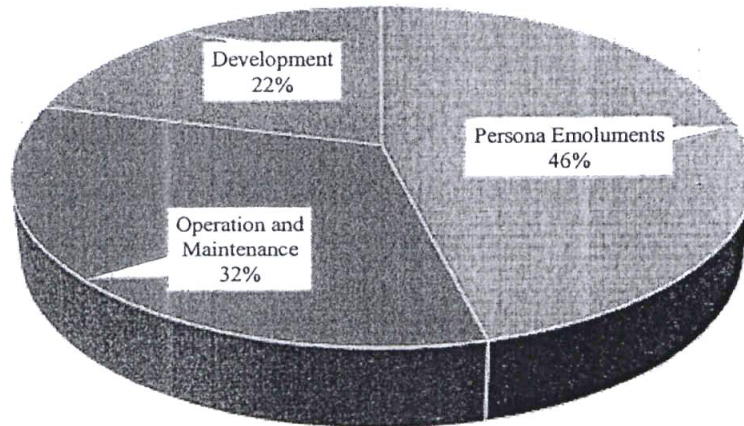
Budget Absorption

The County's overall absorption was Kshs 14,429,581,072 for both recurrent and development expenditure represented by 89% of the County executive budget, this excludes expenditures for County Assembly but includes Transfers to the County entities under executive.

The County has spent Kshs. 6,671,517,508 on Compensation of Employees, Kshs 4,792,935,217 on O&M and Kshs 2,965,128,347 on Development projects. These information has been presented in the picture below.

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Budget Absorption



■ Persona Emoluments ■ Operation and Maintenance ■ Development

County flagship projects and how they have been achieved

- c) Physical progress based on outputs, outcomes and impacts since establishment of County Government, (encouraged to use actual figures and percentages)

Flagship Projects Driving Local Value

Some notable examples of transformative projects established in Fy 2024/2025 include:

- Regen Organics Plant at Matawa Industrial Park
- Lugari Maize Milling Plant
- Gold Refinery Project
- Lutonyi Fish Factory
- CAIP Aggregation Centers

- d) Comment on each of the County flagship projects and how they have been achieved

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- Inadequate policy and legal framework: Inadequate policies and legal framework undermined the ability of the County Government to adequately execute its mandates.

g). Highlight key risk management strategies applied by the County Executive

Risk	Risk Implication	Mitigation Measures
Revenue Leakage	Loss of County revenue	Revenue Automation
Misappropriation of funds	Loss of County funds	Enhance internal control system process
Delay in disbursement	Stall projects	Improve own source collections
Inadequate Financial resources	Inefficiency in service delivery	County to look for resources through strategic partnerships

CONCLUSION

The County recorded good progress in implementation of its agenda and projects despite economic challenges. On behalf of the County Government of Kakamega, I would like to thank H.E. the Governor, H.E. the Deputy Governor for the leadership and support they have provided during the period. Further, my sincere gratitude goes to the County Executive Committee Members for their continued efforts to realize the goals as set in the budget FY 2024/2025. I extend my gratitude to all chief officers and the entire Kakamega County staff for pulling together and for their continued commitment, dedication and hard work to ensure service delivery to the people of Kakamega County. I would also like to thank the County Assembly led under the leadership of the Speaker and the County Clerk for their co-operation and oversight role.

Finally, my sincere appreciation goes to all the citizens of Kakamega County for their continuous engagement with the County Government which has contributed to efficient service delivery and citizen centric development.



.....
**CECM Finance, ICT and Economic Planning
County Government of Kakamega**

5. Statement of Performance against Predetermined Objectives

The objective in the County Integrated Development Plan 2023-2027 is to;

Provide access to quality healthcare through construction, renovation, upgrading and equipping of health facilities, disease prevention, provision of drugs and qualified staff, and strengthening the Universal Health Coverage & Community Health Strategy.

Provide food security, the Plan envisages strategies, programmes and projects to increase agricultural production and productivity. Programmes such as crop production development and agricultural extension, livestock production development and veterinary services, fisheries farming and aqua culture development have been prioritized.

Provide sustainable infrastructure, through enhanced road accessibility and connectivity by upgrading key gravel roads to bitumen standards, construction of bridges and culverts across major roads, construction and regular maintenance of gravel roads. The County will also install transformers, street lights and high-mast floodlights across the County to improve security and create an enabling business environment.

To create wealth and empower community for socio-economic transformation of the County. This plan seeks to improve both physical markets and e-commerce in-order to promote local and export trade. Support to Micro Small and Medium Enterprises (MSMEs) will be achieved through trainings, affordable credit and de-risking to enhance growth. The County will also support hospitality and cottage industries, establish industrial parks, support establishment of factories

Provide access to clean and safe water from 71.3 percent to 90 percent, access to piped water from

29.5 percent to 85 percent under the clarion call, “Amatsi Khumuliango” which means water at the doorstep

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Strategic development objectives

The Kakamega County Integrated Development Plan (CIDP) 2023-2027 has identified six key strategic development objectives. Broadly, these objectives have been identified through a participatory process that reviewed the development priorities of the Governor's Manifesto, the National Government's Vision 2030, SDGs and the MTP III.

The strategic objectives are a synthesised product of the afore-mentioned planning frameworks that amalgamate the thematic focus and development aspirations in these policy frameworks.

The key development objectives of the CIDP 2023-2027 are to:

1. To enhance high standards of health, sanitation and hygiene
2. To improve food security
3. To support wealth creation
4. To enhance high education standards
5. To facilitate social development
6. To promote good governance

Below we present the progress made in attaining the objectives of the 2022/2027 CIDP for County Government of Kakamega.

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**Progress on Attainment of Development Objectives from Annual Development Plan for
FY 2024/2025**

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

ECONOMIC DEVELOPMENT AND JOB CREATION

The county has strategically positioned **economic empowerment** at the heart of Kakamega's transformation agenda. Grounded in inclusive growth and sustainable livelihoods, the county's economic strategy focuses on unlocking private sector potential, industrialization, youth empowerment, and infrastructure development. This has been enabled through the following;

Institutionalizing Investment Promotion through PPPs

At the core of this economic thrust is the **Kakamega County Investment and Development Agency (KCIDA)**, a one-stop center created through an Act of the County Assembly. This agency serves as the county's official vehicle for **public-private partnerships (PPPs)** and investor onboarding.

KCIDA has enabled Kakamega to:

- **Facilitate investment approvals** in record time, minimizing bureaucratic delays;
- Provide **customized investor support** through a single-entry point for all permits, licenses, and feasibility study support; and,
- Map and match **target beneficiaries** of major investment projects to ensure local inclusion and equitable development.

Through KCIDA, the county government offers attractive **investment incentives** including:

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- **Assisting potential investors to secure land** for industrial development;
- **Making or improving access roads and related infrastructure to support industrial activities;**
- **Providing policy interventions** to ease the cost of doing business; and,
- **Provision of utilities** such as water, drainage, and waste management.

This PPP-friendly ecosystem has led to the successful onboarding of high-impact investors within key value chains.

Flagship PPP Projects Driving Local Value

Some notable examples of transformative PPP projects established in FY 2024/2025 include:

- **Regen Organics Plant at Matawa Industrial Park** – 54 million organic waste-to-energy initiative offering climate-smart agriculture solutions while creating hundreds of direct and indirect jobs;
- **Lugari Maize Milling Plant** – A county-led PPP boosting agro-processing, farmer incomes, and food security. The plant currently serves over 24,000 farmers in maize surplus zones;
- **Gold Refinery Project** – Positioned to formalize the artisanal mining sector, the facility will add value to raw minerals, promote safety standards, and increase county revenue;
- **Lutonyi Fish Factory** – Enhancing aquaculture value chains by offering local processing, packaging, and cold storage for fish producers;
- **CAIP Aggregation Centers** – Part of the national **Kenya Climate Smart Agriculture Project**, these centres aggregate produce from smallholder farmers for better market access;

Empowering the People: Youth, Women and Persons with Disability

The **County Youth and Women Empowerment Programme (CYSWEP)** is another key pillar under Governor Barasa's economic legacy. Through this model:

- **3,000 youth** are engaged annually across all wards to provide community services in the areas of sanitation and at the same time they are supported to attend technical and **vocational training** in county polytechnics.

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- At the end of the year, the participants in the programme are supported with business grants so as to engage in meaningful economic activities.

Furthermore, Kakamega County has expanded **inclusive financing mechanisms**:

- **Through the Kakamega County Microfinance Corporation, the government issues affordable loans** targeting MSMEs, individual traders, and startup ventures.
 - In addition, the county offers annual grants to 1,200 small-business groups comprising women, youth and Persons with Disability. County enterprise development officers provide professional support to the benefitting groups.
-

HEALTHCARE IMPROVEMENT

The County has made bold strides in transforming Kakamega's county's healthcare system. Developments in this sector have been anchored on the principle of equitable access, preventive care, and sustainability. From infrastructure investments to maternal and child health innovations, the county is redefining what a devolved health system can achieve.

Flagship Initiatives & Innovations

- **Kakamega County Teaching & Referral Hospital (KCTRH)**

The construction and operationalization of the 750 bed-capacity Level VI Kakamega County Teaching and Referral Hospital is a remarkable milestone. The hospital will serve not only Kakamega but the entire Western Kenya region, offering specialized services such as renal dialysis, cancer screening, and intensive care; reducing reliance on far-off referral facilities like Moi Teaching & Referral Hospital in Eldoret.

- **Kakamega County Health Improvement Fund**

Through legislation, Kakamega became one of the first counties to enable health facilities to retain their revenue to help in developing infrastructure, replenish pharms and non-pharms. This autonomy has significantly contributed to the smooth running of hospitals. Health facilities are now reporting improved efficiency, greater accountability, and financial sustainability.

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- **Imarisha Afya ya Mama na Mtoto Programme (Barasa-Care)**

This is a maternal and childcare intervention programme rolled out to reduce maternal and infant mortality by encouraging attendance of prenatal and ante natal clinics. Mothers are given a financial incentive for registering in this programme at least within six weeks of conception. Registered mothers are given another incentive upon delivering in a health facility. The programme ensures that there is close attention from the time of conception upto the 2nd birthday of a child.

- **Public Health and Preventive Services**

Kakamega has increased focus on preventive healthcare through mass screening campaigns, public health education, and vaccination drives. Community Health Promoters (CHPs) have been instrumental in linking households to the healthcare system, especially in rural areas.

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The county established its own **blood bank** and **oxygen production plant**—a game-changer in improving emergency response and supporting intensive care units. These investments were especially crucial during the COVID-19 period and continue to enhance preparedness. To reduce reliance on the Jaramogi Oginga Odinga Teaching and Referral Hospital Blood Transfusion Centre in Kisumu, the county is in the process of establishing a Western region Blood Transfusion centre.

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Governor Barasa's administration has increased the fleet of county ambulances, fully equipped with life-saving gear. The referral system has also been digitized for faster coordination between facilities.

EDUCATION ADVANCEMENT

The County's leadership in the education sector reflects a firm belief that human capital development is the cornerstone of long-term socioeconomic transformation. His administration has invested significantly in equitable access to foundational education, technical training and digital inclusion.

Strengthening the Foundation: ECDE Infrastructure

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61 new ECDE totaling to 386 modern Early Childhood Development and Education (ECDE) classrooms have been constructed or refurbished across the 60 wards, providing a safe and stimulating learning environment for pre-primary learners. This has increased ECDE enrollment from 30,055 to 99,385.

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Kakamega County has continued to invest in Vocational Training Centres (VTCs), now operational in nearly every sub-county. Facilities have been upgraded with modern equipment for hands-on training in trades like masonry, tailoring, plumbing, and electrical installation. The enrollment in county polytechnics has increased from 3,555 to 16,300.

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- **Access Kenya Partnership**

In partnership with Access Kenya, Barasa Jamii Scholarship Programme awarded 146 scholarships worth Kshs. 10,424,960 to higher learning institutions.

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devices, and full Wi-Fi coverage. These centers serve as innovation and learning spaces where youth can access digital skills training, global e-learning content, and online income opportunities—marking a major milestone in the county’s digital inclusion agenda.

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AGRICULTURAL TRANSFORMATION

Agriculture remains the backbone of Kakamega's economy contributing 52.3% to the Gross County Product (GCP). The sector is undergoing a transformation from subsistence to commercial farming. The county's agricultural strategy focuses on increasing productivity, value addition, farmer empowerment, and climate-smart practices.

Farm Inputs Subsidy & Mechanization

- **Subsidized Farm Inputs Program**

125,000 farmers across all wards benefit annually from county subsidized seeds and fertilizers. This program has significantly improved yields for maize, beans, vegetables, and other staple crops.

- **Mechanization of Agriculture**

As at now, the County is partnering with the **Warehouse Receipt System Council (WRSC)** and **Hello Tractor** to roll out a smart mechanization program that will deploy **at least 25 tractors** across three farming clusters. Through Hello Tractor's digital platform, smallholder farmers will access affordable, on-demand tractor services. The integration with the **Warehouse Receipting System** will enable farmers to store produce securely, access financing using warehouse receipts as collateral, and reduce post-harvest losses. This model combines mechanization, fintech, and structured market access, positioning Kakamega as a pilot county for scalable, tech-driven agricultural transformation.

Youth-Led Agribusiness: Agripreneurs Model

Through the **NAVCDP program**, supported by the **World Bank** and the **Ministry of Agriculture**, Kakamega County is promoting agriculture as a profitable venture among youth. Over **1,200 agripreneurs** have been empowered to launch enterprises in **poultry, horticulture, aquaculture, value addition, and agri-logistics**—creating jobs and driving rural incomes. With support in training, start-up capital, and market access, the initiative also registers farmers under Kenya Integrated Agriculture Management Information System (**KIAMIS**) to streamline government planning, input distribution, and subsidy targeting. By integrating modern tools and climate-smart practices, the

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program is making agriculture attractive to the youth while boosting productivity and sustainability.

Fisheries & Livestock Development

- **Lutonyi Fish Factory**

This PPP investment completes Kakamega’s aquaculture value chain by offering cold storage, packaging, and value addition for fish products. It supports over **2,000 smallholder fish farmers**, improving incomes and reducing post-harvest losses. The county’s broader investment in aquaculture—including **subsidized fish feeds**, pond expansion under the **ABDP** and **KSCAP** programs (supported by **IFAD** and the **World Bank**)—has led to a rapid increase in fish production and growing access to **regional export markets**, earning Kakamega national recognition in aquaculture development.

- **Livestock Health, Vaccination & Smart Dairy Farming**

Smart farms are being piloted to demonstrate the use of solar irrigation, rainwater harvesting, and precision farming tools—helping build resilience against climate shocks. Kakamega County continues to safeguard livestock health through **routine disease surveillance**, **mass vaccinations**, and the provision of **affordable Artificial Insemination (AI)** to improve animal genetics. These efforts are strengthened by the **Kakamega Dairy Development Corporation (KDDC)** which is spearheading the establishment of **smart dairy farms** across the county. These farms serve as centers of excellence—equipped with improved dairy breeds, modern housing, digital feeding systems, and fodder production units. Through KDDC, farmers receive hands-on training in climate-smart livestock practices, while benefiting from coordinated veterinary support and access to formal milk markets—laying the groundwork for a vibrant, commercially viable dairy industry.

ENVIRONMENTAL SUSTAINABILITY & CLIMATE ACTION

The County administration recognizes that sustainable development cannot be achieved without deliberate environmental stewardship. The County Government of Kakamega has prioritized climate resilience, conservation, and green energy solutions as core pillars of governance.

Conservation of Kakamega Forest

- **Kakamega Forest as a Conservation Jewel**

As Kenya's only remaining tropical rainforest, Kakamega Forest is central to the county's climate and biodiversity strategy. The County's administration continues to champion its protection through:

- Public awareness campaigns
- Tree planting initiatives
- Eco-tourism development efforts

- **Eco-Tourism & Community Co-Management**

Working with KWS, community forest associations, and private investors, the county is promoting eco-tourism as a source of income for local residents while preserving natural heritage. The county has developed a tourism circuit that can guide visitors to make refreshingly meaningful and informative tours around the county.

Renewable Energy Solutions

- **Hydrobox Mini-Grids**

In collaboration with development partners, the county has supported the rollout of mini-hydro power solutions (Hydrobox) in rural off-grid areas. These solar-hydro hybrids supply clean, reliable electricity to public facilities and trading centers.

- **Clean Cooking & Biogas Projects**

To reduce reliance on firewood and charcoal, the county is implementing clean-cooking programmes, which include distribution of improved cooking stoves and biogas units. This initiative will reduce deforestation.

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Climate Policy & Mainstreaming

- **County Climate Change Policy & Action Plan**

The County Assembly passed a Climate Change Policy that guides climate adaptation and mitigation. It mandates each department to integrate climate action in planning and budgeting.

- **Participation in Global Climate Frameworks**

Kakamega is among the counties engaged in the Climate Change Fund mechanism, providing grants and technical support for ward-level adaptation projects.

- **Community-Based Climate Adaptation Projects**

In vulnerable areas, especially flood-prone and semi-arid zones, the county has supported reforestation, terracing, and rainwater harvesting to protect livelihoods.

Solid Waste Management & Urban Greening

- **Integrated Waste Management**

In urban centers, the county is piloting solid waste separation and collection systems. Private sector engagement is helping convert waste to energy or compost.

- **Urban Tree Planting & Beautification**

The County's "Green Kakamega" campaign is driving beautification through tree planting, greening of markets, hospitals, and schools, and establishment of public parks. Though this project:

Impact Highlights

- Over 1 million trees have been planted since 2022.
- 3 mini-hydro grids supplying clean energy to off-grid villages have been established.
- There has been rehabilitation of the Kakamega Tropical Rain Forest.
- We are implementing Ward climate projects funded under county and donor-supported climate programs.

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Table 1: Programme performance

Program	Strategic Objective	Outcome	Output	Output indicator	Achievement for the FY 2024/2025			Cumulative Achievement by end of FY 2024/2025			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
					Public Works, Roads & Transport (this is an example)	To develop and maintain roads and storm water drainage to global standards	Increased efficient transportation of people, goods and services	Roads upgraded to bitumen standards	No of Kilometres of newly upgraded to bitumen standards	200	

6. Environmental and Sustainability Reporting

The County Government of Kakamega strives to improve the welfare of its people through formulation and implementation of all-inclusive multi-sectoral policies which guide the Government to deliver on its strategic mandate, which is founded on five (3) 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

Environmental Management and Coordination Act, 1999 (Revised Edition 2018) provides regulations that have been developed including Wetlands Regulations, Environmental Regulations (EIA/EA), Water Quality Regulations, Controlled Substances, Biodiversity Regulations, Air Quality Regulations, Waste Management Regulations and Noise Regulations. These regulations regulate the various environmental aspects.

The act talks of having a County Environment Action Plan developed which should be adopted by the County Assembly. The purpose of environmental action plans is to co-ordinate and harmonize the environmental policies, plans, programmes and decisions of the national and county governments, as the case may be, in order to-

- i. minimize the duplication of procedures and functions; and promote consistency in the exercise of functions that may affect the environment;
- ii. secure the protection of the environment across the country; and
- iii. Prevent unreasonable actions by any person, state organ or public entity in respect of the environment that are prejudicial to the economic or health interests of other counties or the country.

In section 147A, EMCA gives counties the powers to make legislation in respect of all such matters as are necessary or desirable that are required or permitted under the Constitution and EMCA. □ **National Environment Policy, 2013**

This policy touches on various aspects including:

- Public participation

A coordinated and participatory approach to environmental protection and management will be enhanced to ensure that the relevant government agencies, county governments, private sector,

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civil society and communities are involved in planning, implementation and decision making processes. - **Climate Change**

Strengthen capacity for national and county level institutions to support national climate resilience, low carbon development through integrating climate change into implementation strategies. - **Environmental Monitoring and assessment**

Ensure periodic reporting on county and national status of environment.

- **Institutional Arrangement**

Streamline and strengthen the capacity of environmental institutions at the national and county levels so as to make them more effective and participatory.

The policy also requires that environmental concerns are integrated in all policy, planning and development processes, through strengthening the capacity of environmental institutions at the county levels so as to make them more effective in ensuring compliance and enforcement. □

County Environmental Management Act, 2019

It has a number provisions relating to air pollution, noise pollution, public nuisances and waste management. These are key aspects that environmental performance should look at.

b) **Environmental performance**

□ **Draft County Climate Change Policy, 2020**

Once enacted, this policy will be key in monitoring, evaluating and reporting climate change adaption and mitigation strategies.

The County's **successes** include development of a number of legislation to guide environmental performance such as Environmental Management Act, 2019 and County Water Act 2019. Through the Environmental Management Act, 2019, the County has been able to resolve a number of complaints ranging from noise pollution, solid waste pollution, and waste water management just to mention a few. Other draft legislation that are crucial include County Natural Resources Management Bill, Climate Change Bill and Climate Change Policy.

Some of the **shortcomings** include:

- Inadequate awareness of the public on the significance of complying with environmental and social safeguards in implementing development projects.

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- Extra costs get incurred for stalled and delayed projects and resolving issues that could have been prevented when County projects comply with social and environmental safeguards.
- Reputational risks in case of protests, negative media coverage or court cases as result of projects that have be
- Harm to communities (often the most vulnerable) due to emerging of unforeseen negative impacts when implementing County projects
- Exclusion from investments on projects funded by international and private donors.
- Less attractive to international and private funding (Social Risk Management, a component of environmental performance, is a requirement of 70% of development finance in developing world).

Some of the County's efforts to manage biodiversity have included:

- Promotion of non-consumptive use of riparian areas.
- Promotion of nature-based enterprises such as stingless bee keeping and mukombero.
- Empower communities to take part in conservation of biodiversity

There is a revised draft National Sustainable Waste Management Policy which is a **waste management policy** for the country. The national policy:

- aims at transitioning the waste sector in every county away from low collection rates, illegal dumping and uncontrolled dumpsites to affordable waste collection, recycling and composting, and minimize waste fractions that are finally disposed to a well-engineered and regulated landfill.
- supports the creation of the planning, finance, technical and governance capacities that county governments need to effectively deliver on their mandate under the Constitution of Kenya 2010, to be the lead actors in delivering sustainable waste management services, by providing an enabling policy and regulatory environment to facilitate the counties to effectively deliver waste management services including, facilitating inter-county cooperation under the metropolis approach, financial incentives, research, technical advice and facilitation of public awareness and education.

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- guides the strengthening of institutional and governance arrangements to facilitate the practical achievement of sustainable waste management goals in every county.
- provides a framework for sustainable waste management nationally, through the full implementation of zero waste and circular economy principles, and through practical planning and implementation of waste management at the county level. Some of the **efforts to reduce environmental impact of the county's products** include:
 - Provision of a dumpsite to dump the solid waste emerging from the municipal area of the County. The dumpsite is well maintained to ensure there is a conducive living environment for the surrounding community.
 - Promotion of 3R principle (refuse, reduce and recycle) among the county residents to ensure minimum waste is generated.
 - Plans to incorporate a private investor in developing a county landfill

c) Employee welfare

The County Government of Kakamega is guided by the following policies on human capital management;

- i. Constitution of Kenya (2010).
- ii. County Human Resource Policy.
- iii. County Government Act (2012).

During recruitment, the County ensure that stakeholders/relevant departments are involved by providing their staff needs guided by their staff establishment/organization structure. These staff needs from all departments are consolidated by Public service and Administration department and forwarded as the County staff needs to the County Public Service Board (CPSB) for recruitment. The board ensures that it sticks not only to the gender rule during hiring process but also considers regional balance as required by law. In order to improve the staff skills, manage careers, appraisal and reward systems, the County ensured that all the staff in the county fill PAS forms and all departments sign annual performance contracts. The best performing department is always awarded the 13th salary as motivation and this is done annually. The County also ensures continuous and systematic upgrading of county staff skills through training and capacity building based on identified gaps.

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Considering the policy on safety and compliance with Occupational Safety and Health Act 2007 (OSHA), the County ensured that all offices have been installed with fire extinguishers, have fire assembly points, have indicative directions to all offices and adhere to Work Injury Benefits Act (WIBA) by compensating employees who get injured while on duty.

d) Marketplace practices-

The organisation should outline its efforts to:

a) Responsible Supply chain and supplier relations-

Using appropriate procurement methods that ensure equity and transparency.

- Use of standard tender documents as guided by Public Procurement Regulatory Authority.
- Supplier development program sensitization and training for special groups.
- Debriefing of unsuccessful bidders to enhance competitiveness and transparency.
- Reporting of contracts awards to relevant authorities and general public - Procurement based on approved budget and procurement plan.

(i) Treating Suppliers Responsibility by honoring Contract

- Formation of Contract Implementation teams for complex projects to monitor projects.
- Consultations and negotiations with suppliers before contract signing especially for complex projects.

(ii) Respecting Payment Practice

- Formation of adhoc Inspection & acceptance Committee to expedite receiving of goods /accepting work to facilitate payment
- Ensuring supporting documents for payment are available on payment vouchers.
- Ensuring necessary approvals are done before payment.

- (i)** The County Government has undertaken public sensitization and awareness as a key pillar in promotion of fair competition. This has empowered the citizen in decision making as first line of consumer protection. The empowerment has promoted responsible political involvement in promotion of fair trade competition, it is winning political good will to reduce public outcry during enforcement of fair trade practices regulations

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- (ii) The County Advocates the use of approved, uniform and accurate weighing and measuring standards for trade transactions in order to eliminate unfair trade competition.
- (iii) Traders in the County are encouraged to patent their intellectual rights in order to safe guard their innovation against unfair competition through counterfeiting.

b) Responsible ethical practices-

- i. Conducted an awareness programme to inform consumers on their rights and obligations. This safeguards them against exploitation by fraudulent traders.
- ii. Inspects and investigates consumer complaints with intention to promote fair trade competition
- iii. Instituted legal proceedings arising from consumer rights complaints to remedy the aggrieved parties.

c) Stewardship of goods and services

- i. Conducted an awareness programme to inform consumers on their rights and obligations. This safeguards them against exploitation by fraudulent traders.
- ii. Inspects and investigates consumer complaints with intention to promote fair trade competition
- iii. Instituted legal proceedings arising from consumer rights complaints to remedy the aggrieved parties.
- iv. Monitors trade description applied on goods and services to ensure they are accurate to enable consumers make informed decisions. The organization should outline its efforts to:

e) Community Engagements

The County Government of Kakamega engages with the community in a structured way through the administrative arm called Community Area Administrators' Office (CAA.s) this is a representation of the Governor's Office at the community level. There is collaboration between the two levels of Governments which helps the County to understand issues affecting its residents' livelihoods and discuss how well to address them. Further, the County ensures that all disaster/ emergency cases in the County have proper interventions.

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The County also supports the vulnerable and its citizens through various programs like shelter improvement, donations during Governors Christmas tree celebrations, public participation, sporting activities, music and cultural festivals and construction of gender based violence rescue centre

7. Management Discussion and Analysis

The county has strategically positioned **economic empowerment** at the heart of Kakamega's transformation agenda. Grounded in inclusive growth and sustainable livelihoods, the county's economic strategy focuses on unlocking private sector potential, industrialization, youth empowerment, and infrastructure development. This has been enabled through the following;

Institutionalizing Investment Promotion through PPPs

At the core of this economic thrust is the **Kakamega County Investment and Development Agency (KCIDA)**, a one-stop center created through an Act of the County Assembly. This agency serves as the county's official vehicle for **public-private partnerships (PPPs)** and investor onboarding.

KCIDA has enabled Kakamega to:

- **Facilitate investment approvals** in record time, minimizing bureaucratic delays;
- Provide **customized investor support** through a single-entry point for all permits, licenses, and feasibility study support; and,
- Map and match **target beneficiaries** of major investment projects to ensure local inclusion and equitable development.

Through KCIDA, the county government offers attractive **investment incentives** including:

- **Assisting potential investors to secure land** for industrial development;
- **Making or improving access roads and related infrastructure to support industrial activities;**
- **Providing policy interventions** to ease the cost of doing business; and,
- **Provision of utilities** such as water, drainage, and waste management.

This PPP-friendly ecosystem has led to the successful onboarding of high-impact investors within key value chains.

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Flagship PPP Projects Driving Local Value

Some notable examples of transformative PPP projects established in FY 2024/2025 include:

- **Regen Organics Plant at Matawa Industrial Park** – Ksh. 54 million organic waste-to-energy initiative offering climate-smart agriculture solutions while creating hundreds of direct and indirect jobs;
- **Lugari Maize Milling Plant** – A county-led PPP boosting agro-processing, farmer incomes, and food security. The plant currently serves over 24,000 farmers in maize surplus zones;
- **Gold Refinery Project** – Positioned to formalize the artisanal mining sector, the facility will add value to raw minerals, promote safety standards, and increase county revenue;
- **Lutonyi Fish Factory** – Enhancing aquaculture value chains by offering local processing, packaging, and cold storage for fish producers;
- **CAIP Aggregation Centers** – Part of the national **Kenya Climate Smart Agriculture Project**, these centres aggregate produce from smallholder farmers for better market access;

Empowering the People: Youth, Women and Persons with Disability

The **County Youth and Women Empowerment Programme (CYSWEP)** is another key pillar under Government economic legacy. Through this model:

- **3,000 youth** are engaged annually across all wards to provide community services in the areas of sanitation and at the same time they are supported to attend technical and **vocational training** in county polytechnics.
- At the end of the year, the participants in the programme are supported with business grants so as to engage in meaningful economic activities.

Furthermore, Kakamega County has expanded **inclusive financing mechanisms**:

- **Through the Kakamega County Microfinance Corporation, the government issues affordable loans** targeting MSMEs, individual traders, and startup ventures.

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- In addition, the county offers annual grants to 1,200 small-business groups comprising women, youth and Persons with Disability. County enterprise development officers provide professional support to the benefitting groups.
-

HEALTHCARE IMPROVEMENT

The County has made bold strides in transforming Kakamega's county's healthcare system. Developments in this sector have been anchored on the principle of equitable access, preventive care, and sustainability. From infrastructure investments to maternal and child health innovations, the county is redefining what a devolved health system can achieve.

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AGRICULTURAL TRANSFORMATION

Agriculture remains the backbone of Kakamega’s economy contributing 52.3% to the Gross County Product (GCP). The sector is undergoing a transformation from subsistence to commercial farming. The county’s agricultural strategy focuses on increasing productivity, value addition, farmer empowerment, and climate-smart practices.

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Farm Inputs Subsidy & Mechanization

- **Subsidized Farm Inputs Program**

125,000 farmers across all wards benefit annually from county subsidized seeds and fertilizers. This program has significantly improved yields for maize, beans, vegetables, and other staple crops.

- **Mechanization of Agriculture**

As at now, the County is partnering with the **Warehouse Receipt System Council (WRSC)** and **Hello Tractor** to roll out a smart mechanization program that will deploy **at least 25 tractors** across three farming clusters. Through Hello Tractor's digital platform, smallholder farmers will access affordable, on-demand tractor services. The integration with the **Warehouse Receipting System** will enable farmers to store produce securely, access financing using warehouse receipts as collateral, and reduce post-harvest losses. This model combines mechanization, fintech, and structured market access, positioning Kakamega as a pilot county for scalable, tech-driven agricultural transformation.

Youth-Led Agribusiness: Agripreneurs Model

Through the NAVCDP program, supported by the World **Bank** and the Ministry of Agriculture, Kakamega County is promoting agriculture as a profitable venture among youth. Over 1,200 agripreneurs have been empowered to launch enterprises in poultry, horticulture, aquaculture, value addition, and agri-logistics—creating jobs and driving rural incomes. With support in training, start-up capital, and market access, the initiative also registers farmers under Kenya Integrated Agriculture Management Information System (**KIAMIS**) to streamline government planning, input distribution, and subsidy targeting. By integrating modern tools and climate-smart practices, the program is making agriculture attractive to the youth while boosting productivity and sustainability.

Fisheries & Livestock Development

- **Lutonyi Fish Factory**

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This PPP investment completes Kakamega’s aquaculture value chain by offering cold storage, packaging, and value addition for fish products. It supports over **2,000 smallholder fish farmers**, improving incomes and reducing post-harvest losses. The county’s broader investment in aquaculture—including **subsidized fish feeds**, pond expansion under the **ABDP** and **KSCAP** programs (supported by **IFAD** and the **World Bank**)—has led to a rapid increase in fish production and growing access to **regional export markets**, earning Kakamega national recognition in aquaculture development.

- **Livestock Health, Vaccination & Smart Dairy Farming**

Smart farms are being piloted to demonstrate the use of solar irrigation , rainwater harvesting, and precision farming tools—helping build resilience against climate shocks. Kakamega County continues to safeguard livestock health through **routine disease surveillance**, **mass vaccinations**, and the provision of **affordable Artificial Insemination (AI)** to improve animal genetics. These efforts are strengthened by the **Kakamega Dairy Development Corporation (KDDC)** which is spearheading the establishment of **smart dairy farms** across the county. These farms serve as centers of excellence—equipped with improved dairy breeds, modern housing, digital feeding systems, and fodder production units. Through KDDC, farmers receive hands-on training in climate-smart livestock practices, while benefiting from coordinated veterinary support and access to formal milk markets—laying the groundwork for a vibrant, commercially viable dairy industry.

ENVIRONMENTAL SUSTAINABILITY & CLIMATE ACTION

The administration recognizes that sustainable development cannot be achieved without deliberate environmental stewardship. The County Government of Kakamega has prioritized climate resilience, conservation, and green energy solutions as core pillars of governance.

Conservation of Kakamega Forest

- **Kakamega Forest as a Conservation Jewel**

As Kenya's only remaining tropical rainforest, Kakamega Forest is central to the county's climate and biodiversity strategy. The county administration continues to champion its protection through:

- Public awareness campaigns
- Tree planting initiatives
- Eco-tourism development efforts

- **Eco-Tourism & Community Co-Management**

Working with KWS, community forest associations, and private investors, the county is promoting eco-tourism as a source of income for local residents while preserving natural heritage. The county has developed a tourism circuit that can guide visitors to make refreshingly meaningful and informative tours around the county.

Renewable Energy Solutions

- **Hydrobox Mini-Grids**

In collaboration with development partners, the county has supported the rollout of mini-hydro power solutions (Hydrobox) in rural off-grid areas. These solar-hydro hybrids supply clean, reliable electricity to public facilities and trading centers.

- **Clean Cooking & Biogas Projects**

To reduce reliance on firewood and charcoal, the county is implementing clean-cooking programmes, which include distribution of improved cooking stoves and biogas units. This initiative will reduce deforestation.

Climate Policy & Mainstreaming

- **County Climate Change Policy & Action Plan**

The County Assembly passed a Climate Change Policy that guides climate adaptation and

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mitigation. It mandates each department to integrate climate action in planning and budgeting.

- **Participation in Global Climate Frameworks**

Kakamega is among the counties engaged in the Climate Change Fund mechanism, providing grants and technical support for ward-level adaptation projects.

- **Community-Based Climate Adaptation Projects**

In vulnerable areas, especially flood-prone and semi-arid zones, the county has supported reforestation, terracing, and rainwater harvesting to protect livelihoods.

Solid Waste Management & Urban Greening

- **Integrated Waste Management**

In urban centers, the county is piloting solid waste separation and collection systems. Private sector engagement is helping convert waste to energy or compost.

- **Urban Tree Planting & Beautification**

The county's "Green Kakamega" campaign is driving beautification through tree planting, greening of markets, hospitals, and schools, and establishment of public parks. Though this project:

Impact Highlights

- Over 1 million trees have been planted since 2022.
- 3 mini-hydro grids supplying clean energy to off-grid villages have been established.
- There has been rehabilitation of the Kakamega Tropical Rain Forest.
- We are implementing Ward climate projects funded under county and donor-supported climate programs.

- **Entity's compliance with statutory requirements.**

Management has complied with the statutory requirements as per the PFM Act

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- **Major risks facing the organisation.**

Financial risks

Stalled projects because of inadequate financing

Loss of County properties

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8. Statement of Management Responsibilities

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

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

The CEC member for finance accepts responsibility for the County Executive's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The CEC member for finance is of the opinion that the County Executive's financial statements give a true and fair view of the state of the County Executive's transactions during the financial year ended June 30, 2025, and of its financial position as at that date.

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

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

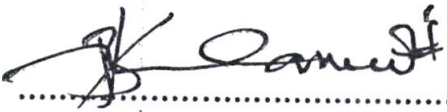
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Further the CEC member for finance confirms that the County Executive's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The County Executive of Kakamega financial statements were approved and signed by the CEC member for finance on 25/11/ 2025.



CECM – Finance and Economic Planning

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying transitional IPSAS financial statements of County Executive of Kakamega set out on pages 1 to 86, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of

significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of County Executive of Kakamega 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

1. Inaccuracy of the Financial Statements

1.1. Unsupported Prior Year Adjustment

The statement of changes in net assets reflects net assets balance of Kshs.1,095,201,214 as at 30 June, 2025. However, the balance includes prior year adjustment of Kshs.675,934,192 described as difference between receivables and payables for financial year 2023/2024, which has not been supported by documentation and explanation for its inclusion in the financial statements.

In the circumstances, the accuracy and completeness of net assets balance of Kshs.1,095,201,214 as at 30 June, 2025 could not be confirmed.

1.2. Unexplained Prior Year Adjustment

The statement of cash flows reflects net cash flows from operating activities amounting to Kshs.1,441,072,822 as disclosed in Note 22 to the financial statements. However, Note 22 to the financial statements on cash generated from operations includes unexplained adjustment of Kshs.675,934,192 described as prior year adjustment (difference between receivables and payables for financial year 2023/2024) whose journal entries, nature of adjustment, workings and supporting documents were not provided for audit review.

Further, the statement shows increase in payables balance of Kshs.77,894,425. However, recalculation of the change shows an increase of Kshs.810,799,158 resulting to a variance of Kshs.732,904,733. The variance of Kshs.732,904,733 has been described as pending bills for acquisition of assets under the working for the increase in payables but the reason for the exclusion of the amount in the change in payables was unjustified and the analysis of the amount and supporting documents were not provided for audit review.

In the circumstances, the accuracy and completeness of the net cash flows from operating of Kshs.1,441,072,822 could not be confirmed.

2. Unconfirmed Outstanding Imprests Balance

The statement of financial position and as disclosed in Note 15 to the financial statements reflects receivables from exchange transactions balance of

Kshs.21,753,905, which includes outstanding imprest of Kshs.18,325,045. However, Management did not maintain an updated imprest register indicating details of payees and amounts, imprest warrant number, date of issue, due date and date of surrender. Further, no explanation was provided for the failure to have the imprests recovered or surrendered as at 30 June, 2025. This was contrary to Regulation 93(5) of the Public Finance Management (County Governments) Regulations, 2015 which provides that a holder of temporary imprest shall account or surrender the imprest within seven (7) working days after returning to duty station.

In the circumstances, the accuracy, existence and occurrence of the outstanding imprests balance of Kshs.18,325,045 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts (recurrent and development combined) reflects final receipts budget and actual on comparable basis totalling Kshs.16,172,021,545 and Kshs.11,857,449,274 respectively, resulting in under-funding of Kshs.4,314,572,271 or 27% of the budget. Similarly, the County Executive spent Kshs.11,913,264,879 against actual receipts of Kshs.11,857,449,274 resulting to over-expenditure of Kshs.55,815,605.

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

Other Matter

Unresolved Prior Year matters

In the audit report of the previous year, several issues were raised under Report on Financial Statements and the Report on Lawfulness and Effectiveness in the Use of Public Resource as detailed in **Appendix I**. However, the Management has not resolved the issues or given any explanation for the delay in resolving the issues.

Other Information

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

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

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

The statement of financial position and as disclosed in Note 19 to the financial statements reflects a balance of Kshs.2,514,353,924 in respect of trade and other payables. Included in this balance is trade payables of Kshs.1,723,816,990, out of which an amount Kshs.61,390,555 relate to long outstanding balances that have remained unpaid for period between two (2) and eight (8) years from 2017 to 2023. Management did not explain why old trade payables had not been paid as a first charge. This was contrary to Section 41 (2) of the Public Finance Management (County Governments) Regulations, 2015 which provides that debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible that the County Government does not default on debt obligations.

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

2. Employees Costs

The statement of financial performance and as disclosed in Note 9 to the financial statements reflects employees' costs totalling Kshs.6,671,517,508. However, the following unsatisfactory matters were noted.

2.1. Non-Compliance with Law on Ethnic Composition

Review of records maintained by Management revealed that the County Executive had 6,688 employees as at 30 June, 2025. However, 6,291 members of staff or 94% were from one dominant ethnic community. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which requires that all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community.

In addition, only 94 or 1% of the positions in the County Executive were occupied by people living with disabilities. This was contrary to Part D37(2) of the County Government of Kakamega Human Resource Policies and Procedures Manual, 2016 which provides that the County Government shall ensure progressive realization of the requirement of recruitment of 5% of people with disabilities for all recruited personnel without sacrificing merit.

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

2.2. Non-Compliance with Law on Wage Bill

The statement of financial performance reflects revenue totaling Kshs.13,708,952,618 and compensation of employees' payments totalling Kshs.6,671,517,508. The compensation of employees' payments constitutes forty-nine per cent (49%) of the total revenue of the County Executive for the year under review. This was contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the employees payments should not exceed 35% of the County Executive total revenue.

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

2.3. Non-Adherence to the One-third Basic Salary Rule

Review of the Integrated Payroll and Personnel Database (IPPD) for the year under review revealed that four hundred and sixty-seven (467) employees had net pay that was less than one-third of their respective basic salaries. This was contrary Section 19(3) of the Employment Act, 2007 which provides that the total deductions from salaries of employees shall not exceed two-thirds of their respective basic salaries.

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

3. Irregularities in Procurement for Cleaning and Garbage Collection Service

The County Executive incurred an expenditure of Kshs.35,475,246 for provision of cleaning services across various County municipalities during the year under review. Review of procurement files revealed that Management entered into contracts with various firms for provision of the said services between 1 January, 2023 and 3 April, 2023 with total contract price of Kshs.405,512,329 for periods between two (2)

and three (3) years framework contracts. However, tender advertisement, bid documents and other procurement documents revealed that the County Executive did not specify intention to establish a framework agreement and the contract period in relation to the procurement of the services.

This was contrary to Regulation 102 (1) of the Public Procurement and Asset Disposal Regulations, 2020 which provides that a procuring entity may enter into a framework agreement through open tender using an invitation to tender which shall specify that the procuring entity intends to establish a framework agreement, the number of suppliers or contractors which shall not be less than seven alternative vendors and the duration of the framework agreement which shall not exceed three years.

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

4. Non-Compliance with the Provisions of the Public Finance Management (Public Investment Management) Regulations, 2022

The Public Finance Management (Public Investment Management) Regulations, 2022, came to effect in the financial year 2024/2025 for all County Governments which required implementation and appointment of various committees, project implementation oversights, ensure that all contracts signed by the procuring entities are uploaded in the Public Investment Management Information system, prepare project completion reports and submit them to the County Treasury in standard templates.

However, no documentary evidence was provided for audit on implementation of these Regulations and Management did not provide explanations for the failure to implement the regulations as provided for in the Ninth Schedule on implementation of Public Finance Management (Public Investment Management) Regulations, 2022.

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

5. Irregular Payment to the Council of Governors

The statement of financial performance reflects use of goods and services expenditure amounting to Kshs.4,012,791,097 which, as disclosed in Note 10 to the financial statements includes hospitality supplies and services expenditure of Kshs.421,288,637. This amount includes an amount of Kshs.3,000,000 paid to the Council of Governors for devolution conference registration expenses. However, the expenditure incurred had not been provided for in the annual budget and estimates for the year under review. This was contrary to Section 37 of Intergovernmental Relations Act, 2012 which provides that the operational expenses in respect of the structures and institutions established in the Act shall be provided for in the annual estimates of the revenue and expenditure of the national government to cater for the Summit, the Council of County Governors, the Technical Committee, Secretariat and the sectoral working group established by the Technical Committee and the sectoral working groups established by the Council.

In the circumstances, Management was in breach of the law and the expenditure of Kshs.3,000,000 paid to the Council of Governors for devolution conference registration payment was not a proper charge on public funds.

6. Irregular Expenditure on Other Government Entities Projects

The County Executive awarded a contract to a local construction company for the design and supervision for the construction of office block and chambers for the Kakamega County Assembly at a contract sum of Kshs.67,272,728. The County Executive paid consultancy fees of Kshs.24,000,000 to the contractor during the year under review. However, Management did not provide explanation and supporting documents authorizing the County Executive to procure the services on behalf of the County Assembly.

In addition, the County Executive entered into a contract for the construction and improvement of Mukumu Girls' sports grounds at contract price of Kshs.5,037,060. This was despite the institution not falling under devolved unit and fully under the regulation and control of the National Government.

In the circumstances, the payments were irregular and were not proper charge on public funds.

7. Use of Asbestos for Roofing of the Residential Houses

Review of the County Government records revealed that the County Government owned one hundred and forty-four (144) residential houses. Field inspection revealed that one hundred and twenty-four (124) houses were roofed with asbestos. Management did not provide a plan to replace the roof. This was contrary to Government of Kenya ban on the use of asbestos in 2006 due to its carcinogenic health risks.

In the circumstances, Management was in breach of the Government of Kenya directives and the failure to replace the asbestos roof raised serious environmental and health hazard to the public.

8. Non-Compliance with Law on Procurement Preference and Reservation for Disadvantaged Groups

The County Executive planned to procure goods, works and services for the year under review totalling Kshs.3,784,315,989. The County Executive set aside an amount of Kshs.907,935,830 or twenty four percent (24%) of the planned procurement expenditure for the disadvantaged groups. This was contrary Section 157(5) of the Public Procurement and Asset Disposal Act, 2015 which requires an Accounting Officer to reserve not less than thirty per cent to the disadvantaged group in the procurement budget.

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

9. Idle County Public Participation Web Portal

The County Executive entered into a contract for the development of an automated County Public Participation web portal on 28 March, 2024 at a contract sum of Kshs.4,719,000 for a contract period of six months. Review of the project implementation report and audit of the portal revealed that the project was completed and handed over but had not been put to use to date. This was contrary to Section 149(1) of the Public Finance Management Act, 2012 provides that an Accounting Officer is accountable for ensuring that the resources of the entity for which the officer

is designated are used in a way that is lawful and authorized and effective, efficient, economical and transparent.

In the circumstances, Management was in breach of law and value for money has not been realized from the project.

10. Project Implementation Status

10.1. Department of Health Services

The Department of Health commenced to implement various projects some dating back from the financial year 2021/2022 to 2024/2025 amounting to Kshs.7,002,023,807. Projects amounting to Kshs.50,341,490 were complete and in use in the year under audit, projects amounting to Kshs.101,177,176 were complete but had not been put to use some dating back to financial year 2021/2022 while projects amounting to Kshs.6,850,505,141 had stalled and no works were ongoing. Review of the project implementation status revealed that out of Kshs.7,002,023,807 initiated projects, a total of Kshs.3,301,036,240 has been settled as at the time of audit and the projects were at various stages of project execution/completion leaving a balance of Kshs.3,700,987,567 unpaid. Management in their fiscal strategy and plan has not indicated how to finance the projects in the short and long-term and has not identified projects on the basis of priority of implementation which may lead to further delays.

In the circumstances, value for money may not have been obtained from the delayed projects.

10.2. Proposed Construction of Maternity Block at Muhaka Health Centre

The Department of Health services awarded a contract for the construction of maternity block at Muhaka Health Center at a contract sum of Kshs.29,074,980 on 10 March, 2024. The construction works were to be completed within twenty-four (24) months from the contract signing date. However, field inspection on 26 June, 2025 revealed that the project had stalled at the foundation level and trenches were dug and left open and no works done by the contractor for a period exceeding one year. The contractor was not on site at the time of audit. Review of contract file revealed that the County Attorney had on 17 October, 2024 advised the Health Services Department to terminate the contract and had provided grounds and procedure of termination. No action in relation to recommendation by the County Attorney on contract termination by the department has been implemented.

In the circumstances, value for money may not have been obtained from the project.

10.3. Delayed Completion of the Level Four Hospital at Shamakhubu, Shinyalu Sub County

The Department of Health services awarded a contract for the construction of Shamakhubu Level Four Hospital in Shinyalu Subcounty at a revised contract sum of Kshs.229,139,694. The contractor vide certificate No.1 was paid an advance payment of Kshs.40,000,000 which was to be recovered in the subsequent certified works for payments. Review of the advance recovery revealed an amount of Kshs.23,474,301 had been recovered from certificate numbers 3, 4 and 5 and no further recovery was

made from certified works for certificates numbers 6 to 10 as required leaving a balance of Kshs.16,525,699 unaccounted for and not recovered to date and work done stood at 85% complete. Field verification on 30 June, 2025 revealed that the project was incomplete and contractor had abandoned the site way back in 2021 with internal and external finishing incomplete.

In the circumstances, value for money may not have been obtained from the project.

10.4. Construction of Open-Air Market Projects

The Department of Trade awarded contracts to six (6) contractors on 24 March, 2022 to construct six (6) open air markets across various trading centers within the County at total contract sum of Kshs.173,465,242 with expected completion period of 104 weeks from the contract signing date. However, as at the time of audit, an amount of Kshs.52,186,215 or 30% of the total contract sum had already been paid to the contractors with the contractual period having already lapsed and the overall projects implementation at approximately 30% and completion of the projects was behind schedule by approximately 1 year and 6 months.

In the circumstances, value for money may not have been obtained from the project.

10.5. Delayed Completion of Augmentation of Navakholo Water Supply Project (Buheri Tank)

The Department of Water, Environment, Natural Resources and Climate Change awarded a contract for the augmentation of Navakholo water supply project in Navakholo Subcounty at a contract sum of Kshs.4,906,225 on 21 March, 2022. The augmentation works were to be completed within twenty-four (24) weeks from the contract signing date. At the time of the audit, the contractor had been paid a sum of Kshs.2,745,836 or 56 % of the total contract sum. Field inspection conducted on 13 June, 2025 revealed that the project was incomplete and the contractor was not on site with a number of activities including plastering of water tank, building of sanitation facility, fencing of borehole and solar site not yet done.

In the circumstances, value for money may not have been obtained from the project.

10.6. Delayed Completion of Construction of Khabukoshe - Harambee Water Project

The Department of Water, Environment, Natural Resources and Climate Change awarded a contract for the construction of a water storage tank, booster and pump house at a contract sum of Kshs.13,801,322 on 8 June, 2023. The construction works were to be completed within six (6) months from the contract signing date. Field inspection on 13 June, 2025 revealed that the project was incomplete and the contractor was not on site with laying of water pipes, painting of the masonry tank and construction of pump house not yet done. Verification of payment details revealed that no payment had been made to the contractor as at the time of audit.

In the circumstances, value for money may not have been obtained from the project.

10.7. Renovations of County Government Houses in Malava

The County Executive awarded a contract for renovation works for ten one-bedroom self-contained County Government houses in Malava town at a contract sum of

Kshs.9,075,675 with an expected completion date of 31 August, 2023. Review of the project implementation status report and audit inspection conducted in May, 2025 revealed that the renovation works were at initial stage and the contractor was not on site as at the time of audit.

In the circumstances, value for money may not have been obtained from the project.

10.8. Mahiakalo- Nyayo Tea Zone-Shikulu Market Roads Upgrade to Bitumen Standard

The Department of Roads, Public Works and Energy awarded a contract for the upgrade to bitumen standards of the Miahikalo-Nyayo Tea Zone-Shikulu Market Road at a contract sum of Kshs.468,229,351. The works were to commence on 10 January, 2024 for twenty-four (24) months and was expected to be completed by 10 December, 2025. Physical inspection conducted in June, 2025, revealed that the project was about 60% complete with barely 6 months to completion period and the project was running behind schedule which may result in delays as the contractor was not on site as at the time of audit.

In the circumstances, value for money may not have been obtained from the project.

10.9. Mumias - Matawa - Indangalasia Road Upgrade to Bitumen Standard

The Department of Roads, Public Works and Energy awarded a contract for the upgrade to bitumen standards of the Mumias - Matawa - Indangalasia Road at a contract sum of Kshs.599,527,614. The works were to commence on 12 January, 2024 for twenty-four (24) months and was expected to be completed by 12 December, 2025. Physical inspection conducted in June, 2025, revealed that the project was about 40% complete with barely 6 months to completion period and the contractor was not on site as at the time of audit. The project may have stalled due to non-payment of certified works and may lead to project completion delays and possible cost escalation.

In the circumstances, value for money may not have been obtained from the project.

10.10. Construction of Tamanoni Box Culvert and 1.5Km Approaches

The Department of Roads, Public Works and Energy entered into a contract for the construction of box culvert and 1.5Km approaches at Tamanoni at a contract sum of Kshs.7,888,428. The works were to commence on 27 May, 2024 for six (6) months and were expected to be completed by 28 November, 2024. Physical inspection conducted in June, 2025, revealed that the project was approximately 60% complete with project completion time exceeding by seven (7) months with a possible cost escalation.

In the circumstances, value for money may not have been obtained from the project.

10.11. Poor Construction of Drainage Structures and Improvement of Roads

The Department for Public Works, Roads, Transport and Energy awarded contracts for maintenance of Sichirai P.A.G - Munyulu Junction-Ebwambwa Road (3KM) at a contract sum of Kshs.4,711,278, Daisy Junction - Iwatingu loops Roads (1.4KM) at a contract sum of Kshs.2,117,551.00 and Mayoni - Weteba Road (2.2KM) at a contract

sum of Kshs.2,961,700. The project period was to be six (6) months starting 1 February, 2024 to 2 July, 2024 with all the payments fully made during the year under review. However, it was observed that the drainage was poorly done without installation of road culverts resulting in some road sections being washed away shortly after completion.

In the circumstances, value for money may not have been obtained from the project.

10.12. Education Projects Implementation Status

Review of the Department of Education project implementation status reports and audit inspections carried out on 23 June, 2025 revealed that ten (10) projects awarded in the previous two financial years at a total contract sum of Kshs.77,193,724 were stalled and contractors were not on site. Further, eighteen (18) Early Childhood Education Development (ECDE) classrooms projects awarded between 15 December, 2021 and 25 January, 2024 valued at an amount of Kshs.85,627,664 were incomplete and their contracts had lapsed on various dates.

In the circumstances, value for money may not have been obtained from the projects.

10.13. Overpayment on the Construction of Kipkaren Stock Ring

The County Executive awarded a contract for the construction of Kipkaren Stock ring on 19 October, 2023 at a contract sum of Kshs.14,622,461 for a contract period of sixteen (16) weeks from the date of commencement of the contract. Review of the project file and physical inspection of the project carried out on 25 June, 2025 revealed that out of the total contract sum of Kshs.14,622,461, an amount of Kshs.7,104,164 or 49% had already been approved for payment to the contractor against 10% of works done. The approved payment against actual works done resulted in an overpayment of Kshs.5,549,926. Further, it was noted that despite the approved overpayment, the contractor was not on site as at the time of audit and contract period had lapsed.

In the circumstances, value for money may not have been obtained from the project.

10.14 Overpayment of Shiatsala Market Project

The Department of Trade, Industrialization and Tourism awarded a local contractor a contract on 24 March, 2022 to construct open air market at a contract sum of Kshs.38,005,230. Review of the project bill of quantities revealed the estimated cost to slab/ sub-structure level was an amount of Kshs.4,850,370 and the contractor had been paid a total sum of Kshs.11,499,203 resulting in an overpayment of Kshs.6,648,833 for works not done and the contractor had abandoned the site while the contract period had long lapsed and the project stalled at slab/sub-structure level.

In the circumstances, value for money may not have been obtained from the project.

10.15 Stalled Kakamega County Aggregation and Industrial Park Project

The Department of Trade, Industrialization and Tourism entered into a 2 (two) year contract for the construction of County aggregation and industrial park at a contract sum of Kshs.481,255,920 on 20 September, 2023. The contractor raised an invoice for payment totaling Kshs.140,004,640 on 22 December, 2023 against an interim payment certificate for works completed approved by the Inspection and Acceptance

Committee. Field inspection carried out on 24 June, 2025 revealed that the project had stalled due to non-payment for the certified works.

In the circumstances, value for money may not have been obtained from the project.

11. Non-Remittance of Statutory Deductions

Review of the payroll data provided revealed that Management made statutory deductions in relation LAPFUND, LAPTRUST, Housing Levy and Higher Education Loans Board (HELB) during the year under review amounting to Kshs.675, 901,362. However, Management did not provide evidence to confirm remittance of the deductions to various statutory bodies. This was contrary to Section 19(4) of the Employment Act, 2007 which requires that an employer who deducts an amount from an employee's remuneration in accordance with subsection (1)(a), (f), (g) and (h) shall pay the amount so deducted in accordance with the time period and other requirements specified in the law, agreement court order or arbitration as the case may be.

In the circumstances, Management risks incurring avoidable costs in terms of interest and penalties.

12. Non-Compliance with the Facilities Improvement Financing Act, 2023

The department of health through Kakamega County Health Services Fund collected an amount of Kshs.873,502,133 from sixteen (16) health facilities and deposited the amount into a commercial bank account number 78000059667 held at the department of health. However, the health department remitted an amount of Kshs.788,383,867 to sixteen (16) health facilities and retained a balance of Kshs.85,118,266 contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023 which provides that there shall be retention of all monies raised or received by or on behalf of all public health facilities.

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

13. The Winding up of Kakamega County Public Funds

13.1 The Winding Up of Kakamega County Agricultural Input Fund

Review of the closure of the Kakamega County Agricultural Input Fund revealed that the County Assembly Committee for Finance and Economic Planning issued a report dated 27 June, 2024, recommending the winding up of the Fund since it was unsustainable as per the requirement of the Public Finance Management Act, 2012. The last audited financial statements of the Fund for the year ended 30 June, 2024 indicates cash and cash equivalents balance of Kshs.859,364 held in three commercial bank accounts and current portion of long-term receivables from exchange transactions balance of Kshs.7,816,487.

As a result, the County Executive Committee Member for Finance, Economic Planning and ICT vide letter ref CGK/TPR/AD/1/57/VOL.II/48 dated 11 July, 2024 instructed a commercial bank to close one account and transfer the funds to Kakamega County Revenue Collection Account. However, there were no documentary evidence that the three bank accounts were closed and funds transferred to the County Revenue Fund - County Government of Kakamega. Further, the documentary evidence for the

transfer of receivables to County Executive of Kakamega was not provided for audit review.

This was contrary to Regulation 19 of the Kakamega County Agricultural Input Fund Amendment Regulations, 2019 which requires upon winding up of the Fund (a) the administrator of the Fund to pay any amount remaining in the Fund into the County Exchequer Account; and (c) that all assets of the Fund shall be taken over by the County Government.

In addition, there was no documentary evidence for closure of the Fund since the final report after winding up the Fund was not submitted to the Auditor-General for audit and County Assembly.

13.2. The Winding Up of Kakamega County Maternal Child Health and Family Planning Fund

Review of the closure of the Kakamega County Maternal Child Health and Family Planning Fund revealed that the Kakamega County Maternal Child Health and Family Planning Act, 2017 (Revised 2021) did not contain the procedure for winding-up the Fund. This was contrary to Regulation 198 of the Public Finance Management (County Governments) Regulations, 2015, which requires that the County Executive Committee Member shall provide for the management, operation and winding up procedure in the guidelines for establishing each Fund which shall be in accordance with the Act and these Regulations.

The County Assembly Committee for Finance and Economic Planning report dated 25 June, 2024 recommended the winding-up of the Fund by closure of the financial year 2023/2024 since it was not a going concern. The last audited financial statements of the Fund for the financial year ended 30 June, 2024 indicates cash and cash equivalents balance of Kshs.1,794,969 held in a commercial bank, accounts receivables of Kshs.362,800, and property, plant and equipment balance of Kshs.3,564,469. However, there was no documentary evidence provided for audit review to confirm that cash was transferred to County Revenue Fund - County Government of Kakamega, and assets transferred to County Executive of Kakamega. This was contrary to Section 116 (6) (a) and (b) of the Public Finance Management Act, 2012 which requires that on the winding up of a county public fund— (a) the administrator of the fund shall pay any amount remaining in the fund into the County Exchequer Account; and (b) the County Executive Committee member for finance shall, with the approval of the county assembly, pay any deficit in the fund from the County Exchequer Account.

In addition, there was no documentary evidence for closure of the Fund since the final report after winding up the Fund, was not submitted to the Auditor-General for audit and the County Assembly.

13.3. The Winding Up of the Kakamega County Small Scale Trade Development Fund

The Kakamega County Small Scale Trade Development Fund was established in 2015 under the Small-Scale Trade Regulations 2015 to support Small Scale Traders through issuance of low interest loans. The County Assembly Committee for Finance and Economic Planning report dated 5 August, 2024 recommended the winding up of

the Fund since it was dormant and was not receiving transfers from the county executive, and the county treasury to write-off non recovered loans totaling Kshs.40,645,683 as at 31 March, 2024 in accordance with Section 150 of the Public Finance Management 2012.

However, there was no documentation to confirm that the outstanding loans balance was irrecoverable and due for written-off as required by Regulation 150 (1) and (2) of the Public Finance Management (County Governments) Regulations, 2015, which requires that an accounting officer may only write off losses owed to the state if he or she is satisfied that-(a) all reasonable steps have been taken to recover the loss and the loss is irrecoverable; or (b) he or she is convinced that-(i) recovery of the losses would be uneconomical; and (ii) it would be to the advantage of the county government entity to effect a settlement of its claim or to waive the claim. (2) An Accounting officer shall ensure that all losses written off are done in accordance with this Act, these Regulations or any other relevant legislation.

The last audited financial statements of the Fund for the previous financial year ended 30 June, 2024 indicate a cash and cash equivalents balance of Kshs.354,482, and long-term receivables balance of Kshs.40,531,045. However, there was no indication that the monies were transferred to the County Revenue Fund as required by Regulation 22 of the Kakamega County Small Scale Trade Development Fund Regulations, 2017 which provides that the County Executive Member may wind up the Fund with the approval of the County Assembly and upon winding-up, (a) the administrator shall pay any amount remaining in the Fund into the county exchequer account.

In addition, there was no documentary evidence for closure of the Fund since the final report after winding up the Fund was not submitted to the Auditor-General and the County Assembly. Additionally, the financial statements for the period in existence before closure was not submitted for audit review.

The winding of the three Funds was contrary to Regulation 199 (2) of the Public Finance Management (County Governments) Regulations, 2015 on winding up of a county public Fund which requires that the final report after winding up the Fund shall be submitted to the Auditor-General for audit and the County Assembly.

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, 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

Internal Control Weaknesses in Information Communication Technology (ICT) Environment

Review of the County Executive's ICT environment revealed that the County does not have an approved ICT policy and strategic plan to guide governance, management and development of its ICT resources. Further, during the year under review, there was no ICT steering committee to assist in the development of ICT policy framework to enable the County realize its long-term ICT strategic goals.

In the circumstances, the effectiveness of the County Executive's ICT environment could not be confirmed.

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 governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

10 December, 2025

Appendix I: Unresolved Prior Year Audit Matters

S/No.	Financial Year	Audit Issue
1	2023/2024	Unconfirmed Transfers to Other Government Entities
2	2023/2024	Unreconciled Transfers to Other Government Entities
3	2023/2024	Unsupported Advance Payments to Contractors
4	2023/2024	Accuracy of Cash and Cash Equivalents
5	2023/2024	Unsupported Unpresented Cheques
6	2023/2024	Receipts in Cash Book not Recorded in Bank Statements
7	2023/2024	Unconfirmed Outstanding Imprests and Advances Balance
8	2023/2024	Unsupported Deposits and Retentions
9	2023/2024	Budgetary Control and Performance
10	2023/2024	Pending Accounts Payable
11	2023/2024	Compensation of Employees
12	2023/2024	Non-Compliance with Law on Ethnic Composition of Staff
13	2023/2024	High Wage Bill Above Allowed Threshold
14	2023/2024	Non-Adherence to the One-third Basic Salary Rule
15	2023/2024	Delayed and Stalled Projects
16	2023/2024	Other Delayed and Stalled Projects
17	2023/2024	Renovation Works at Mumias Slaughter House
18	2023/2024	Implementation of Road Projects
19	2023/2024	Rehabilitation of Kilimani Secondary School Water Supply
20	2023/2024	Completion of Construction of St. Monica Mungoma Water Supply Project
21	2023/2024	Completion of Nandamaywa Community Water Project
22	2023/2024	Milk Processing Plant Project
23	2023/2024	Supply, Installation, Delivery and Commission of an Electronic Board Management System (e-cabinet)
24	2023/2024	Lack of Ownership Documents and Lease Agreement for Aggregation Center Land
25	2023/2024	Unexplained Procurement of Improved Chicks
26	2023/2024	Unexplained Procurement of Fertilizers
27	2023/2024	Lack of an Updated Fixed Assets Register
28	2023/2024	Failure to Prepare and Submit Financial Statements of Hospitals for Audit

County Government of Kakamega
County Executive
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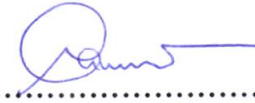
10. Statement of Financial Performance for the year ended 30 June 2025.

	Notes	FY 2024/2025
		Kshs
Revenue from non-exchange transactions		
Transfers from CRF	6	13,699,562,043
Miscellaneous Revenue	7	9,390,575
Total		13,708,952,618
Revenue from exchange transactions		
Other income	8	0
Total revenue		13,708,952,618
Expenses		
Employee costs	9	6,671,517,508
Use of goods and services	10	4,012,791,097
Transfers to other Government Entities	11	208,768,113
Depreciation and amortization expense	12	45,245,558
Other Grants and Subsidies	13	1,306,711,194
Total expenses		12,245,033,470
Net Surplus		1,463,919,148

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



Name. **Dr June Jeophita Mwajuma**
Chief Officer –Finance and Budget



CPA Mohamed Maalim Issackow
Head of Accounting Unit
ICPAK M/No: 24356

Paragraph 79 of IPSAS 33 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 adoption of the accrual basis of accounting.

In preparing this financial reporting template, this election has been made, and therefore, there are no comparatives in the first year of transition.

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11. Statement of Financial Position as at 30 June 2025

	No tes	FY 2024/2025	Opening Statement 1 st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	14	268,159,314	331,157,093
Receivables from Exchange Transactions	15	21,753,905	18,325,045
Receivables from Non-Exchange Transactions	16	1,851,503,344	1,033,011,703
Total Current Assets		2,141,416,563	1,382,493,841
Non-Current Assets			
Property, Plant and Equipment	17	2,126,839,353	0
Intangible Assets	18	57,708,249	0
Total Non- Current Assets		2,184,547,602	0
Total Assets (A)		4,325,964,165	1,382,493,841
Liabilities			
Current Liabilities			
Trade and Other Payables	19	2,514,353,924	1,708,945,895
Refundable Deposits and Prepayments	20	716,409,027	711,017,898
Total Current Liabilities		3,230,762,951	2,419,963,793
Non-Current Liabilities			
Non-Current Provisions	21	0	0
Total Non- Current Liabilities		0	0
Total Liabilities (B)		3,230,762,951	2,419,963,793
Net Assets(A-B)		1,095,201,214	(1,037,469,952)
Represented By:			
Reserves		0	0
Accumulated Surplus		1,095,201,214	(1,037,469,952)
Capital Fund		0	0
Net Assets		1,095,201,214	(1,037,469,952)

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

.....
Name. Dr June Jeophita Mwajuma
Chief Officer –Finance and Budget

.....
CPA Mohamed Maalim Issackow
Head of Accounting Unit
ICPAK M/No: 24356

**County Government of Kakamega
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Annual Report and Financial Statements for the year ended June 30, 2025.

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

	Accumulated Surplus	Reserves	Capital Fund	Total
As at 30th June 2024 (cash basis)	(361,535,760)	0	0	(361,535,760)
Adjustments of payables brought forward from FY 2023/2024.	(1,708,945,895)	0	0	(1,708,945,895)
Adjustments of Receivables from CRF brought forward from FY 2023/2024 (Equitable Share)	1,033,011,703	0	0	1,033,011,703
As at July 1, 2024	(1,037,469,952)	0	0	(1,037,469,952)
Return to CRF	(7,182,174)	0	0	(7,182,174)
Surplus/ deficit for the year	1,463,919,148	0	0	1,463,919,148
Prior year adjustment (Difference between receivables and payables of FY 2023/2024).	675,934,192			675,934,192
As at June 30, 2025	1,095,201,214	0	0	1,095,201,214

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

	Notes	FY 2024/2025 Kshs
Cash flows from operating activities		
Receipts		
Transfers from CRF	6(a)	11,848,058,699
Miscellaneous Revenue	7	9,390,575
Other income	8	0
Total receipts		11,857,449,274
Payments		
Employee costs	9(a)	5,890,969,457
Use of goods and services	10(a)	3,290,571,434
Transfers to other Government Entities	11(a)	198,779,229
Other Grants and Subsidies	13(a)	1,036,056,332
Total payments		10,416,376,452
Net cash flows from/(used in) operating activities	22	1,441,072,822
Cash flows from investing activities		
Purchase of PPE		(1,435,589,096)
Purchase Intangible assets		(61,299,331)
Net cash flows from/(used in) investing activities		(1,496,888,427)
Cash flows from financing activities		
Returns to CRF		(7,182,174)
Net cash flows from financing Activities		(7,182,174)
Net increase/(decrease) in cash & Cash equivalents		(62,997,779)
Cash and cash equivalents at 1 July	14	331,157,093
Cash and cash equivalents at 30 June	14	268,159,314

PSASB has prescribed the use of direct method for cash flow preparation

County Government of Kakamega
County Executive

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

Revenue/expense item	Original budget	Adjustments	Final budget	Actual on comparable basis	Budget utilization difference	% of utilization
	A	B	C=(a+b)	D	E=(c-d)	F=d/c *100
Revenues						
Transfers from CRF	16,368,571,748	(206,550,203)	16,162,021,545	11,848,058,699	4,313,962,846	73
Miscellaneous Revenue	10,000,000	0	10,000,000	9,390,575	609,425	94
Total revenues	16,378,571,748	(206,550,203)	16,172,021,545	11,857,449,274	4,314,572,271	73
Expenses						
Employee costs	6,200,518,400	(5,470,023)	6,195,048,377	5,890,969,457	304,078,920	95
Use of goods and services	3,411,438,883	0	3,411,438,883	3,290,571,434	120,867,449	96
Transfers to other Government Entities	210,000,000	0	210,000,000	198,779,229	11,220,771	95
Other Grants and Subsidies	1,606,586,724	(345,734,756)	1,260,851,968	1,036,056,332	224,795,636	82
Capital items						
Acquisition of PPE	4,852,327,741	144,654,576	4,996,982,317	1,435,589,096	3,561,393,221	29
Acquisition of Intangible assets	82,050,000	0	82,050,000	61,299,331	20,750,669	75
Acquisition of Biological Assets	15,650,000	0	15,650,000	0	15,650,000	0
Total expenses Development	16,378,571,748	(206,550,203)	16,172,021,545	11,913,264,879	4,258,756,666	74
Total Expenses	16,378,571,748	(206,550,203)	16,172,021,545	11,913,264,879	4,258,756,666	74
Surplus/ deficit				(55,815,605)		

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Reconciliation table

	Operating	Financing	Investing	total
Actual amounts on comparable basis presented in the budget and actual comparative statement	(55,815,605)	0	0	(55,815,605)
Classification differences-Acquisition of Assets	0	0	1,496,888,427	1,496,888,427
Actual in the statement of cashflows	1,441,072,822	0	0	1,441,072,822

Budget Notes

- (a) Transfers from CRF-The County received Kshs 1,855,253,344 from exchequer towards the end of the financial year. The amount was not transferred to the County Executive accounts for operation by 30th June 2025.
- (b) The under absorption realised on the respective expenditure items is due to late transfers from county revenue fund to the County executive accounts.
- (c) The changes between the original budget and the final budget has no effect in under absorption

15. Notes to the Financial Statements

1. General Information

County Government of Kakamega is established by and derives its authority and accountability from The Constitution of Kenya 2010. The Entity is domiciled in Kenya and its principal activities are enhancing accountability in management of public finances.

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:

County Executive of Kakamega has taken advantage of the transitional provisions under IPSAS 33 and therefore these 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.

-Property plant and equipment's acquired in previous financial years

-Inventories

These financial statements were authorised for issue by the accounting officer on 29th August 2025

Basis of Preparation

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

Reporting period

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

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

Notes to the financial statements

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

Purpose and nature of financial instruments

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

Climate change obligations

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

Physical assets

An asset is a resource presently controlled by the County 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.

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Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p>

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Standard	Effective date and impact:
	<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>

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>
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>

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Standard	Effective date and impact:
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> 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.

iii) Early adoption of standards

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

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

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 Entity's right to receive payments is established.

Rental income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the County Assembly on 28th June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded reduced appropriations of 206,550,203 on the 2024/2025 budget following the governing body's approval. The Entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements.

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Notes to the Financial Statements (Continued)

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 on page 7 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 a 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

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Notes to the Financial Statements (Continued)

Management has applied a depreciation policy from the National Treasury. Management has applied depreciation on a straight line method and the rates for depreciation has been indicated in note number 19 before the PPE table.

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 transfer's ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

f) Tangible Natural Resources

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

Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value

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Notes to the Financial Statements (Continued)

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.

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.

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Notes to the Financial Statements (Continued)

i) Financial instruments

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

i. Financial assets

Classification of financial assets

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

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair

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Notes to the Financial Statements (Continued)

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.

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Notes to the Financial Statements (Continued)

Impairment

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

ii. Financial liabilities

Classification

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

j) Inventories

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

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

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

k) Provisions

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

Notes to the Financial Statements (Continued)

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

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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.

m) Contingent assets

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

n) Nature and purpose of reserves

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

o) Changes in accounting policies and estimates

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

p) Employee benefits

Retirement benefit plans

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

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Notes to the Financial Statements (Continued)

q) Foreign currency transactions

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

r) Borrowing costs

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

s) Related parties

The Entity regards a related party as a person or an Entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the Governor, Deputy governor, County Secretary, County Executive Committee Members and Chief Officers, Speaker of the county assembly and, Clerk of the county Assembly, Directors and senior managers.

t) Service concession arrangements.

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

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Notes to the Financial Statements (Continued)

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.

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.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual value

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

- a) The condition of the asset based on the assessment of experts employed by the Entity.

Notes to the Financial Statements (Continued)

- 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. 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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Notes to the Financial Statements (Continued)

6. Transfers from CRF

Nature of Transfer	Amount recognized to Statement of financial performance. Kshs	Amount deferred under deferred income. Kshs	Total transfers FY 2024/2025
			Kshs
Recurrent	10,538,764,512	0	10,538,764,512
Development	2,733,755,765	0	2,733,755,765
Special purpose transfers	427,041,766	0	427,041,766
Total	13,699,562,043	0	13,699,562,043

6(a) Transfers from CRF-Note Supporting Cashflow Statement.

Nature of Transfer	Amount recognized to Statement of financial performance. Kshs	Amount deferred under deferred income. Kshs	Total transfers FY 2024/2025
			Kshs
Recurrent	9,722,044,707	0	9,722,044,707
Development	2,083,910,886	0	2,083,910,886
Special purpose transfers	42,103,106	0	42,103,106
Total	11,848,058,699	0	11,848,058,699

7. Miscellaneous Revenue

Nature of Revenue	FY 2024/2025
	Kshs
Development partner IFAD	9,390,575
Total	9,390,575

8. Other Incomes

Description	FY 2024/2025
	Kshs
Insurance recoveries	0
Total other income	0

9. Employee Costs

Description	FY 2024/2025
	Kshs
Basic salaries of permanent employees	6,646,577,402
Basic wages of temporary employees	1,647,181
Personal allowances – part of salary	23,292,925
Total Employee costs	6,671,517,508

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9(a) Employee Costs-Note Supporting Cash flow Statement

Description	FY 2024/2025
	Kshs
Basic salaries of permanent employees	5,866,029,351
Basic wages of temporary employees	1,647,181
Personal allowances – part of salary	23,292,925
Total Employee costs	5,890,969,457

10. Use of Goods and Services

Description	FY 2024/2025
	Kshs
Utilities, supplies and services	98,016,426
Communication, supplies and services	15,821,420
Domestic travel and subsistence	448,405,521
Foreign travel and subsistence	3,278,679
Printing, advertising, and information supplies & services	344,848,914
Rentals of produced assets	230,865,225
Training expenses	91,449,822
Hospitality supplies and services	421,288,637
Insurance costs	399,065,856
Specialized materials and services	721,352,498
Other operating expenses including bank Charges	1,079,431,673
Office and general supplies and services	49,647,837
Fuel Oil and Lubricants	45,940,496
Routine maintenance – vehicles and other transport equipment	31,668,904
Routine maintenance – other assets	31,709,189
Total	4,012,791,097

10(a) Use of Goods and Services-Note Supporting Cash flow Statement.

Description	FY 2024/2025
	Kshs
Utilities, supplies and services	93,047,597
Communication, supplies and services	15,821,420
Domestic travel and subsistence	439,980,558
Foreign travel and subsistence	3,278,679
Printing, advertising, and information supplies & services	316,862,194
Rentals of produced assets	197,560,930
Training expenses	85,208,852
Hospitality supplies and services	387,640,074
Insurance costs	399,065,856

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Description	FY 2024/2025
	Kshs
Specialized materials and services	372,129,470
Other operating expenses including bank Charges	859,405,605
Office and general supplies and services	29,981,851
Fuel Oil and Lubricants	45,940,496
Routine maintenance – vehicles and other transport equipment	14,878,106
Routine maintenance – other assets	29,769,746
Total	3,290,571,434

11. Transfers to Other Government Entities

Description	FY 2024/2025
	Kshs
Transfers to other County Government entities	
Transfer to County Assembly	4,000,000
Kakamega County Investment and Development Agency	14,000,000
Kakamega County Microfinance	6,074,800
Kakamega Dairy Development Corporation	15,942,498
Kakamega Municipality	6,000,000
Mumias Municipality	4,500,000
KCRA Operational A/C	57,488,884
Kakamega County Water, Sewerage company Limited	5,000,000
Kakamega County General Hospital	7,000,000
Butere Sub county Hospitals	18,455,959
Malava Sub County Hospital	17,999,594
Mumias West Subcounty Hospitals	1,035,318
Likuyani Subcounty Hospitals	5,800,288
Khwisero subcounty Hospitals	5,001,993
Matungu Subcounty Hospitals	4,175,575
Lumakanda County hospital	1,842,419
Mautuma County hospital	4,107,946
Shibwe county hospital	5,283,946
Manyala county hospital	450,000
Matete County Hospital	2,975,784
Matunda County Hospital	400,000
Navakholo County Hospital	4,010,615
Makunga Sub county Hospital	4,457,091
Iguhu County Hospital	12,765,403
Total	208,768,113

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11(a) Transfers to Other Government Entities-Note Supporting Cash flow Statement

Description	FY 2024/2025
	Kshs
Transfers to other County Government entities	
Transfer to County Assembly	4,000,000
Kakamega County Investment and Development Agency	14,000,000
Kakamega County Microfinance	6,074,800
Kakamega Dairy Development Corporation	15,942,498
Kakamega Municipality	6,000,000
Mumias Municipality	4,500,000
KCRA Operational A/C	47,500,000
Kakamega County Water, Sewerage company Limited	5,000,000
Kakamega County General Hospital	7,000,000
Butere Sub county Hospitals	18,455,959
Malava Sub County Hospital	17,999,594
Mumias West Subcounty Hospitals	1,035,318
Likuyani Subcounty Hospitals	5,800,288
Khwisero subcounty Hospitals	5,001,993
Matungu Subcounty Hospitals	4,175,575
Lumakanda County hospital	1,842,419
Mautuma County hospital	4,107,946
Shibwe county hospital	5,283,946
Manyala county hospital	450,000
Matete county hospital	2,975,784
Matunda County hospital	400,000
Navakholo County hospital	4,010,615
Makunga Sub county Hospital	4,457,091
Iguhu County hospital	12,765,403
Total	198,779,229

12. Depreciation and Amortization Expense

Description	FY 2024/2025
	Kshs
Property, plant and equipment	37,001,522
Intangible assets	8,244,036
Total	45,245,558

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13. Other Grants and Subsidies

Description	FY 2024/2025
	Kshs
Scholarships and other educational benefits	50,487,990
Farm Inputs Subsidies	695,121,560
Tax-arrears (KRA)	76,129,707
Grants to Small Business groups	57,841,225
Other Current Transfers, Grants and Subsidies	119,707,530
Blood Transfusion Services Expenses	3,969,891
DANIDA-Transfers to Dispensaries	42,639,456
Transfers to Council of Governors	5,000,000
Cash Transfers to mothers	4,445,137
Other Capital Grants and Trans-Dispensaries	17,377,738
Kakamega County informal Settlement Expenses	124,825,185
National Agricultural Value Chain Development Project - Expenses	109,165,775
Total Grants and Subsidies	1,306,711,194

13(a) Other Grants and Subsidies-Note supporting Cash flow statement.

Description	FY 2024/2025
	Kshs
Scholarships and other educational benefits	46,768,960
Farm Inputs Subsidies	427,780,410
Tax-arrears (KRA)	76,129,707
Grants to Small Business groups	57,841,225
Other Current Transfers, Grants and Subsidies	119,657,530
Blood Transfusion Services Expenses	3,969,891
DANIDA-Transfers to Dispensaries	42,639,456
Transfers to Council of Governors	5,000,000
Cash Transfers to mothers	4,445,137
Other Capital Grants and Trans-Dispensaries	17,833,056
Kakamega County informal Settlement Expenses	124,825,185
National Agricultural Value Chain Development Project - Expenses	109,165,775
Total Grants and Subsidies	1,036,056,332

14. Cash and Cash Equivalentents

Description	FY 2024/2025	Opening Statement
	Kshs	1 st July 2024
		Kshs
Recurrent Account	210,016,173	10,946,498
Development Account	4,095,367	5,629,182
Deposits Account	16,333,463	10,942,335

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Special Purpose Accounts	37,714,311	303,639,078
Total	268,159,314	331,157,093

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

		FY 2024/2025	Opening Statement 1 st July 2024
Financial Institution	Account number	Kshs	Kshs
CBK Recurrent Accounts			
Central Bank Recurrent Account	1000170786	796,853	3,595,804
CBK Development Account			
Central Bank Development Account	1000170727	1,198,480	157,237
Deposits Accounts			
Cooperative bank Retention	'1141545302401	16,333,463	10,942,335
Special Purpose Accounts			
Central Bank County Special Purpose Universal Care Account	1000335491	0	6,613
Central Bank County Polytechnics Special Purpose Account	1000368837	0	34
Central Bank Kenya Devolution Support Program	1000412321	2,866,068	24,765,618
Central Bank Danida	1000568992	201,728	8,059
Central Bank Road maintenance levy fund	1000275545	0	73,731
Central Bank Kenya Climate Smart Agriculture	1000360488	0	1
Other operating commercial accounts			
Cooperative Bank Operations Account	01141545302400	188,804,370	464,391
Cooperative Bank Development Account	'1141545462600	2,896,888	83
Public Service Board – KCB	1162095482	295,580	2,228
KCB Kakamega County IFAD (ABDP)	1267506172	13,795	487,709
Farm Mechanization development a/c	1240480911	0	160,047
Farm Mechanization collection a/c KCB	1177892480	0	146,209
Sugar Development Fund	'1141631142100	0	4,997,480
Kakamega County ASDSP 11 KCB 1240481217	1240481217	0	1,675
KCB Kakamega County Sustainable Land Management	1265684626	0	2,491
Bukura ATC	'500262374653	8,413,226	3,487,613
Health Services Equity	'500261761850	128,338	993,746
Blood Transfusion Services A/c-KCB	1267879491	9,945	114,172
KEPI MOH Kakamega central Account	'141166952400	335,149	168,209
Kakamega County informal Settlement	500281264867	11,414,491	136,239,676
KELCOP	1302249932	22,854,199	49,382
Kakamega County Special Purpose Grant account	500284936179	21,283	50,000,000
Kakamega County Urban Institutional Grant Account KCB	1262461197	0	418
National Agriculture Value Chain Development Project-A/C	;500284292928	7,598	92,003,671

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Linda Afya ya mama na mtoto	13398322925	359,715	0
Ikolomani Sub county Impress-PSA Account	1169829171	2,879	23
Ikolomani Sub county Imprest Treasury Account	1291537791	2,169	(162)
Ikolomani Sub county -PHO Account	1155208455	0	1,319
Ikolomani Sub county Education account	1291538771	2,775	2,124
Ikolomani Subcounty Agriculture account	1291538046	1	(169)
Navakholo Sub county PSA Account	1169829228	9,845	1,635
Navakholo Sub county Treasury Account	1289774986	2,369	2,107
Navakholo Sub county Health Account	1302060694	101,500	6,412
Navakholo Sub county Agriculture Account	1289774250	0	0
Navakholo Sub county Education Account	1289774579	8,535	0
Shinyalu Sub county PSA Account	1169828604	3,179	2,499
Shinyalu Sub county Treasury Account	1289940878	61,871	1,287
Shinyalu Sub county PHO Account	1154394271	29,570	566,051
Shinyalu Sub county MOH	1.14155E+12	58,671	173,524
Shinyalu Sub county Education	1289941645	1,497	0
Shinyalu Sub county Agriculture	1289940517	2	0
Lurambi Sub county PSA Account	1169828566	6,159	2,050
Lurambi Sub county Treasury Account	1289962014	2,011	2,287
Lurambi Sub county PHO Account	1154162834	421,653	105,806
Lurambi Sub county Education Account	1289961956	3,276	(256)
Lurambi Sub county Agriculture Account	1289961883	183	(126)
Lurambi Sub county MOH	1.14155E+11	85,515	3,568
Malava Sub county PSA Account	1169828159	2,714	2,653
Malava Sub county Treasury Account	1289775885	2,493	1,706
Malava Sub county PHO Account	1154393704	43,698	287,424
Malava Sub county Education Account	1289775494	(29)	2,854
Malava Sub county Agriculture Account	1289699976	88	214
Lugari Sub county PSA Account	1169829244	3,329	2,271
Lugari Sub county Treasury Account	1290018316	62,301	1
Lugari Sub county PHO Account	1154306224	29,595	1
Lugari Sub county Education Account	1291539980	2,934	37,728
Lugari Sub county Agriculture Account	1290018375	1	710
Likuyani Sub county PSA Account	1169829260	9,212	1,584
Likuyani Sub county Treasury Account	1289962677	60,112	952
Likuyani Sub county PHO Account	1154215369	1,170	107,108
Likuyani Sub county Education Account	1289771928	3,273,944	495
Likuyani Sub county Agriculture	1289962545	435	0
Mumias West Sub county PSA Account	1169829392	4,216	2,733
Mumias West Sub county Treasury Account	1293239526	62,081	1,253
Mumias West Sub county PHO Account	1154897354	13,386	6,379
Mumias West Sub county Education Account	1290018111	1,946	816
Mumias West Sub county Agriculture Account	1209918138	100	100
Mumias East Sub county PSA Account	1169829422	739,181	3,294
Mumias East Sub county Treasury Account	1289768889	61,282	1,045

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Mumias East Sub county PHO Account	1155153243	108,337	219,911
Mumias East Sub county Education Account	1289935084	1,682,314	1,795
Mumias East Sub county Agriculture Account	1289768463	0	0
Khwisero Sub county PSA Account	1169829236	798,442	1,590
Khwisero Sub county Treasury Account	1289961697	61,005	925
Khwisero Sub county PHO Account	1155030907	55	63,666
Khwisero Sub county Education Account	1290053944	1,603	3,635
Butere Sub county PSA Account	1169829325	1,053,829	4,224
Butere Sub county Treasury Account	1289769338	2,379	1,919
Butere Sub county PHO Account	1154120465	6,867	15,892
Butere Sub county Education Account	1289770980	2,154,264	2,124
Butere Sub county Agriculture Account	1289769958	81	(132)
Matungu Sub county PSA Account	1169829449	1,971	7,636
Matungu Sub county Treasury Account	1289962464	60,456	2,005
Matungu Sub county PHO Account	1154130460	96,127	619,804
Matungu Sub county Education Account	1289962340	2,564	7,894
Matungu Sub county Agriculture Account	1289940215	2	73
		268,159,314	331,157,093

15. Receivables from Exchange Transactions

Description	FY 2024/2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Total receivables		
Outstanding Imprests	18,325,045	18,325,045
Salary Advance	3,428,860	0
Total receivables	21,753,905	18,325,045
a) Current receivables	21,753,905	18,325,045
b) Non-current receivables	0	0
Total Receivables (a+b)	21,753,905	18,325,045

i) Ageing analysis for Receivables

Description	FY 2024/2025		Opening Statement 1 st July 2024	
	Current FY	% of the total	Opening Balance	% of the total
Less than 1 year	3,428,860	16%	0	0%
Over 3 years	18,325,045	84%	18,325,045	100%
Total (a+b)	21,753,905	100%	18,325,045	100%

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16. Receivables from Non-Exchange Transactions

Description	FY 2024/2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Other debtors (non-exchange transactions)	1,851,503,344		0	
Less: impairment allowance	0		0	
Total receivables from non-exchange transactions	1,851,503,344		0	
Ageing Analysis- Receivables from non-exchange transactions	FY 2024/2025	% of the total	Opening Balance	% of the total
Less than 1 year	1,851,503,344	100%	1,033,011,703	100%
Total	1,851,503,344	100%	1,033,011,703	100%

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Notes to the Financial Statements (Continued)

17. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Road Construction	Infrastructure assets	Furniture and fittings	Computers & ICT Equipment	Plant and Equip	Work in progress	Total
Depreciation Rate	0	2%	25%	10%	10%	12.50%	33.30%	15%	0	
Cost	Kshs	Kshs	Kshs		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1 st July 2024	0	0	0	0	0	0	0	0	-	0
Additions	121,586,010	0	-	-	0	31,172,927	35,038,549	142,913,801	1,833,129,589	2,163,840,875
Disposals	-	-	-	-	-	-	-	-	-	0
Transfer/Adjustments	-	-	-	-	-	-	-	-	-	0
As At 30 th June 2025	121,586,010	0	0	0	0	31,172,927	35,038,549	142,913,801	1,833,129,589	2,163,840,875
Depreciation And Impairment	0									0
Depreciation for the period	-	-	-	-	-	3,896,616	11,667,837	21,437,070	-	37,001,523
Impairment	-	-	-	-	-	-	-	-	-	0
Transfer/Adjustment	-	-	-	-	-	-	-	-	-	0
As At 30 th June 2025	-	-	-	-	-	3,896,616	11,667,837	21,437,070	-	37,001,523
Net Book Values										0
Opening Bal as at 1 st July 2024	0	0	0	0	0	0	0	0	0	-
As At 30 th June 2025	121,586,010	0	0	0	0	27,276,311	23,370,712	121,476,731	1,833,129,589	2,126,839,353

Work In Progress-Comprise of incomplete physical projects and the List has been provided separately

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Notes to the Financial Statements (Continued)

18. Intangible Assets

18. Intangible Assets	
Cost/Opening balance at the beginning of the year	0
Additions	65,952,284
Disposal	0
At end of the year	65,952,284
Additions-internal development	0
Disposal	0
At end of the year	65,952,284
Amortization and impairment	0
At beginning of the year	8,244,036
Amortization	8,244,036
At end of the year	0
Impairment loss	0
At end of the year	0
NBV	57,708,249

19. Trade and Other Payables

19. Trade and Other Payables				
Trade payables	1,723,816,990		1,708,945,895	
Employee payables	780,548,050		0	
Transfers to other Entities	9,988,884		0	
Total trade and other payables	2,514,353,924		1,708,945,895	
Ageing analysis:				% of the Total
(Trade and other payables)	FY 2024/2025	%	Opening balance	
Under one year	2,440,256,936	97%	0	0%
One year to two years	74,096,988	3%	1,708,945,895	100%
Total	2,514,353,924		1,708,945,895	

20. Refundable Deposits and Prepayments

20. Refundable Deposits and Prepayments			
Customer deposits	716,409,027		711,017,898
Total deposits	716,409,027		711,017,898

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	FY 2024/2025	% of the Total	Opening Balance	% of the Total
Ageing analysis: (Refundable deposits)				
Under one year	716,409,027	100%	711,017,898	100%
Over 3 years	0			
Total	716,409,027	100%	711,017,898	100%

21. Non-Current Provisions

Balance b/f				
Additional provisions				

22. Cash Generated from Operations

	1,463,919,148
Surplus for the year before tax	
Adjusted for:	45,245,558
Depreciation	
Working capital adjustments	
Increase in inventory	(821,920,501)
Increase in receivables	
Increase in deferred income	77,894,425
Increase in payables	675,934,192
Prior year adjustment (Difference between receivables and payables of FY 2023/2024)	1,441,072,822
Net cash flow from operating activities	

Workings for Increase in payables	810,799,158
Increase in payables	
Less pending bills for Acquisition of Assets since does not affect the Net surplus in the statement of financial performance	732,904,733
Net increase in Payables	77,894,425

Notes to the Financial Statements (Continued)

23. Financial Risk Management

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

The Entity's financial risk management objectives and policies are detailed below:

i) Credit risk

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

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

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 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.

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.

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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.

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.

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.

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:

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

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:

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:

24. 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.

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25. Segment Information

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an Entity to present segmental information of each geographic region or department to enable users understand the Entity's performance and allocation of resources to different segments)

26. Contingent Assets and Contingent Liabilities

Contingent Assets

	FY 2024/2025
	Kshs
Contingent Assets	
Insurance Reimbursements	0
Assets Arising from Determination Of Court Cases	0
Total	0

Contingent Liabilities

	FY 2024/2025
	Kshs
Contingent Liabilities	0
Contingent Liabilities arising from Contracts Including PPPs	141,566,221
Others (Specify)	0
Total	141,566,221

27. Capital Commitments

Capital Commitments	FY 2024/2025
	Kshs
Authorised for	0
Authorised and contracted for	0
Total	0

28. Events after the Reporting Period

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

29. Ultimate And Holding Entity

The Entity ultimate parent is the Government of Kenya.

30. Currency

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

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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	Issue / Observations from Auditor	Management comments	Status:	Time frame:
1	<p>I. Basis for Qualified Opinion</p> <p>Unconfirmed Transfers to Other Government Entities</p> <p>The statement of receipts and payments reflects transfers to other Government entities amounting to Kshs.955, 057,632 and as disclosed in Note 6 to the financial statements. However, County Revenue Fund-County Government of Kakamega Financial statement reflects returns to County Revenue Fund (CRF) amounting to Kshs.7, 689,694 which has not been included under transfers to other Government entities. The</p>	<p>Management submitted responses and appeared before the Senate Public Accounts Committee on 25th March 2025 for an interrogation, out of the interrogation meeting the Senate made the following recommendations.</p> <p>1) The Institute of Certified Public Accountants (ICPAK) takes action(s) against the Head of Treasury for failure to do bank reconciliations which constitutes professional negligence</p> <p>2) The Office of the County Governor (CEO) undertakes administrative action against the responsible officer(s) who fails to provide documents to the auditors in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General</p>	<p>Management has resolved as follows on the recommendation made</p> <p>1.The Institute of Certified Public Accountants (ICPAK) to take action</p> <p>2. Office of the Governor has issued a directive to all accountants heading the departments to carry out reconciliation time and provide documentation to the auditor on time.</p> <p>Currently the outstanding issue on reconciliation has</p>	<p>FY 2025 /2026</p>

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	<p>omission of the amount has not been explained.</p> <p>In the circumstances, the accuracy and completeness of transfers to other Government entities amounting to Kshs.955, 057,632 could not be confirmed.</p>	<p>within sixty(60) days from the adoption of this report; and</p> <p>3) The County Executive to identify the training needs of its staff serving in the Finance Department and initiate capacity building and training in conjunction with the National Treasury within sixty (60) days of the adoption of this report.</p>	<p>been addressed, reconciliation has been done and necessary documents has been forwarded to the office of Auditor general. This recommendation has been executed (Resolved)</p> <p>3. The County Executive Department of finance has identified training needs to staff serving in finance department. Budget has been provided in FY 2025/2026 to facilitate training. The training activity has already commenced and will run</p>	

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
			throughout the financial year (Resolved)	
2	<p>Unreconciled Transfers to Other Government Entities</p> <p>The statement of receipts and payments reflects transfers to other Government entities amounting to Kshs.955, 057,632 and as disclosed in Note 6 to the financial statements. However, verification of the financial statements of the entities shown in the table below revealed that the amount received was different from the amount indicated as transferred by the County Executive. The variances were not explained or reconciled.</p> <p>S/No.</p>	<p>Management submitted responses and appeared before the Senate Public Accounts Committee on 25th March 2025 for an interrogation, out of the interrogation meeting the Senate made the following recommendations.</p> <p>1). The Institute of Certified Public Accountants (ICPAK) takes action(s) against the Head of Treasury for failure to do bank reconciliations which constitutes professional negligence</p> <p>2) The Office of the County Governor (CEO) undertakes administrative action against the responsible officer(s) who fails to provide documents to the auditors in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General</p>	<p>Management has resolved as follows on the recommendation made</p> <p>1.The Institute of Certified Public Accountants (ICPAK) to take action</p> <p>2. Office of the Governor has issued a directive to all accountants heading the departments to carry out reconciliation time and provide documentation to the auditor on time.</p> <p>Currently the outstanding issue on reconciliation has been addressed,</p>	Done

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	<p>Receiving Entity Amount Transferred by County Executive (Kshs.) Amount Received by the Fund/County Entity (Kshs.) Variance (Kshs.)</p> <p>1 Kakamega County Microfinance Corporation 7,500,000 7,741,126 241,126</p> <p>2 Kakamega Dairy Development Corporation 66,223,194 72,223,194 6,000,000</p> <p>3 Kakamega County Water and Sewerage Company (both</p>	<p>within sixty(60) days from the adoption of this report; and</p> <p>3) The County Executive to identify the training needs of its staff serving in the Finance Department and initiate capacity building and training in conjunction with the National Treasury within sixty (60) days of the adoption of this report.</p>	<p>reconciliation has been done and necessary documents has been forwarded to the office of Auditor general. This recommendation has been executed (Resolved)</p> <p>3. The County Executive Department of finance has identified training needs to staff serving in finance department. Budget has been provided in FY 2025/2026 to facilitate training. The training activity has already commenced and will run</p>	

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	<p>Urban and Rural) 20,000,000 20,500,000 500,000</p> <p>In the circumstances, the accuracy and completeness of transfers to other Government entities amounting to Kshs.955, 057,632 could not be confirmed.</p>		throughout the financial year (Resolved)	
3	<p>Unsupported Advance Payments to Contractors</p> <p>The statement of receipts and payments reflects acquisition of assets amounting to Kshs.2, 170,524,296 and as disclosed in Note 8 to the financial statements. The amount includes Kshs.53, 759,174 advance payments to contractors in respect of procured roads and drainage works, water and sewerage works and public lighting works in two lots by the Department of</p>	<p>Management submitted responses and appeared before the Senate Public Accounts Committee on 25th March 2025 for an interrogation, out of the interrogation meeting the Senate made the following recommendations;</p> <p>Management of the County Government to ensure proper document action and verification of advance payments before disbursement.</p>	<p>Management noted the Senate recommendations and provided supporting documents as requested by the auditor.</p> <p>The advance payments have now been recovered management will ensure that future transactions are properly documented and verified before disbursement.</p>	Done

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	<p>Roads Public Works and Energy under the Kakamega County Kenya Informal Settlements Improvement Project.</p> <p>However, advance payment returns including copies of invoices, completion certificates, inspection reports and handover certificates were not submitted to the Project Manager and not provided for audit as required under clause 51.2 of the contract.</p> <p>In the circumstances, the accuracy and completeness and propriety of payments amounting to Kshs.53,759,174 could not be confirmed.</p>			

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
4	<p>II. Accuracy of Cash and Cash Equivalents</p> <p>The statement of assets and liabilities reflects a balance of Kshs.331, 157,093 in respect of cash and cash equivalents and as disclosed in Note 9A to the financial statements. However, the following unsatisfactory matters were observed:</p> <p>I. Unsupported Unpresented Cheques</p> <p>The bank reconciliation statements for the month of June, 2024 for operations account, development account, recurrent account reflects balances of Kshs.259,627,667, Kshs.676,917,047 and Kshs.807,287,978 respectively, in respect of unpresented cheques which</p>	<p>Management submitted responses and appeared before the Senate Public Accounts Committee on 25th March 2025 for an interrogation, out of the interrogation meeting the Senate made the following recommendations;</p> <p>1) The ICPAK takes action(s) against the Head of Treasury for failure to do bank reconciliations which constitutes professional negligence pursuant to Section 8 (a) and 30 of the Accountants Act CAP 531 and reports to the Committee within 60 days of the adoption of this report.</p> <p>2) The Office of the County Governor (CEO) undertakes administrative action against the responsible officer(s) who fails to provide documents to the auditors in accordance with section 156 of the Public Finance Management Act, 2012 and report to the Office of the Auditor</p>	<p>Management has resolved as follows on the recommendation made</p> <p>1. The Institute of Certified Public Accountants (ICPAK) to take action</p> <p>2. Office of the Governor has issued a directive to all accountants heading the departments to carry out reconciliation time and provide documentation to the auditor on time.</p> <p>Currently the outstanding issue on reconciliation has been addressed, reconciliation has been done and necessary</p>	Done

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
4.1	were not supported by schedules indicating dates when they were eventually presented.	<p>General within sixty (60) days from the adoption of this report; and</p> <p>3) The County Executive to identify the training needs of its staff serving in the Finance Department and initiate capacity building and training in conjunction with the National Treasury within sixty (60) days of the adoption of this report.</p>	<p>documents has been forwarded to the office of Auditor general. This recommendation has been executed (Resolved)</p> <p>3. The County Executive Department of finance has identified training needs to staff serving in finance department. Budget has been provided in FY 2025/2026 to facilitate training. The training activity has already commenced and will run throughout the financial year (Resolved)</p>	

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Reference No	Issue/ Observations from Auditor	Management comments	Status:	Time frame:
4.2	<p>Receipts in Cash Book not recorded in Bank Statements</p> <p>The bank reconciliation statements for the month of June, 2024 for operations account, development account and recurrent account reflects receipts in cash book not recorded in bank statements balances of Kshs.256,593,126, Kshs.670,654,440 and Kshs.781,055,620 respectively. However, no explanation was provided for failure to bank the receipts promptly.</p> <p>In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.331,157,093 reflected in the</p>	<p>Management submitted responses and appeared before the Senate Public Accounts Committee on 25th March 2025 for an interrogation, out of the interrogation meeting the Senate made the following recommendations;</p> <p>1) The ICPAK takes action(s) against the Head of Treasury for failure to do bank reconciliations which constitutes professional negligence pursuant to Section 8 (a) and 30 of the Accountants Act CAP 531 and reports to the Committee within 60 days of the adoption of this report.</p> <p>3) The Office of the County Governor (CEO) undertakes administrative action against the responsible officer(s) who fails to provide documents to the auditors in accordance with section 156 of the Public Finance Management Act, 2012 and report to the Office of the Auditor</p>	<p>Management has resolved as follows on the recommendation made</p> <p>1.The Institute of Certified Public Accountants (ICPAK) to take action</p> <p>2. Office of the Governor has issued a directive to all accountants heading the departments to carry out reconciliation time and provide documentation to the auditor on time.</p> <p>Currently the outstanding issue on reconciliation has been addressed, reconciliation has been done and necessary</p>	June 2026

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	statement of assets and liabilities could not be confirmed.	<p>General within sixty (60) days from the adoption of this report; and</p> <p>3) The County Executive to identify the training needs of its staff serving in the Finance Department and initiate capacity building and training in conjunction with the National Treasury within sixty (60) days of the adoption of this report.</p>	<p>documents has been forwarded to the office of Auditor general. This recommendation has been executed (Resolved)</p> <p>3. The County Executive Department of finance has identified training needs to staff serving in finance department. Budget has been provided in FY 2025/2026 to facilitate training. The training activity has already commenced and will run throughout the financial year (Resolved)</p>	

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
5	<p>Unconfirmed Outstanding Imprests and Advances Balance</p> <p>The statement of assets and liabilities reflects outstanding imprests and advances balance of Kshs.18, 325,045 and as disclosed in Note 10 to the financial statements.</p> <p>However, Management did not maintain an updated imprest register indicating details of payees and amounts, imprest warrant number, date of issue, due date and date of surrender. Further, no explanation was provided for the failure to have the imprests recovered as at 30 June, 2024 although the balances were due for surrender by that date.</p>	<p>Management submitted responses and appeared before the Senate Public Accounts Committee on 25th March 2025 for an interrogation, out of the interrogation meeting the Senate made the following recommendation;</p> <p>Maintain updated imprest registers and enforce timely recovery of outstanding imprests</p> <p>1) The recovery of the outstanding imprests with interest as per provisions Regulation 93 (6) of the Public Finance Management (County Governments) Regulation; and</p> <p>2) The sanction and surcharge of Accounting Officers who fail to recover outstanding imprests in line with Regulation 93(7) of the PFM (County Government) Regulations, 2015 within 60 days from the date of adoption of this report.</p>	<p>Management has written demand notices to staff who were dismissed from employment and the process of writing off the outstanding imprests of those staff who died and those that had concluded court cases has commenced</p>	Done

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	In the circumstances, the accuracy and completeness of the imprest and advances balance of Kshs.18, 325,045 could not be confirmed.			
6	<p>Unsupported Deposits and Retentions</p> <p>The statement of assets and liabilities reflects deposits and retentions balance of Kshs.711, 017,898 and as disclosed in Note 11 to the financial statements. However, no supporting schedules with detailed analysis of individual contractors owed were provided for audit in support of the balance.</p> <p>In the circumstances, the accuracy and completeness of the deposits and retentions balance of Kshs.711, 017,898 could not be confirmed.</p>	<p>Management submitted responses and appeared before the Senate Public Accounts Committee on 25th March 2025 for an interrogation, out of the interrogation meeting the Senate made the following recommendation;</p> <p>Provide detailed schedules of retentions and ensure proper documentation</p>	<p>Management has provided detailed schedules of retentions with proper documentations for your review.</p> <p>Management has formed a unit in County Treasury to specifically deal with accounts payables and deposits.</p>	Done

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Reference No	Issue/ Observations from Auditor	Management comments	Status:	Time frame:
1	<p>Emphasis of matter</p> <p>Budgetary Control and Performance The statement of comparison of budget and actual amounts (recurrent and development combined) reflects final receipts budget and actual on comparable basis totaling Kshs.15,385,606,901 and Kshs.12,572,429,645 respectively, resulting in under-funding of Kshs.2,813,177,256 or 18% of the budget. Similarly, the County Executive spent Kshs.12, 583,074,077 against an approved budget of Kshs. 15,385,606,901 resulting in under-expenditure of Kshs.2, 802,532,824 or 18% of the budget.</p>	<p>Management submitted responses and appeared before the Senate Public Accounts Committee on 25th March 2025 for an interrogation, out of the interrogation meeting the Senate made the following recommendation;</p> <p>1) The National Treasury should ensure timely release of funds to county governments in line with the cash disbursement schedules approved by the Senate and comply with Article 219 of the Constitution and Section 17(6) of the Public Finance Management Act, 2012.</p> <p>2) The Office of the County Governor puts in place measures to enhance its Continuous own generated revenue in order to meet its revenue target and address revenue shortfalls.</p>	<p>1.The National treasury to take up the action</p> <p>2. The office of the Governor through KCRA has put up measures to enhance its Continuous own generated revenue in order to meet its revenue target and address revenue shortfalls.</p>	June 2026

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	The under-funding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.			
2	<p>Pending Accounts Payable</p> <p>Note 16.1 under other important disclosures to the financial statements reflects a balance of Kshs.1,708,945,892 in respect of pending accounts payable, as further disclosed in Annex 2. The balance comprises of a balance brought forward of Kshs.1,505,298,681, additions during the year of Kshs.1,605,782,711 and payments made during the year of</p>	<p>Management submitted responses and appeared before the Senate Public Accounts Committee on 25th March 2025 for an interrogation, out of the interrogation meeting the Senate made the following recommendation;</p> <p>Prioritize settlement of pending bills and ensure timely payment of obligations</p> <p>1) All County Governments pay verified pending bills amounting to less than Kshs. 1 billion by the end of this financial year and those above Ksh.1 billion by the end of the financial year 2025/2026.</p> <p>1) That;</p>	<p>Management has prioritized settlement of pending bills and has reduced the amount drastically. The outstanding bills will be cleared in FY 2025/2026</p> <p>1). Management is committed to pay the verified pending bills by the end of FY 2025/2026 subject to seamless</p>	Done

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Reference No	Issue/ Observations from Auditor	Management comments	Status:	Time frame:
	<p>Kshs.1,402,184,450. However, some of the pending accounts payable relate to the period between 2015/2016 and 2022/2023 and Management did not explain why old pending bills had not been paid in accordance with Section 41 (2) of the Public Finance Management (County Governments) Regulations, 2015 which states that debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible that the County Government does not default on debt obligations.</p> <p>Failure to settle bills during the year to which they relate distorts the financial</p>	<p>i. pursuant to the provisions of Regulation 41(2) & (3) of the Public Finance Management (County Governments) Regulations, 2015, County Governments prepare and submit to the Controller of Budget, a payment plan, prioritizing payment of pending bills as a first charge on the County Revenue Fund, failure to which the subsequent quarter budget releases will not be done;</p> <p>ii. the Controller of Budget takes into consideration the efforts made by a county government to clear inherited pending bills when approving exchequer releases;</p> <p>iii. County Governments shall only pay pending Bills contained in their respective procurement plans pursuant to Regulation 50 (2) & (3) of the Public Finance Management (County Governments) Regulations;</p>	<p>disbursements of equitable share.</p> <p>Management has prepared a Pending bills payment plan and submitted to controller of budget for monitoring the movement</p>	

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	statements for that year and adversely affects the provisions for the subsequent year to which they have to be charged.	iv. pursuant to Regulation 50 (2) & (3) of the Public Finance Management (County Governments) Regulations; v. pursuant to Regulation 50 (2) & (3) of the Public Finance Management (County Governments) Regulations; vi. pursuant to Regulation 50 (2) & (3) of the Public Finance Management (County Governments) Regulations;		
	Unresolved Prior Year matters In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls,	Management submitted responses and appeared before the Senate Public Accounts Committee on 25 th March 2025 for an interrogation, out of the interrogation meeting the Senate made the following recommendation; The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.	Management has implemented the recommendations issued by the senate and invites the OAG for verification	June 2026

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	Risk Management and Governance. However, the Management did not resolve the issues or give any explanation for the delay in resolving the issues.			
1	<p>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</p> <p>Basis for Conclusion</p> <p>Compensation of Employees</p> <p>The statement of receipts and payments and as disclosed in Note 3 to the financial statements reflects compensation of employees' payments totaling to Kshs.5, 624,458,149. However, the following unsatisfactory matters were noted.</p>	<p>Management submitted responses and appeared before the Senate Public Accounts Committee on 25th March 2025 for an interrogation, out of the interrogation meeting the Senate made the following recommendation;</p> <p>1) The County Executives should work progressively towards attaining the requirement of the provisions of Section 65(1)(e) of County Government Act on ethnic inclusivity.</p> <p>2) The Standing Committee on NCEORI to explore legal amendments to ensure progressive compliance with section 65(1)(e) of County Government Act, 2012.</p>	<p>Management has put measures to ensure ethnic inclusivity in subsequent years.</p>	June 2026

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	<p style="text-align: center;">Non-Compliance with Law on Ethnic Composition of Staff</p> <p>Review of records maintained by Management revealed that the County Executive had 6,688 employees as at 30 June, 2024. However, it was noted that 6,077 members of staff or 91% were from one dominant ethnic community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community.</p>			

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
1.1	<p>Further, only 1% of the positions in the County Executive were occupied by people living with disabilities, contrary to the County Government of Kakamega Human Resources and Procedures Manual, 2016 Part D34 (2) which states that the County Government shall ensure progressive realization of the requirement of recruitment of 5% of people with disabilities for all recruited personnel without sacrificing merit.</p> <p>In the circumstances, Management was in breach of the law.</p>			
1.2	<p>High Wage Bill Above Allowed Threshold</p>	<p>Management submitted responses and appeared before the Senate Public Accounts Committee on 25th March 2025 for an interrogation, out of the</p>	<p>1. Management is still implementing the above</p>	<p>June 2026</p>

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	<p>The statement of receipts and payments reflects revenue totaling Kshs.12, 572,429,645 and compensation of employees' payments totaling Kshs.5, 624,458,149. The compensation of employees' payments constitutes forty-five per cent (45%) of the total receipts of the County Executive for the year under review contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the payments should not exceed 35% of the County Executive total revenue.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>interrogation meeting the Senate made the following recommendation;</p> <p>1). The management should strictly adhere to the provision of paragraph 25(1)(b) of the PFM (county government) regulations, 2015 which stipulates that the county wage bill shall not exceed 35 per cent of the county total revenue.</p> <p>2) The county executive puts in place measures to enhance own source revenue collection in order to address high wage bill gap.</p>	<p>measures which will ensure reduced wage bill growth this will be done gradually for the subsequent financial years.</p> <p>2. Measures to increase own source of revenue collection have been enhanced to help mitigate the wage bill ratio</p>	

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Reference No	Issue/ Observations from Auditor	Management comments	Status:	Time frame:
1.3	<p style="text-align: center;">Non-Adherence to the One-third Basic Salary Rule</p> <p>Review of the Integrated Payroll and Personnel Database (IPPD) for the year under review revealed that one thousand and fifty-five (1,055) employees had net pay that was less than one-third of their respective basic salaries, contrary to the requirements of Section 19(3) of the Employment Act, 2007 which provides that the total deductions from salaries of employees shall not exceed two-thirds of their respective basic salaries.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>Management submitted responses and appeared before the Senate Public Accounts Committee on 25th March 2025 for an interrogation, out of the interrogation meeting the Senate made the following recommendation;</p> <p>1) The County Executive should provide to the Auditor General within sixty (60) Days after the adoption of this report a plan of the measures put in place to mitigate the issue of noncompliance with the one third of basic salary rule as well as compliance with the requirements of law.</p> <p>2) The County should configure its IPPD system such that it can lock out commitments beyond the accepted thresholds.</p> <p>3) The Auditor General to keep the matter in review in the subsequent audit cycle.</p>	<p>The county has instructed Staff members with bank loans to negotiate their facilities with the respective banks.</p>	June 2026

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
2	<p>Delayed and Stalled Projects</p> <p>The statement of receipts and payments reflects an amount of Kshs.2, 170,524,296 in respect of acquisition of assets and as disclosed in Note 8 to the financial statements. The amount includes payment made during the year in relation to ten (10) on-going projects some dating back to the period 2014/2015 costing Kshs.7, 244,942,214 at the department of Health Services.</p> <p>The projects were stated on various dates from 2015 to 2024. A total amount of Kshs.3, 149,921,423 had been paid as at 30th June 2024. However, these projects had stalled at various stages of implementation</p>	<p>Management submitted responses and appeared before the Senate Public Accounts Committee on 25th March 2025 for an interrogation, out of the interrogation meeting the Senate made the following recommendation;</p> <p>1) The Management establishes a project management and monitoring Committee to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015.</p> <p>2) The Office of the County Governor to prioritize completion of existing and stalled projects and provide a budget for their completion and provide a status</p>	<p>1)Project management committee has been put in place</p> <p>This is also supported by KDSP II capacity building requirement for 2024/2025 and over the MTEF.</p> <p>2) The County Government has prioritized the completion of existing(ongoing and stalled projects before starting new ones)</p>	June 2026

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	<p>and no reasons were given for their stalling despite their contract period having lapsed. Further, during the year under review, Management initiated projects costing Kshs.527, 298,688. No explanation was provided on why Management commenced new projects without completing the already existing incomplete and stalled projects.</p> <p>In the circumstances, value for money may not have been obtained from the projects for the benefit of the public.</p>	<p>update to the Auditor General within 60 days of the adoption of this report</p> <p>3) The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.</p> <p>Monitor project progress closely and enforce timely completion of projects</p>		
2 2.1	<p>Other delayed and stalled projects.</p> <p>Renovation Works at Mumias Slaughter House</p>	<p>Management submitted responses and appeared before the Senate Public Accounts Committee on 25th March 2025 for an interrogation, out of the interrogation meeting the Senate made the following recommendation;</p>	<p>1)Project management committee has been put in place</p> <p>This is also supported by KDSP II capacity building</p>	June 2026

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	<p>The Department of Lands, Housing, Urban Areas and Physical Planning awarded a local contractor a contract for renovation of Mumias Slaughter House at contract sum of Kshs.19,649,884 for a contract period of six (6) months, on 3 March, 2023.</p> <p>However, review of the project status and physical verification conducted on 2 September, 2024 revealed that certified works to date amounted to Kshs.7,999,928 and the slaughter house had already been put to use with unfinished toilets, unfixed doors, incomplete flooring, uninstalled fire protection services, unworked cold room, undelivered elevated steel water</p>	<p>1) The Management establishes a project management and monitoring Committee to help in proper project conceptualization, planning, execution and timely completion of projects as well as realization of value for money as provided for in the Public Finance Management Act, 2012 and the Public Finance Management (County Government) Regulations, 2015.</p> <p>2) The Office of the County Governor to prioritize completion of existing and stalled projects and provide a budget for their completion and provide a status update to the Auditor General within 60 days of the adoption of this report</p> <p>3) The EACC to investigate the project from inception with a view of causing prosecution of The Office of the County Governor and the CECM, Finance and Economic Planning for possible loss of funds and</p>	<p>requirement for 2024/2025 and over the MTEF.</p> <p>2) The County Government has prioritized the completion of existing(ongoing and stalled projects before starting new ones)</p>	

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	<p>tank and incomplete fencing works as per the bills of quantities.</p> <p>No satisfactory explanation was provided for the stalling or delay in the project's completion and putting to use an incomplete structure.</p> <p>In the circumstances, value for money may not have been obtained from the project.</p>	<p>provide a status report to the Office of the Auditor General and the Senate within sixty (60) days from the adoption of this report; and</p> <p>4) The OAG to keep the matter in view and provide a status update to the Committee in the subsequent audit cycle.</p>		
2.2	<p>Implementation of Road Projects</p> <p>The Department of Roads, Public Works and Energy contracted a local company to upgrade two (2) roads to bitumen standards namely, Ingotse-Navakholo-chebuyus Road and Butali-Malekha Road at a contract sum of Kshs.448,491,907 and Kshs.257,868,967 respectively.</p>	<p>Management submitted responses and appeared before the Senate Public Accounts Committee on 25th March 2025 for an interrogation, out of the interrogation meeting the Senate made the following recommendation;</p> <p>The Ethics and Anti-Corruption Commission to cause the investigation of the accounting officer and the responsible officers for the possible loss of public</p>	<p>Management has provided allocation in the budget for FY 2025/2026 for the project to commence.</p>	June 2026

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	<p>However, the respective project status reports indicate that the projects were behind their completion schedules at 40% and 22% respectively, despite the County Executive having spent a total of Kshs.216,439,820 on both projects as at the time of audit in September, 2024.</p> <p>The delays denied the residence of Kakamega County the services and other economic benefits due from the projects and may lead to costs increase due to inflation or other factors.</p> <p>In the circumstances, value for money was not obtained from the projects.</p>	<p>funds with a view to instituting the prosecution of the culpable officer(s) for the offences.</p>		
2.3	Rehabilitation of Kilimani Secondary	Management submitted responses and appeared before the Senate Public Accounts Committee on 25 th	The project is now complete and in use	Done

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	<p style="text-align: center;">School Water Supply</p> <p>The Department of Water, Environment, Natural Resources and Climate Change entered into a contract with a local contractor on 21 March, 2022 through contract No.CGK/QT/MWENR/9347/2021/2022 for the rehabilitation of water supply within Likuyani Sub-County at a contract sum of Kshs.4,089,406. As at the time of audit in September, 2024, the contractor had been paid a sum of Kshs.3,057,006 or 75% of the contract sum. The rehabilitation works were to be completed within six (6) months from the contract signing date. However, field verification conducted on 6 September, 2024 revealed that the</p>	<p>March 2025 for an interrogation, out of the interrogation meeting the Senate made the following recommendation;</p> <p>The Ethics and Anti-Corruption Commission to cause the investigation of the accounting officer and the responsible officers for the possible loss of public funds with a view to instituting the prosecution of the culpable officer(s) for the offences</p>		

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	<p>project was incomplete with marker posts not fixed, no signpost erected and branding of the tank had not been done as per specification in the bills of quantities.</p> <p>In the circumstances, value for money was not obtained from the project.</p>			
2.4	<p style="text-align: center;">Completion of Construction of St. Monica Mungoma Water Supply Project</p> <p>The Department of Water, Environment, Natural Resources and Climate Change entered into a contract with a local contractor on 21 March, 2022 through contract No.CGK/TR/MWENR/903016/025/2021-2022 for the construction of a</p>	<p>Management submitted responses and appeared before the Senate Public Accounts Committee on 25th March 2025 for an interrogation, out of the interrogation meeting the Senate made the following recommendation;</p> <p>The Ethics and Anti-Corruption Commission to cause the investigation of the accounting officer and the responsible officers for the possible loss of public funds with a view to instituting the prosecution of the culpable officer(s) for the offences</p>	<p>The project is now complete and in use.</p>	Done

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	<p>water supply project within Likuyani Sub-County at a contract sum of Kshs.18,906,411. As at the time of audit in September 2024, the contractor had been paid a sum of Kshs.15,935,009 or 84% of the contract sum and progress of work was at 85% complete.</p> <p>The construction works were to be completed within six (6) months from the contract date. However, physical inspection conducted on 6 September, 2024 revealed that the project was incomplete with marker posts not fixed, no site camp, water pipes were not connected to the newly installed water tank, no water pumps were installed and two (2) signposts were not</p>			

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	erected. The new tank was not installed at the newly acquired land as required by the bill of quantities. In the circumstance value for money was not obtained from the project			
2.5	<p style="text-align: center;">Completion of Nandamaywa Community Water Project</p> <p>The Department of Water, Environment, Natural Resources and Climate Change entered into a contract with a local contractor on 17 February 2020 through Contract No. CCGK/756618-2019/2020 for the construction of a water supply project within Shinyalu Sub-County at a contract sum of Kshs.54,213,885, with the contractor</p>	<p>Management submitted responses and appeared before the Senate Public Accounts Committee on 25th March 2025 for an interrogation, out of the interrogation meeting the Senate made the following recommendation;</p> <p>No recommendation by the Senate</p>	The project is complete and is in use	Done

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	<p>already paid a sum of Kshs.53,118,181 or 98% of the contract sum.</p> <p>The construction works were to be completed within 180 days from the contract date. However, Field verification conducted on 10 September 2024 revealed that the project was incomplete with solar pumps not yet installed, power house and staff quarter site were partly fenced and valve chamber at the main water tank was not fitted with lockable cover as specified in the bill of quantities.</p> <p>In the circumstance, value for money was not obtained from the project.</p>			

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
2.6	<p>Milk Processing Plant Project</p> <p>The Department of Trade awarded a local contractor a contract for the proposed construction of milk processing plant in Malava Sub-County through contract No. 732853-2018/19 signed on 16 September, 2019. The original expected date of completion was 20 November, 2020 which as per the progress report No. 10, dated 19 June, 2024 was revised to 31 October, 2023 for a contract period of 202 weeks. As per the progress report No. 10 dated 19 June, 2024, the contract period had lapsed but the project was incomplete and had stalled at 76.5% with total amount paid to date</p>	<p>Management submitted responses and appeared before the Senate Public Accounts Committee on 25th March 2025 for an interrogation, out of the interrogation meeting the Senate made the following recommendation;</p> <p>1) The Kenya Institute of Supplies Management (KISM) takes disciplinary action(s) against the responsible procurement officer (s) pursuant to Section 23 (1) (c) and (d) of the Supplies Practitioners Management Act CAP 537 for gross negligence in the conduct of their professional duties which constitutes a professional misconduct.</p> <p>2) The Office of the County Governor undertakes administrative actions against the officers who failed to provide the documents to the auditors in accordance with section 156 of the Public Finance Management Act and provides a status report to the Committee within 60 days from the adoption of this report.</p>	<p>1. The Kenya Institute of Supplies and Management to take action.</p> <p>2. Office of the Governor has issued a directive to all procurement officers in charge of departments to ensure prompt submission of documents to auditors</p> <p>In addition the 2025/2026 budget has a provision for acquisition of a system to digitize procurement documents.</p>	June 2026

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	<p>amounting to Kshs.54,253,997 out of the total contract sum of Kshs.108,091,679 or 51%.</p> <p>Review of the procurement process revealed that out of the four (4) submitted bids, one (1) bidder in respect of quote number 728079 was eliminated on the basis of lack of single business permit, which upon confirmation on the Integrated Financial Management System (IFMIS) portal, the permit was attached contrary to evaluation committee's observation. Further, no evidence was provided for audit on whether due diligence on winning bidder was conducted.</p>	<p>3) The EACC initiates an investigation with view of prosecuting the Head of Procurement for failing to comply with the various provisions of the Public Procurement and Asset Disposal Act, 2015 that led to irregular procurement of goods and services</p>		

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	In the circumstances, value for money may not have been obtained from the project. In addition, the regularity of the procurement process could not be confirmed.			
2.7	<p style="text-align: center;">Supply, Installation, Delivery and Commission of an Electronic Board Management System (e-cabinet)</p> <p>The Department of ICT awarded a tender on 5 May, 2023 for the supply, installation, delivery and commissioning of an electronic board management system (e-cabinet) to a local contractor at a cost of Kshs.6,426,400. The project was to be completed within three (3) months</p>	<p>Management submitted responses and appeared before the Senate Public Accounts Committee on 25th March 2025 for an interrogation, out of the interrogation meeting the Senate made the following recommendation;</p> <p>The Ethics and Anti-Corruption Commission to cause the investigation of the accounting officer and the responsible officers for the possible loss of public funds with a view to instituting the prosecution of the culpable officer(s) for the offences</p>	The project is complete and is in use	Done

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	<p>from the date of the commencement of the contract.</p> <p>Information available indicate that from the date of commencement of the contract, the contractor had only submitted inception report and had been paid 20% of the contract amount as at 30 June, 2023. However, as at the time of audit in September, 2024 no further progress on work done was provided, the project completion period had lapsed and the project was behind schedule by approximately (1) year and two (2) months.</p> <p>In the circumstances, value for money was not obtained from the project. ✓</p>			
3	Lack of Ownership Documents and Lease Agreement for	Management submitted responses and appeared before the Senate Public Accounts Committee on 25 th	The project is now complete and the title	Done

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	<p style="text-align: center;">Aggregation Center Land</p> <p>The County Government of Kakamega entered into a contract No CGK/TND/001/2023-2024 with a local seller on 5 December, 2023 for the purchase of a parcel of land in Likuyani Sub-County at a total sum of Kshs.133, 500,000, out of which Kshs.5, 500,000 was to be paid into a different bank account belonging to a lessee of a portion of the land for the cultivation of maize and sugarcane. However, no lease agreement between the owner of the parcel of land and the alleged lessee was provided for audit.</p> <p>Further, the letter of acceptance from the land seller dated 30 October, 2023</p>	<p>March 2025 for an interrogation, out of the interrogation meeting the Senate made the following recommendation;</p> <p>Sanctions as outlined in Section 62(2) of the Public Audit Act, 2015 against the responsible officer(s) who failed to provide the documents to the auditor's and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report; and</p> <p>2. The OAG follow up the matter in the subsequent audit exercise.</p>	<p>deed has been issued in the name of the County Government of Kakamega</p>	

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	<p>refers to title non Kak/Nzoia/69 and not Kakamega/Nzoia-10/69 indicated in the signed contract. In addition, the mode of payment under clause 5 of the sale agreement did not explicitly indicate whether the payments were to be made once or in instalments although the County Government made a payment of Kshs.33,000,000 on 23 February, 2024.</p> <p>Site visit of the parcel of land on 6 September, 2024 showed the land was partly beacons with unmarked signage erected at the gate. Although the construction of the aggregation center had begun and works were at substructure level, the ownership</p>			

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	<p>documents in favour of the County Executive were not provided for audit.</p> <p>In the circumstances, value for money obtained from the purchase of land and ownership status of the parcel of land could not be confirmed.</p>			
4	<p style="text-align: center;">Unexplained Procurement of Improved Chicks</p> <p>The County Executive awarded a local vendor a tender for the supply and delivery of improved Kienyeji chicks to the central region, Vide tender number 1226124-2022/2023 under the poultry subsidy program and paid the supplier Kshs.2,569,970 on 12 September, 2023. However, user needs assessment report from farmers'</p>	<p>Management submitted responses and appeared before the Senate Public Accounts Committee on 25th March 2025 for an interrogation, out of the interrogation meeting there was no recommendation on this query;</p> <p style="text-align: center;">i. On user needs assessment report from farmers' groups</p> <p>Management conducted user needs assessment to ascertain the Farmers needs and a report was prepared. The same has been provided for your audit review.</p> <p style="text-align: center;">ii. On list of prequalified suppliers</p>	<p>The issue has been resolved</p>	Done

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	<p>groups, list of prequalified suppliers, list of farmers' groups or beneficiaries, and report on training done to the groups on the improved chicken management were not provided for audit.</p> <p>In the circumstances, value for money on the expenditure amounting to Kshs.2,569,970 could not be confirmed.</p>	<p>The List of prequalified suppliers is prepared centrally for the whole County Government of Kakamega at the Head of Procurement Unit office.</p> <p>Management has noted the auditor's observation and states that the list of prequalified supplies was shared to the auditor in soft copy through the email address. However management has provided again for your audit review.</p> <p>iii. On the list of farmers' groups or beneficiaries</p> <p>The list was attached on payment voucher which the auditor did not see during the time of audit. However management has provided a list of Farmers group's beneficiaries for your audit review and verification.</p> <p>iv. On the report on training done to the groups on the improved chicken</p>		

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
		Management conducted training of various farmer group's beneficiaries at ward level and attendance and back to office reports kept. The same have been availed for your audit review and verification.		
5	<p style="text-align: center;">Unexplained Procurement of Fertilizers</p> <p>The County Government of Kakamega contracted a local vendor on 19 November, 2021 Vide contract negotiation No 892934-2021/2022 for the supply and delivery of planting and top-dressing fertilizers (120,000 bags of planting fertilizer at Kshs.2,469 per 25kg bag and 120,000 bags of top-dressing fertilizers at Kshs.1,939 per 25kg bag) at a contract sum of Kshs.528,960,000 for a contract period</p>	<p>Management submitted responses and appeared before the Senate Public Accounts Committee on 25th March 2025 for an interrogation, out of the interrogation meeting the Senate made the following recommendation;</p> <p>1) The Kenya Institute of Supplies Management (KISM) takes action(s) against the Head of procurement in Kakamega County for professional misconduct pursuant to Section 23(1)(d)(i) of the Supplies Practitioner Act 2007 and provides an update to the Committee within 60 days of adoption of this report.</p>	<p>Management has noted the recommendations of the Senate and assure the committee of proper procurement processes and documentation in future.</p> <p>Management is working on proper storage facilities to ensure no damage/compromise on the quality of fertilizer.</p> <p>Management designated all ward agricultural</p>	Done

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	<p>of 2 years and made an addendum to the same on 7 February, 2023. The contract price on the addendum was Kshs.661,080,000 (120,000 bags of planting fertilizer at Kshs.2,816 per 25kg bag and 120,000 bags of top-dressing fertilizers at Kshs.2,693 per 25kg bag), thereby occasioning increase in price of Kshs.132,120,000 or 25% of the contract price. However, no evidence was provided to show that a report on the variation was submitted to the Authority as required by Section 139(5) of the Public Procurement and Asset Disposal Act, 2015.</p> <p>Further, requisition dated 4 August, 2022 on form No. 007 and another dated 5 August, 2022 approved on 11 August,</p>	<p>2) The EACC initiates an investigation with view of prosecuting the Head of Procurement for failing to comply with the Public Procurement and Asset Disposal Act, 2015 that led to irregular procurement of goods and services.</p>	<p>offices as storage facilities for respective quantities demanded and took necessary steps to provide them with tools and equipment for proper stock taking, safety and security. Currently the County Government is offering subsidies farm input to only identified and vetted vulnerable groups which include people with disability, widows and widowers and youth and women in agriculture to enhance productivity</p>	

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	<p>2022 for the procurement of the farm inputs for the year 2022/2023 was for 90,000kgs each for planting and top-dressing fertilizers, while the addendum to the main contract had 120,000kgs each for planting and top-dressing fertilizers. No justification was provided on the variation of the requisitioned quantities of fertilizers.</p> <p>In addition, there was no evidence that user department performed necessary tests to confirm the nutrient composition of the fertilizers supplied. The fertilizers were poorly stored compromising on their quality and stores ledgers were not maintained at the ward offices hence it was not possible to confirm if the goods were</p>			

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	<p>taken on charge, how many bags were received, how many had been sold out to the farmers and the balances thereof. Also, stock take had not been done on the stores and consumer price index report from the Kenya National Bureau of Statistics was not provided for audit review for validation of the price variations as required by Section 139(4)(a) of the Public Procurement and Asset Disposal Act, 2015.</p> <p>In the circumstances, value for money on the amount spent on the procurement of the fertilizers and the validity of procurement process could not be confirmed.</p>			

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
6	<p style="text-align: center;">Lack of an Updated Fixed Assets Register</p> <p>Annex 6 to the financial statements on summary of non-current assets register reflects a balance of Kshs.25,293,909,801 being the historical value of non-current assets of the County Executive as at 30 June, 2024. However, the County Executive lacked a fixed asset register prepared in the format prescribed with minimum requirements of identification or serial number, acquisition date, description of asset, location, class, cost of acquisition, accumulated depreciation, net book value and identification codes with which assets were tagged as</p>	<p>Management submitted responses and appeared before the Senate Public Accounts Committee on 25th March 2025 for an interrogation, out of the interrogation meeting the Senate made the following recommendation;</p> <p>Update the fixed assets register with detailed information and ensure proper tagging of assets</p>	<p>Management has updated fixed asset register to include all the required information as pointed out by the auditor.</p> <p>Management has tagged approximately 75% of fixed assets. The remaining 25% will be tagged in the next phase.</p> <p>Management has created asset management unit under County Treasury and headed by the accountant who is responsible in matters of assets.</p>	Done

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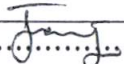
Annual Report and Financial Statements for the year ended June 30, 2025.

Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	<p>required by Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.</p> <p>In the circumstances, Management was in breach of the law.</p>			
7	<p>Failure to Prepare and Submit Financial Statements of Hospitals for Audit</p> <p>During the year under review, the County Executive did not prepare and submit for audit financial statements for County referral hospitals and Sub-County hospitals. This was contrary to</p>	<p>Management submitted responses and appeared before the Senate Public Accounts Committee on 25th March 2025 for an interrogation, out of the interrogation meeting the Senate made the following recommendation;</p> <p>1) The Office of the County Governor undertakes administrative action against the responsible officer(s) who failed to provide documents to the auditors at the</p>	<p>Office of the Governor has issued a directive to all accounting officers in charge of Level 4 and 5 hospitals to prepare and submit financial statements on time</p>	Done

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Reference No	Issue / Observations from Auditor	Management comments	Status:	Time frame:
	<p>Section 164 (1) and (4)(a) of the Public Finance Management Act, 2012 which provides that at the end of each financial year, the accounting officer for a county government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board and within three months after the end of each financial year, the accounting officer for an entity shall submit the entity's financial statements to the Auditor-General.</p> <p>In the circumstances, Management was in breach of law.</p>	<p>time of audit in accordance with section 156 of the Public Finance Management Act, 2012 and provides a status report to the Office of the Auditor General within sixty (60) days from the adoption of this report.</p> <p>2) The Institute of Certified Public Accountants of Kenya (ICPAK) undertakes disciplinary procedure (s) under section 32 and 33 of Accountants Act CAP 531 and provide a status update to the Senate within 60 days of adoption of this report.</p> <p>3) That the EACC undertakes an Investigation of the responsible Officer(s) with a view of recommending their prosecution for committing the offences stipulated under section 62 (1) (b) and(c) of the Public Audit Act, Cap.412B and for violations of provisions of Regulations 210 (k) of the Public Finance (County Governments) Regulations, 2015.</p>		

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Accounting Officer
 Date 25/11/2025

County Government of Kakamega
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Appendix II: Projects implemented by (The Entity)

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting	Consolidated in these financial statements

Status of Projects completion

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

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Appendix IV: Transfers from Other Government Entities

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

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Appendix VI: Reporting of Climate Relevant Expenditur

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

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Appendix VII: Disaster Expenditure Reporting Template

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

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Appendix VIII: Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) Previous Year	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) Current Year
Land	149,599,852	121,586,010	0	0	271,185,862
Buildings and structures	3,765,763,805	0	0	0	3,765,763,805
Transport equipment	529,534,553	0	0	0	529,534,553
Office equipment, furniture and fittings	268,667,490	31,172,927	0	0	299,840,417
ICT Equipment	280,090,553	35,038,549	0	0	315,129,102
Machinery and Equipment	525,971,844	142,913,801	0	0	668,885,645
Biological assets	1,111,253,955	0	0	0	1,111,253,955
Infrastructure Assets- Roads, Rails	10,970,398,332	0	0	0	10,970,398,332
Intangible assets	468,233,239	65,952,284	0	0	534,185,523
Work in Progress	7,224,396,178	1,833,129,589	0	0	9,057,525,767
Total	25,293,909,801	2,229,793,160	0	0	27,523,702,961

1775
1776