

REPUBLIC OF KENYA



73

REPORT

PARLIAMENT
OF KENYA
LIBRARY

OF

THE AUDITOR-GENERAL

ON

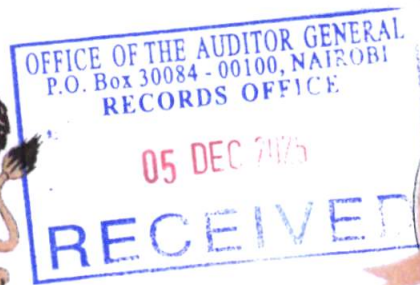
PAPERS LAID	
DATE	18/2/26.
TABLED BY	Ge. lologwe
COMMITTEE	
Daly camp.	

KISUMU COUNTY EXECUTIVE

FOR THE YEAR ENDED
30 JUNE, 2025



Issued on 30th September 2025



KISUMU COUNTY EXECUTIVE

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

Transitional IPSAS Financial Statements

COUNTY GOVERNMENT OF KISUMU
Annual Reports and Financial Statements for the year ended June 30, 2025.

Table of Contents

Page

1. Acronyms, Abbreviations and Definition of Key Terms.....	ii
2. Key Entity Information and Management.....	iii
3. Governance Statement.....	xiv
4. Foreword by CECM Finance and Economic Planning.....	xv
5. Statement of Performance against Predetermined Objectives.....	xvii
6. Environmental and Sustainability Reporting.....	1
7. Management Discussion and Analysis.....	lii
8. Statement of Management Responsibilities	lv
9. Report of the Independent Auditor for Annual Financial Statements for County Government of Kisumu Executive for the year ended 30th June 2025..	lvii
10. Statement of Financial Performance for the year ended 30 June 2025.....	1
11. Statement of Financial Position as at 30 June 2025	2
12. Statement of Changes in Net Assets for the year ended 30 June 2025	5
13. Statement of Cash Flows for the year ended 30 June 2025.....	8
(PSASB has prescribed the use of the direct method for cash flow preparation)	8
14. Statement of Comparison of Budget and Actual Amounts for the Year ended 30 June 2025	9
15. Notes to the Financial Statements.....	12
16. Appendix	60

1. Acronyms, Abbreviations and Definition of Key Terms

A. Acronyms and Abbreviations

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

B. Definition of Key Terms

Example

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

(This list is an indication of acronyms, abbreviations, and key terms; the County entity should include all from the annual report and financial statements prepared)

2. Key Entity Information and Management

(County Executive)

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.	Finance, Economic Planning and ICT(E-Government) Services.	Management of County Treasury and Planning
2.	Agriculture, Fisheries, Livestock Development and Irrigation.	Overseeing County Agriculture, animal husbandry and Fish farming
3.	Department of Water, Environment, Natural Resources and Climate Change.	Enhance access to safe and healthy environment with sustainable water supply and irrigation systems that are climate resilient through a multi sectoral approach.
4.	Department of Public Service, County Administration and Participatory Development, Office of the Governor	Attract, retain, and transform County Public Service for improved service delivery
5.	Department of Medical Services, Public Health and Sanitation	Transform the livelihood of the people of County through responsive and sustainable technologically driven evidence based and client centre health system for accelerated attainment of the highest standards of health.
6.	Department of Education, Technical Training, Innovation and Social Services.	To provide excellent and vibrant leadership in offering foundational education, technical training and social services through integration of innovation in service delivery for the development of productive human capacity in County.
7.	Department of Sports, Culture, Gender and Youth Affairs.	Offer high quality tourism, culture, arts and sports facilities, products and services capable of competing on the global stage
8.	Department of Lands, Physical Planning, Housing and Urban Development	Champion sustainable land management, planned urban and rural development and Marchent housing for all.
9.	Department of Infrastructure, Energy and Public Works.	Develop, operate and sustain world class transport infrastructure, Roads and Public Works activities that meet

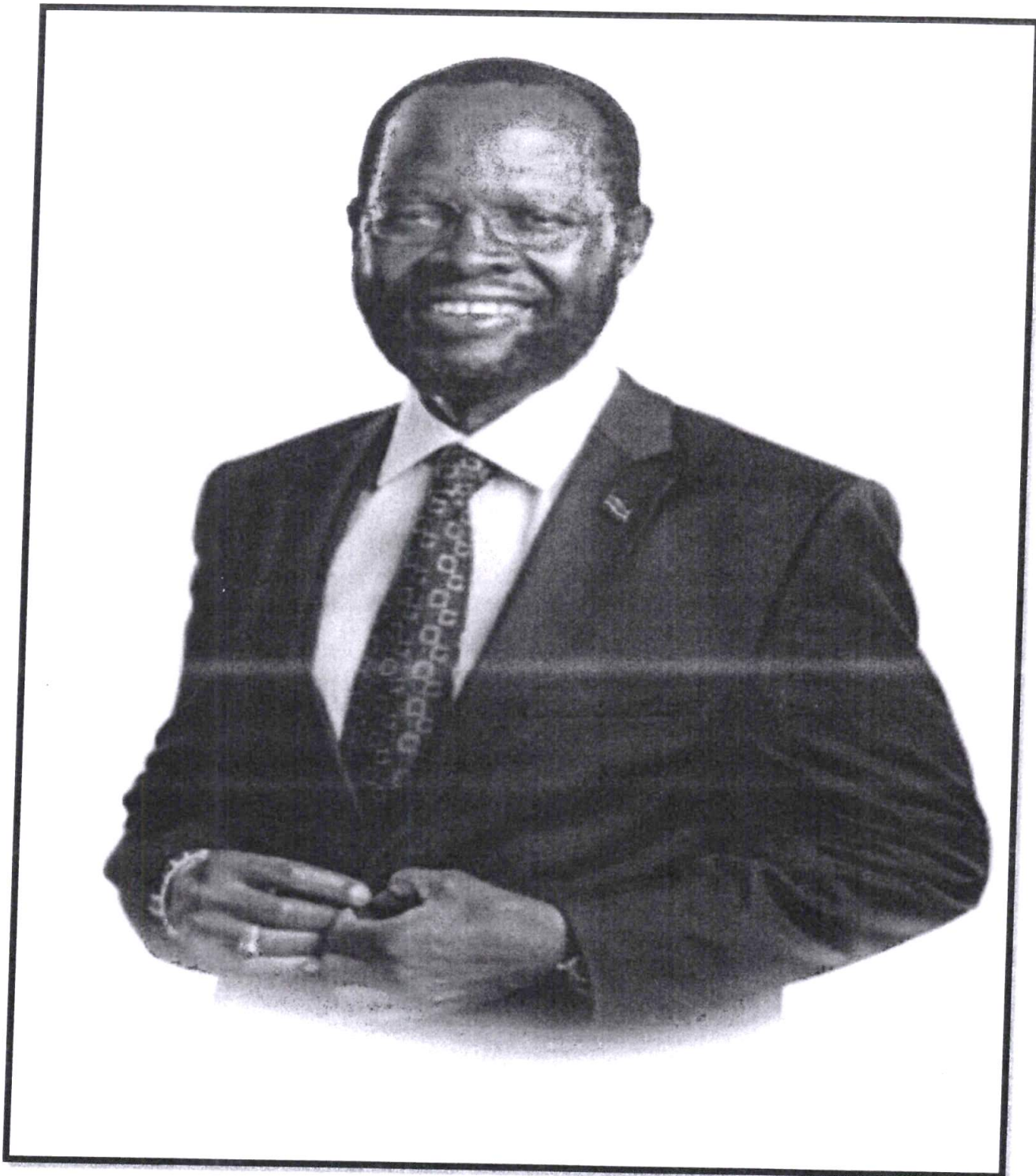
COUNTY GOVERNMENT OF KISUMU

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

No.	Department	Major Responsibility
		the demand and expectations of the citizen.
10.	Department of Trade, Tourism, Industry and Marketing.	Provision of strategic leadership, policy direction and set the agenda for achieving socio-economic and political development in County.

b) Key Management team

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



H.E. Prof. Peter Anyang' Nyong'o
Governor, County Government of Kisumu



H.E. Dr. Mathew Ochieng Owili
Deputy Governor, County Government of Kisumu



Ms. Judith Oluoch
CECM Water, Environment,
Natural Resources and
Climate Change



Mr. George Omondi
CECM Finance, Economic
Planning and ICT(E-
Government) Services.



Mr. Salmon Orimba
CECM Public Service,
County Administration and
Participatory Development,
Office of the Governor.



Ms. Farida Salim
CECM Trade, Tourism,
Industry and Marketing



Mr. Kennedy Onyango
CECM Agriculture,
Fisheries, Livestock
Development and Irrigation.



Dr. Gregory Ganda
CECM Medical Services,
Public Health and
Sanitation



Mr. John Awiti
CECM Education, Technical
Training, Innovation and
Social Services



Jerome Ochieng
CECM Infrastructure,
Energy and Public Works



Mr. George Omondi
Ag. CECM Physical
Planning, House & Urban
Development



Ms. Beatrice Odongo
CECM Sports, Culture,
Gender and Youth Affairs.

c) Fiduciary Management

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

COUNTY GOVERNMENT OF KISUMU

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

No.	Designation	Name
1.	CECM Finance, Economic Planning and ICT(E-Government) Services	Mr. George Omondi Okong'o
2.	Ag. Chief Officer Department of Finance, Economic Planning and ICT	Mr. Martin Opiyo
3.	Chief Officer Department of Infrastructure, Energy and Public Works	Mr. Fredrick Mula Osewe
4.	Chief Officer Department of Trade, Tourism, Industry and Marketing	Mr. Timothy Ajwang Nyakwamba
5.	Chief Officer Department of Agriculture & Irrigation, Livestock & Fisheries	Mr. Daniel Okia Otieno
6.	Chief Officer Department of Water, Environment, Natural Resources and Climate change	Mr. Erick Omondi Ogalo
7.	Chief Officer Department of Medical Services, Public Health and Sanitation	Dr. Joshua Ojwang Lusi
8.	Chief Officer Department of Education, Technical Training, Innovation and Social Services	Mr. Bovince Ochieng
9.	Ag. Chief Officer Department of Public Service, County Administration and Participatory and Development	Mr. John Oywa
10.	Chief Officer Department of Sports, Culture, Gender and Youth Affairs	Mr. Francis Okoth Asuna
11.	Chief Officer Department of Lands, Housing and Physical Planning	Mr. Victor Ndereba Kanyaura
	County Treasury	
No	Designation	Name
1.	Ag. Director Finance	Mr. Maurice Oyaro
2.	Ag. C.E.O Revenue	Mr. Philip Adundo
3.	Ag. Director Procurement	Ms. Silvia Auma
4.	Director Budget	Mr. Elvis Otieno
5.	Head of Financial Reporting Unit	Mr. Maurice Okoth

d) Fiduciary Oversight Arrangements

• *Audit and finance committee activities*

The Internal Audit Department of the County Government of Kisumu ensures that the internal controls exist and are adhered to. The Internal Audit reports directly to the County Audit Committee.

The committee is comprised of the following members: -

No.	Name	Position	Qualifications
1.	Mr.Elijah Owino Ngonga	Chairman	Msc ISM,MBA and BBM Accounting
2.	Mr.Samwel Onyango Oware	Member	Msc Finance And BBM Finance
3.	Mr. Glience Odhiambo Arwa	Member	MBA and BBA Finance Certified Fraud Examiner
4	Dr.Antony Lungaho Lusili	Member	PhD SCM,Msc Procurement &Logistics and BBA Entrepreneurship
5	Mr. Kenneth Omondi Ochieng	Member	Bachelor Engineering and MA Project Planning and Management
6	ARCH.Christopher Otieno Ondiek	Member	Architects and Quantity Surveyors
7	Beatrice Omollo	Nominated Member	Departmental Human Resource Manager
8.	Godfrey Dienya	Committee Secretary	BCOM,CPA (K),CPS(K)

- ***Parliamentary committee activities***

- ❖ Senate PAC
- ❖ Senate PIC

- ***County Assembly of Kisumu***

The County Assembly, Pursuant to the Constitution of Kenya, 2010 and the County Government Act, 2012, has fiduciary oversight role over the execution of the functions of the County Government; under Article 8(1) c) of the County Government Act, 2012, it approves the budget and expenditure of the County government in accordance with article 207 of the Constitution of Kenya; it approves the borrowings of the County Government in accordance with article 212 of the Constitution of Kenya, 2010.

- ***Development partner oversight activities***

- ❖ OAG
- ❖ OCOB
- ❖ *County Executive Committee*

e) County Executive Headquarters

P.O. Box 2738

Prosperity Building/House/Plaza

Avenue/Road/Highway

KISUMU, KENYA

f) County Executive Contacts

Telephone: (254)

E-mail: treasury@kisumu.go.ke

Website: www.kisumu.go.ke

g) County Executive Bankers

Central Bank of Kenya Haile Selassie Avenue P.O. Box 60000 City Square 00200 NAIROBI, KENYA	KCB LTD Kisumu Main Branch P.O Box 17-40100 Kisumu	Cooperative Bank of Kenya Kisumu Branch P.O Box 1511-40100 Kisumu.
National Bank of Kenya National Bank Building Harambee Avenue P.O Box 72866-0200 Nairobi	SBM Bank Ltd 1ST Floor Tuffoam Mall Achieng Oneko Road Kisumu	Equity Bank Ltd Equity Centre, Hospital Road,Upper Hill, P.O. Box 75104-00200 Nairobi.

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.

P.O. Box 2738
Prosperity Building/House/Plaza
Avenue/Road/Highway
Kisumu

3. Governance Statement

Kisumu is one of the 47 County governments created by 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. He is assisted by a Deputy Governor.

The County is made up of a County Assembly, County Executive and the County Public Service Board, beside other County Government Entities. The County Executive is structured in terms of departments, headed by a County Executive Committee (CEC) Member. The CECs support the Governor and the Deputy Governor in executing the mandate of the County Government as stipulated in the Constitution.

The County Executive

The Kisumu County Government is managed by an Executive Committee also known as the Cabinet. There are eleven departments making up the executive committee. The County Secretary serves as Secretary to the Executive committee.

The County government runs an open-door policy and has clear guidelines on dealing with various stakeholders. This is done through the offices of the County Secretary and the CECM for Public Service, County Administration and Participatory Development.

The County government has developed a robust Public Participation Policy awaiting approval by the County Assembly. Moreover, the county has a distinct Directorate overseeing public participation and currently developing a communication policy to help strengthen our stakeholder engagement.

Kisumu County has put in place safeguards against corruption and unethical conduct by its officers. This is guided by the Leadership Integrity Act, 2012, Public Officer Ethics Act 2003 (amended), the Ethics and Anti-Corruption Commission Act (revised). Members of the CECM taking oath of office must also pledge to abide by the integrity regulations.

The relationship between the executive and the County Assembly is well spelt out in the County Government Act. The County Assembly through its committees carry out its oversight roles by summoning various departments of the executive to explain their activities and service delivery. Departments also frequently present policies and bills for approval by the Assembly.

Section 155(5) of the Public Finance Management Act (PFM) 2012 and Regulations provide for the establishment of an internal audit committee and sets out its functions. The county government of Kisumu has an audit committee established and is operational. Currently, we have three audit committee members whose terms were renewed on 31st May, 2021 for a further and final three-year term. The main objective of the committee is to support the accounting officers in discharging their responsibilities as provided for in the PFM Act 2015 enhance efficiency and effectiveness in operations, and service delivery to the county so as to achieve its strategic objectives. The committee has an audit charter in place for their operations and is reviewed annually.

4. Foreword by CECM Finance and Economic Planning

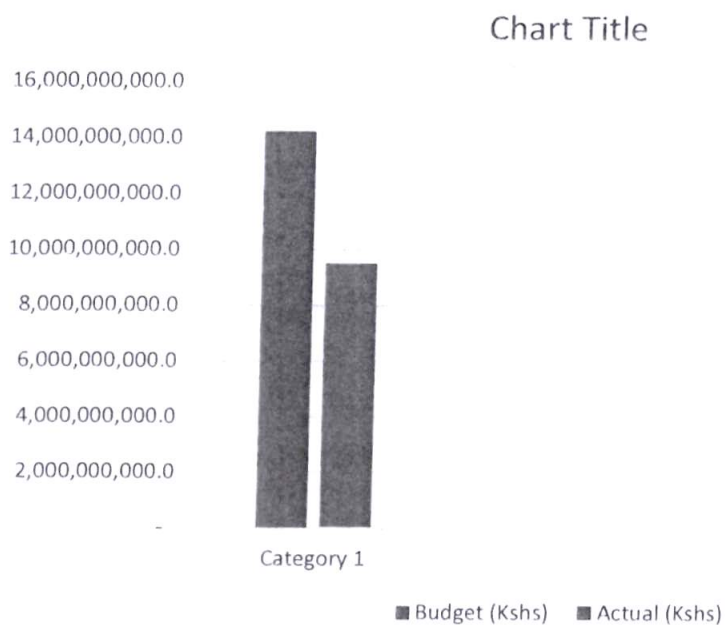
It is my pleasure to present the county of Kisumu Executive Annual Financial Statements for the FY 2024/2025. The County Treasury is mandated to prepare annual report on all the County Departments and submit the same to the County Assembly not later than three months after the end of each year in accordance with Sec. 166(4) of the Public Finance Management Act, 2012. It is upon this backdrop that I forward the executive annual report for the year ended 30th June, 2025. The same report has been sent to the relevant statutory bodies as provided for in the PFM Act.

The report presents budget execution status covering the period 1st July, 2024 to 30th June, 2025, with comparative actual achievements and budgeted amounts for the previous year 2023/2024. Also included in the report are the annual budgeted revenues and expenditures for FY 2024/2025.

The county was unable to achieve its development objectives due to a number of factors including late disbursement of the exchequer by the national treasury, Own Source Revenue Collection shortfall among others.

Chart 1. An analysis of Exchequer releases- Budgeted vs Actual Receipts excluding own source revenue

During the year ended 30th June, 2025, the County drew atotal of Kshs. 9,476,895,181 from the County Revenue Fund against final revised budget of Ksh. 14,645,872,551 as illustrated here below:-



With this summary, it is my sincere hope and belief that you will find this annual financial report very useful in your respective areas of interest besides guiding your decisions at the various sectors/levels.



George Omondi Okong'o

CECM Finance and Economic Planning and ICT (E-Government) Service

County Government of Kisumu

5. Statement of Performance against Predetermined Objectives

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each County Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

Strategic development objectives against County Predetermined Objectives

The County's 2023-2027 County Integrated Development Plan (CIDP) has identified ten 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 "Big Four", NIUPLAN, 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 Kisumu County's 2023-2027 CIDP are:

- a. Revitalising agriculture for food security and agribusiness,
- b. Ensuring a healthy population living in a clean and secure environment,
- c. Modernising infrastructure,
- d. Promotion of skills development and innovation,
- e. Conservation of environment while opening the Kisumu Lake front for business,
- f. Promotion of decent housing
- g. Promotion of sports, culture and arts,
- h. Promotion of sustainable energy sources in industrialisation and service sector development,
- i. Promotion of tourism driven by culture and heritage and,
- j. Deepening the structures of devolved governance.

Below we present the progress made in attaining the objectives of the CIDP (2023-2027) for Kisumu County.

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:

Part E: Summary of Programme Outputs and Key Performance Indicator

Introduction

This report covers the period from 1st July 2024 – 30th June 2025 which marks the period for the implementation of the County Government of Kisumu 3rd generation CIDP 2023 – 2027 whose theme is “A peaceful and prosperous County where all inhabitants enjoy high quality lives and a sense of belonging”. The report provides information on the implementation of key programs, projects and initiatives set out in the Annual Development Plan for the financial year 2024/25 as well as the achievement of the milestones against the targets outlined in the CIDP M&E framework as outlined in the following departments;

1. Agriculture, Livestock, Fisheries And Irrigation
2. Medical Services, Public Health & Sanitation
3. Sports, Culture, Gender & Youth Affairs.
4. Trade, Cooperatives, Industry And Marketing
5. Water, Environment, Climate Change & Natural Resources
6. Public Service, County Administration, Participatory Dev, Office of the Governor
7. Infrastructure, Energy & Public Works.
8. Finance, Economic Planning & Ict
9. Education, Technical Training, Innovation & Social Service
10. Dept Of Lands, Housing, Physical Planning & Urban Development

Department Of Agriculture, Irrigation Livestock And Fisheries

The FY2024-25 workplan and budget priority areas include; Dissemination of modern and innovative agricultural technologies, Promotion of public-private partnerships in value addition, Investing in post-harvest handling facilities, expanding irrigation infrastructure enhancing access to inputs etc. This is in line with the focus area for the department in the MTEF period 2024-2027, which is on increasing farm incomes, mitigating climate change effects, promoting value addition, promoting product diversification etc through developing commercialized crop, livestock and fisheries value chains. If the requested budget is provided it would result in continued revitalization of the agriculture sector towards socio-economic development of the County ie improved farm incomes; food and nutrition security; reduced poverty levels etc.

Major Achievements

- i. The department prioritized farmer capacity building as a foundation for improved productivity. A total of 1,840 farmers across all seven sub-counties were trained in various value chains through farmer field schools, demonstration farms, and exchange forums. The use of 22 demonstration sites to showcase improved agronomic and animal husbandry practices enabled farmers to learn by doing and facilitated adoption of climate-resilient technologies.
- ii. To address climate variability and strengthen resilience, the department delivered inputs to farmers through ward-level micro-projects supported by FLLoCA and other programmes. These included certified seeds, organic fertilizers, animal feed materials, and assorted farm tools. 21 wards received structured support for resilience-building activities, directly benefiting hundreds of smallholder households.
- iii. The fisheries sub-sector was invigorated through distribution of 1.2 million fish fingerlings and training of 360 fish farmers on pond management, water quality, and locally formulated fish feeds. These efforts aimed to improve household nutrition, promote commercial aquaculture, and reduce overreliance on capture fisheries.

Below is a summary of the key accomplishments by the department:

Thematic Focus	Planned Output	Achievement
1. Extension Services	Train farmers in key value chains through demos and field days	1,840 farmers trained across 35 wards; 22 demo sites established for local crops and animal feeds
2. FLLoCA Implementation	Support ward-level micro-projects for resilience building	21 wards supported with water pans, assorted farm tools, and certified inputs
3. Livestock Vaccination and Health	Conduct livestock disease control campaigns	38,400 animals vaccinated (FMD, LSD, CCPP); 12,000 dogs dewormed

4. Fisheries Development	Restock and promote aquaculture	1.2 million fingerlings distributed; 360 fish farmers trained on feed formulation and pond hygiene
5. Irrigation and Water Infrastructure	Rehabilitate and desilt water pans; install solar pumps	4 community water pans desilted; 2 irrigation schemes upgraded; 8 solar pumps installed
6. Market Access and Agribusiness Support	Form cooperatives and promote value chains	12 farmer groups registered into cooperatives; 4 aggregation centres supported
7. Sector Data and Monitoring	Improve planning with real-time data	64 extension staff trained on e-extension tool and baseline survey instruments

Key Challenges included

During Financial year, the department encountered several operational, logistical, and systemic challenges that impacted project timelines, service reach, and sectoral efficiency. These are discussed in detail below:

- a) Limited Mobility for Extension Officers: Many wards in Nyakach, Seme, and parts of Muhoroni experienced inconsistent field coverage due to a lack of adequate transport for frontline officers. The available vehicles were insufficient to meet growing demands for site visits, supervision of micro-projects under FLLoCA, and direct farmer training.
- b) Delays in Procurement and Input Delivery: The procurement of critical agricultural inputs (e.g., seeds, fertilizers, veterinary vaccines, and tools) was affected by administrative and logistical delays. In some instances—especially in Nyando and Lower Nyakach, inputs arrived late, missing optimal planting or vaccination windows, reducing their impact.
- c) Infrastructure Vandalism and Weak Community Ownership: Incidents of vandalism of solar panels and water system components were reported in Riat (Kisumu West), Masogo (Muhoroni), and Ombeyi (Nyando). These cases exposed gaps in community involvement in operations and maintenance (O&M) and the need for stronger structures for public asset protection.
- d) Inadequate Vaccine Cold Chain Infrastructure: Sub-counties like Seme and West Nyakach lack cold storage equipment necessary to maintain the potency of vaccines. This constrained the scope and effectiveness of livestock disease control efforts, particularly in high-risk migratory zones.
- e) Inadequate Fisheries Extension Support: While aquaculture demand has grown, the fisheries sub-sector still has limited technical personnel and follow-up systems. In areas like Kibos and Chemelil, fish farmers reported delays in receiving extension support and pond inspections, partly due to understaffing.
- f) Gender and Youth Engagement Gaps: Despite broad community participation, some training forums experienced limited attendance by young men and youth-led groups, especially in livestock and fisheries segments. Cultural attitudes, scheduling, and inadequate targeting affected full inclusivity

Department Of Medical Services, Public Health And Sanitation

Major Departmental Achievements

During Year, the Department of Medical Services demonstrated significant progress in improving healthcare access, quality of care, and health systems strengthening across all sub-counties in Kisumu County. These achievements were guided by the department’s strategic objectives to enhance clinical services, modernize healthcare infrastructure, strengthen referral systems, and improve health outcomes at the community and facility levels.

A major highlight was:

- i. The digitization of ten health facilities, including Lumumba, Migosi, Miranga, Ober Kamoth, Nyahera, and Ojola health centres. These facilities were connected using Starlink internet, facilitating enhanced data reporting, service tracking, and laying the groundwork for telemedicine and electronic medical records (EMR) rollout. Service delivery volumes improved markedly, with over 3.8 million outpatient consultations recorded—an increase of approximately 350,000 clients compared to the previous quarter. Inpatient care services were also scaled up, reaching 184,000 admissions. Operational efficiency improved, with the average hospital length of stay decreasing from 7 to 6 days, an indicator of better treatment protocols and discharge planning.
- ii. Preventive and promotive health services remained strong, with full immunization coverage sustained at 90%, exceeding the national benchmark of 89%. Similarly, skilled birth attendance improved to 91%, underscoring the department’s continued investment in maternal and child health services. The department conducted integrated support supervision in 40 facilities across the seven sub-counties, including public, private, and faith-based entities. This effort enhanced quality assurance, fostered coordination among providers, and offered real-time performance feedback to facility managers.

Thematic Area	Planned Output	Achievement	Location / Facilities
1. Facility Expansion	Operationalize 2 health centers	2 facilities opened (Siany, Kanyakwar)	Nyakach, Kisumu West
2. Equipment Upgrade	Equip 15 health facilities	Delivery beds, solar kits, autoclaves distributed	Ahero, Muhoroni, Kombewa, Rabuor, Obunga
3. Service Integration	Expand integrated service packages	20 new facilities now offer integrated HIV, TB, FP, MNCH	All 7 sub-counties
4. Emergency Response	Improve referral services	2 new ambulances deployed; 647 emergency referrals coordinated	Nyando, Seme
5. HRH Deployment	Recruit and deploy 30+ staff	34 officers deployed (Nurses, COs, Lab Techs)	Masogo, Chiga, Kombewa, Nyahera
6. Equipment Maintenance	Conduct 4 biomedical rounds	70+ pieces of equipment repaired	All Sub-counties

7. EmONC Capacity Building	Train frontline workers	80 healthcare workers trained in EmONC	Muhoroni, Nyakach, Seme
8. Data Quality & EMR Rollout	Expand use of KHIS2 and EMR	EMR deployed in 5 facilities; 17% data quality improvement	Kisumu Central, Muhoroni, Nyando
9. Medical Outreaches	Conduct mobile clinics in hard-to-reach/flooded areas	3,000+ residents reached through CHS mobile clinics	Nyando, Lower Nyakach
10. Stakeholder Coordination	Strengthen supply chains	Continuous partner-supported supply of medicines and outreach	Through KEMSA, Amref, CHS

- iii. In terms of workforce development, a Training Needs Assessment (TNA) was completed, and eight officers were approved for further training, aligning with departmental efforts to professionalize and build capacity. Additionally, the department finalized and launched the Kisumu County Mental Health Policy, while also operationalizing the Environmental Health Services Regulations, demonstrating its commitment to holistic and inclusive health governance.

See below a summary of Key year Achievements (Department of Medical Services)

Key Challenges included

Despite commendable progress across service delivery and system strengthening priorities, the department faced several operational and systemic challenges that impeded full realization of targets. The following outlines the key challenges and mitigation strategies applied:

- a) **Critical Human Resource Shortages at Lower-Level Facilities:** Many dispensaries and health centres continued to operate with only one healthcare provider, typically a nurse, who was expected to offer a wide range of services, from outpatient care to health promotion and facility management. This overstretches compromised service quality and limited outreach. The department escalated the issue to the County Public Service Board (CPSB) and prioritized HR gap analysis in the Q1 recruitment plan. In the interim, task-shifting and mentorship support from nearby sub-county hospitals were employed.
- b) **Delays in Promotions and Career Progression:** No promotions were processed during the quarter, despite a growing number of eligible staff. This led to demotivation and lowered staff morale in some departments. Engagement with the County Public Service Board was initiated, and a proposal was developed to introduce a ring-fenced promotions budget and performance-based advancement framework in FY 2025/2026.
- c) **Inconsistent Availability of Essential Commodities:** Stock-outs of vaccines, medical supplies, and pharmaceuticals were reported in certain PHC facilities, disrupting service continuity and patient confidence. The department revised its forecasting tools, improved linkage with KEMSA and non-state distributors, and encouraged facilities to maintain real-time stock registers. Redistribution from overstocked to understocked units was initiated.
- d) **Infrastructure and Utility Gaps in Rural Facilities:** Several rural facilities lacked reliable electricity, water, and sanitation infrastructure, affecting infection control and cold chain maintenance. The department partnered with the Department of Infrastructure and Development to prioritize solar installations and WASH upgrades in facility improvement plans.

Limited Community Engagement in Some Sub-counties: In some areas, low male involvement in reproductive health and resistance to immunization were reported. Health promotion teams were retooled with context-specific messaging, and community health volunteers (CHVs) were engaged to support door-to-door sensitization.

Department Of Gender, Under The Broader Department Of Sports, Culture, Gender, And Youth Affairs

Key Achievements

The department successfully organized a series of inter-ward and inter-sub-county sports tournaments, engaging over 4,000 youths in football, netball, and athletics across Kisumu East (Kajulu), Muhoroni, Nyando, and Nyakach. These events served not only as talent identification platforms but also as tools for promoting peace, cohesion, and youth dialogue. In Kisumu Central, technical support was extended to local sports clubs through equipment donations and coaching clinics. Additionally, the rehabilitation of Obunga Youth Grounds and clearing of Kombewa pitch in Seme were completed, expanding access to structured recreational spaces. See below specific breakdown of achievements per sub-county and wards:

- In Obunga Ward (Kisumu Central), the Obunga Youth Grounds were fully rehabilitated, providing a vibrant venue for football and athletics.
- Kajulu Ward (Kisumu East) hosted inter-ward football and volleyball competitions, engaging over 500 young people.
- In Chemelil (Muhoroni) and Kobura (Nyando), village-based football tournaments were held, attracting over 300 participants and boosting social cohesion
- The Kombewa pitch (Seme) was cleared and prepared for use, enabling year-round sports activity.
- Technical support including coaching and uniforms was extended to grassroots clubs in Maseno (Kisumu West) and Ahero (Nyando).

As indicated above, these interventions benefited more than 4,00 youth countywide. However, the absence of county- level sports academies and limited access to equipment in rural wards remain persistent challenges.

See below a Summary Table of Key Achievements:

Thematic Focus	Planned Output	Key Achievement
1. Sports and Talent Development	Host inter-sub-county tournaments; upgrade 3 grounds	4,000+ youth engaged; Obunga & Kombewa grounds rehabilitated
2. Culture and Heritage	Organize county cultural event; support artist groups	County Cultural Festival held in Nyakach; 12 cultural groups funded; heritage documentary produced
3. Gender Equality and GBV Prevention	Conduct 10 GBV forums; pilot 2 safe spaces	15 GBV forums held; 2 safe spaces operationalized; 19 women groups linked to enterprise financing
4. Youth Skills and Civic Engagement	Train 300 youth in digital skills; conduct civic forums	350 youth trained; townhalls held in Ahero, Maseno, Kombewa; 130 youths enrolled in vocational courses

Challenges and Departmental Response

During the reporting period, the Department encountered several structural, operational, and socio-cultural challenges that affected the full realization of program objectives across the county. However, the department responded through adaptive strategies, community-based partnerships, and cross-sector coordination.

Challenge	Impact	Departmental Response
1. Inadequate sports infrastructure (e.g., unlevelled pitches, lack of sanitation, no lighting)	Limited access to safe, inclusive spaces for training and competitions; reduced participation especially for girls	Prioritized rehabilitation of Obunga and Kombewa grounds; advocated for fencing and floodlights in FY 25/26
2. Insufficient dedicated cultural facilities and storage of artefacts	Limited space to showcase and preserve cultural expressions and documents	Piloted community-stage partnerships and digitization of oral traditions; proposed creation of cultural centres
3. Staffing gaps, especially in gender and youth directorates	Inconsistent program delivery in wards without officers; overload on existing staff	Reorganized officers for rotational support; recommended recruitment in the next HR cycle
4. Limited funding for GBV safe houses and follow-up support	Survivors lacked long-term care; over-reliance on partner organizations	Piloted safe spaces in Kisumu West and Nyando; engaged county legal aid and health directorates for support
5. Youth training programs not linked to internships or funding for start-ups	Trainees remain idle or disengaged post-training; high dropout from business incubation	Initiated talks with County Trade and Economic Planning to create linkages with SACCOs and business mentors
6. Inconsistent participation in civic engagement forums	Some wards underrepresented in governance dialogues	Integrated civic forums with sports and cultural events to attract broader attendance
7. Weak monitoring systems for field programs	Delayed or inaccurate reporting of field activities	Introduced mobile-based monitoring tools and refresher trainings for sub-county staff

Department Of Trade, Tourism, Cooperatives, Industrialization, And Marketing

Key Achievements

The Department of Trade, Tourism, Industry, and Marketing made significant progress in advancing its mandate across all seven sub-counties, despite budgetary and logistical constraints. The department focused on improving the business environment, promoting local tourism, strengthening industrial linkages, and enhancing market access for small-scale traders. Below is a thematic analysis of the key achievements:

Trade and Enterprise Development

The department oversaw ongoing improvement works in Kibuye Market (Kisumu Central), including sanitation upgrades and structured relocation of traders to enable phased construction. In Katito (Nyakach) and Muhoroni Central, 135 traders benefited from allocation of new market stalls under the CRF-supported interventions. These efforts enhanced hygiene, orderliness, and safety in high-traffic informal markets. Trade officers conducted compliance and awareness drives in all sub-counties, leading to the licensing of 1,246 traders, most notably in Kondele, Ahero, and Kombewa. The drive also contributed to improved Own Source Revenue (OSR) collection and trader registration. Over 400 small-scale traders, 65% of them women, participated in business development training held in Kisumu East, Nyando, and Seme, covering topics like taxation, record keeping, and AGPO registration.

Tourism Development and Promotion

The department completed a geo-tagged database of 25 tourism sites across Kisumu County, including sites in Ndere Island (Nyakach), Fort Tenan (Muhoroni), Kit Mikayi (Seme), and Kisumu Impala Sanctuary. The profiling is aimed at anchoring the county's tourism investment and packaging strategy. Technical support was extended to at least 10 community-based tourism groups including Kit Mikayi Cultural Dancers and Nyamaroka Eco-Tourism Group, enhancing product development and readiness for domestic tourist hosting. Kisumu County participated in the National Tourism Expo in Nairobi, showcasing cultural artifacts, culinary products, and local artists from Nyakach and Seme, thereby positioning Kisumu as a lakeside tourism hub.

Industrial and Investment Promotion

The department facilitated forums with Jua Kali artisans in Kondele, Maseno, and Awasi, addressing access to public procurement opportunities, skills upgrading, and collective branding of metal works and furniture products. A draft framework for the Kisumu County Investment and Industrial Promotion Policy was completed and shared for stakeholder input. This will provide incentives and regulations to attract SMEs and larger investors into industrial parks.

Marketing and Value Chain Support

Weekly market days were formalized in Koru, Nyakach, and Nyamasaria, with county-level branding materials provided. This improved visibility and attracted cross-border buyers. The department supported 5 producer cooperatives in rice (Ahero), fish (Dunga), and dairy (Koru) with marketing support, packaging, and connections to buyers within Kisumu and neighboring counties.

Cross-Cutting Success: Inter-Sectoral Coordination and Stakeholder Engagement

A notable cross-cutting achievement was the strengthening of partnerships with key stakeholders. The department co-hosted trade forums with the County Department of

Finance (for revenue integration), Public Health (for sanitation standards in markets), and Youth Affairs (for youth enterprise development). Engagements with CSOs, banks, cooperative unions, and tour associations enhanced project implementation, reduced duplication, and catalyzed resource mobilization. See below a Summary Table of the Key Achievements for the Department of Trade, Tourism, Industry and Marketing:

Thematic Focus	Planned Output	Achievement
1. Market Infrastructure Support	Upgrade and reorganization of major markets	Ongoing upgrades in Kibuye, allocation of 135 new stalls in Katito and Muhoroni
2. Licensing and Improvement	OSR Enhance trader registration and compliance	1,246 traders licensed; increased revenue collection in Ahero, Kondele, Kombewa
3. Trader Building	Capacity Conduct trainings on business management and AGPO	400+ traders trained in Kisumu East, Seme, and Nyando
4. Tourism Site Mapping	Identify and profile county tourism assets	25 geo-tagged sites documented across all 7 sub-counties
5. Support to Community Tourism	Strengthen capacity of cultural/ecotourism groups	10 groups supported in Kit Mikayi, Ndere, Nyamaroka
6. Participation in National Events	Showcase Kisumu's potential at national expos	Exhibited at National Tourism Expo with cultural displays from Seme and Nyakach
7. Jua Kali Engagement	Promote procurement access and skills upgrading	Forums held in Kondele, Maseno, and Awasi; 3 artisan groups supported
8. Investment Drafting	Policy Develop investment promotion policy package	Draft investment policy developed and submitted for consultation
9. Marketing Support	Improve branding, formalize market days	Weekly market days supported in Koru, Nyamasaria, and Nyakach
10. Cooperative Linkages	Market Link cooperatives to buyers and branding support	5 cooperatives in fish, rice, and dairy sectors linked to new buyers

Challenges Encountered

- a) Inadequate Infrastructure and Stalled Market Upgrades: Many markets, especially in Kisumu East (Nyamasaria), Kisumu West (Maseno), and Muhoroni (Omondi) lacked adequate sheds, sanitation facilities, and drainage systems, leading to trader congestion, poor hygiene, and reduced customer confidence. The department, in collaboration with the Directorate of Public Works, prioritized critical upgrades in phases. Temporary solutions such as portable toilets and open-air platforms were provided pending full infrastructure budgets in FY 2025/26.
- b) Staffing Gaps Across Directorates: The department has only a limited number of cooperative and tourism officers, with some sub-counties such as Seme and Muhoroni lacking full-time personnel. Officers were cross-deployed across wards and sub-counties on rotational assignments. In some cases, trade officers were given additional training to temporarily support cooperative and tourism-related work.
- c) Low Awareness of AGPO and Compliance Requirements: A large proportion of

micro and small enterprises (MSEs), especially women-led ones, were unaware of the Access to Government Procurement Opportunities (AGPO) and business compliance requirements. The department rolled out six sensitization forums in target wards, prioritizing women and youth-led enterprises, and linked them to Huduma Centres and online registration portals.

- d) **Limited Budget for Tourism Promotion and Product Packaging:** Though Kisumu County has strong cultural and ecological tourism potential, budgetary allocation for tourism product development and marketing remained minimal. The department collaborated with Kenya Tourism Board, Lake Region Economic Bloc (LREB), and community-based groups to promote destinations such as Ndere Island, Kit Mikayi, and Dunga Wetlands through joint platforms, expos, and volunteer-driven mapping.
- ii. **Cooperative Dormancy and Governance Disputes:** Several cooperative societies, particularly in Muhoroni and Nyakach, had become dormant due to poor leadership, internal conflicts, and lack of audit compliance. The directorate organized revival meetings, offered governance training, and began preliminary financial audits to reactivate viable groups and link them to county-level funding and marketing platforms.

Department Of Water, Environment, Climate Change & Natural Resources

Key Achievements

In the financial year 2024/2025, the department recorded notable progress in delivering on its strategic mandates across water service provision, climate adaptation, environmental protection, and institutional strengthening. The achievements reflect both county-

funded and partner-supported interventions. The Department of Water, Environment, Natural Resources, and Climate Change recorded substantial achievements in Quarter Four, significantly contributing to the improvement of water access, sanitation, and environmental resilience in both urban and rural areas.

Acceleration of Rural Water Infrastructure Projects

In the year, the department successfully implemented 11 rural water supply projects, with 9 of them completed and handed over to communities. These included borehole drilling and equipping in North Nyakach (Kadiang'a), Kobura (Nyando), and Kisumu West (Kanyawegi). In East Kano, 2 shallow wells were upgraded, and solar pumping systems were installed to promote clean energy use.

The use of solar-powered boreholes and gravity-fed water systems increased coverage to hard-to-reach communities, reducing reliance on unsafe water sources. In Muhoroni, rehabilitation of the Chemelil Water Supply System restored consistent supply to over 4,000 residents. Specific accomplishments includes:

- Completion of 52 county-funded development projects, including borehole drilling, pipeline extensions, and water kiosks.
- Approximately 20,250 residents benefited from improved access to safe water through:
 - Drilling and equipping of 6 boreholes (hand pumps).
 - Rehabilitation of 8 water facilities and 4.7 km of pipeline extension.
- Ongoing construction of a water kiosk in Oriang (Seme Sub-County) through Care Kenya.
- Formation of Kisumu Rural Water and Sanitation Company (KiRWASCO) completed.
- Training of 26 Water Management Committees on sustainable facility governance.

Urban Water Services and WASH Coordination

Working in partnership with KiWASCO and KISIP II, the department facilitated last-mile water connectivity and sanitation services in Kisumu East and Central, targeting informal settlements like Obunga, Bandani, and Manyatta. These interventions ensured improved hygiene in densely populated areas. Furthermore, Kisumu was selected to pilot a green sanitation initiative funded through a climate resilience grant, enabling the construction of eco-toilets in 3 markets across Nyando and Kisumu West. Specific accomplishments include:

- 1,700 tonnes of solid waste collected and evacuated from major markets including Muhoroni, Chemelil, Kombewa, and Holo.
- Two successful market clean-up campaigns conducted in collaboration with CSOs and youth groups.

- Stakeholder forums held to develop the road map for the Solid Waste Policy. Environmental Conservation and Climate Resilience

The department planted over 140,000 tree seedlings, surpassing the quarterly target of 100,000. Tree planting was conducted in schools, riparian zones, and degraded landscapes in Nyakach, Muhoroni, and Seme. The Nganyi Climate Resilience Corridor was launched in partnership with the Kenya Meteorological Department and community conservancies.

Out of 49 community climate resilience investment (CCRI) projects initiated in FY 2023/2024, 38 projects were completed, while 8 are ongoing. Three (3) were retendered and have been awarded, pending site handover. Of the 40 CRF projects for FY 2024/2025, 25 were completed, 9 are ongoing, and 6 have been earmarked for retendering. Specific accomplishments include:

- Planting of 1,500 seedlings in Menara Forest and two public schools (Oduwa Primary and Secondary).
- Greening of 19 schools in collaboration with local institutions and partners.
- 6 community clean-ups conducted in Nyalenda, Kibos, and other locations.
- 5 noise pollution stop orders issued; enforcement actions taken against dust pollution offenders (e.g., Golden Bricks Company in Muhoroni).
- Adaptation planning workshops conducted in 6 wards.
- 35 Ward Climate Change Planning Committees trained, further localizing climate governance.
- Biogas installations completed at Tiengre and Ogada secondary schools (SEACAP).
- Waste sorting bay constructed at Ondiek Estate (SEACAP program)

Climate Information and Community Awareness

Through structured dialogues and awareness campaigns, the department convened 15 community climate sessions, enhancing knowledge on early warning systems and resilience planning. These were held in collaboration with ward climate planning committees in Masogo/Nyang'oma, East Seme, and Lower Nyakach.

Policy, Legal and Planning Milestones

The county pushed for the enactment of the Kisumu County Water Act 2023, laying the groundwork for water sector governance. Currently, its spearheading the initial development of Water Regulations and Sector Strategic Plan and the Review of the Kisumu County Water Policy. Also, the department has initiated drafting for: Kisumu Solid Waste Management Bill and Policy, County Environmental Action Plan, and County Climate Finance Policy and update of the Climate Change Act.

Enhanced Sector Coordination and Monitoring

The M&E unit conducted joint supervision missions to assess progress on 28 ongoing water projects, enabling timely documentation of bottlenecks and acceleration measures. The department also launched the Kisumu Water Sector Digital Inventory, mapping all active and inactive water points to improve asset management.

- Monitoring and Evaluation (M&E) frameworks enhanced across directorates.
- Regular project supervision visits conducted to assess progress and compliance.
- Environmental and Social Safeguards assessments initiated for new climate and donor-funded projects.
- 26 Water Management Committees trained
-

Institutional Strengthening and Partnerships

- Development of co-created workplans with partners such as Care Kenya, RUWASCO, and Safe Water & Aids Project (SWAP).
- Training conducted for 15 small-scale utilities to promote commercial viability.
- Drafting and submission of 3 Memoranda of Understanding (MOUs) for partner collaboration.
- Participation in national and regional climate action workshops and planning forums including FLLoCA coordination meetings.

The table below provides a summarized snapshot of the department's key performance indicators and achievements during year:

Thematic Focus	Planned Output (Q4)	Achieved Output (Q4)	Remarks
1. Water Supply Projects	Completion of 17 community and institutional water schemes	12 water projects completed and operational in 6 sub-counties	Some works delayed due to procurement bottlenecks; roll-over planned in Q1 FY 2025/26
2. Solarization of Boreholes	Solarizing 10 boreholes to promote sustainable water access	7 boreholes solarized in Nyando, Seme, and Kisumu East	Reduced operational costs and improved rural water reliability
3. Drilling and Equipping of Boreholes	Drill and equip 8 new boreholes in underserved wards	6 boreholes drilled and equipped in Kisumu West, Muhoroni, and Nyakach	Site challenges in Kisumu Central delayed 2 projects
4. Spring Protection & Pipeline Extension	6 springs protected; 15km pipeline extensions planned	5 springs protected; 12.5 km pipeline works completed	Projects boosted gravity flow schemes and storage tank connectivity
5. Sanitation Infrastructure	Construct 5 VIP latrines in public markets and ECDE centres	3 latrines completed and in use	Designs revised mid-quarter to meet public health compliance standards
6. Tree Seedling Production & Distribution	Raise 500,000 tree seedlings and distribute to institutions & communities	480,000 seedlings raised; 320,000 distributed	High uptake in schools, churches, and riparian restoration sites
7. Climate Adaptation Initiatives	Implement 3 ward-level micro-catchment and rainwater harvesting pilots	2 pilots implemented in Seme and Nyando	Ongoing technical support in Kajulu for the third site
8. Policy and Governance Support	Conduct 2 water sector stakeholder forums and policy review sessions	2 stakeholder forums held; draft Water & Sanitation Bill reviewed	Inputs submitted for legal vetting before County Assembly submission

Challenges Encountered

While the Department of Water, Environment, Climate Change and Natural Resources achieved significant milestones in Quarter Four, several challenges affected the pace, scope, and quality of project delivery. The table below analyzes each challenge in terms of its context, resulting impact, and the department's response or mitigation strategy.

Delayed Procurement and Project Implementation

Several water infrastructure projects experienced delays in the procurement of critical components such as solar pumps, piping materials, and borehole equipment. This affected project delivery timelines, especially in rural schemes in Nyakach, Seme, and Kobura (Nyando). The department liaised with the procurement unit and contractors to expedite

pending deliveries. Framework contracting mechanisms were proposed for faster equipment acquisition in future phases. A contract performance tracker was also introduced to flag delays early and institute penalties for non-compliance.

Vandalism and Theft of Solar Equipment and Water Assets

Cases of vandalism and theft of solar panels and pump controllers were reported in Kanyawegi, Kasagam, and Masogo/Nyang'oma, undermining water service sustainability. The department rolled out community engagement forums to enhance local ownership of water points. Additionally, site-specific security protocols, such as fencing and the establishment of water user committees, were strengthened. The department is now exploring the use of anti-theft technologies such as tamper-proof panels and alarm systems.

Inadequate Staffing for Sanitation and Climate Functions

Wards in Lower Seme, West Nyakach, and East Kano lacked sufficient sanitation officers and climate focal persons, leading to gaps in behavior change campaigns, sanitation promotion, and community-level climate action planning. The department restructured staff schedules to prioritize high-risk areas. It also submitted a request to the County Public Service Board for targeted recruitment in sanitation and climate change roles. Meanwhile, partnerships with local CSOs and CHVs were leveraged to extend outreach.

Limited Water Quality Monitoring and Testing

The county lacked sufficient portable water testing kits and functional laboratories to monitor microbial and chemical safety of water points, particularly those in flood-prone areas like Nyando and low-lying Seme. Water samples were collected periodically and tested at regional labs through collaboration with KIWASCO and the Public Health Department. Budget provisions for rapid test kits and mobile water quality monitoring units were included in the FY2025/2026 budget.

Climate-Induced Disruptions

Prolonged dry spells followed by flash flooding disrupted ongoing construction and affected tree seedling survival rates in Muhoroni, Nyakach, and Obumba. The department incorporated flexible implementation timelines and began sourcing drought-resistant tree varieties. Sites affected by erosion were reinforced with gabions, and additional budget was reallocated to replant affected seedlings.

Department Of Public Service, County Administration & Participatory Development.

Key Achievements

During Quarter Four, the Department of Public Service, County Administration and Participatory Development (PSCAPD) registered significant progress across its strategic mandate areas. The department played a central role in coordinating county performance management, facilitating public participation, supporting decentralized units, and enhancing disaster responsiveness. A major milestone was the successful coordination of performance contracting across county departments, with 97% of departments having signed and submitted their Performance Contracts (PCs) for FY 2024/2025. This was complemented by internal review sessions and capacity building for departmental representatives to ensure proper cascading and reporting.

In the area of civic education and citizen engagement, the department conducted six civic forums across sub-counties, with a strong emphasis on climate awareness, devolution, and

participatory budgeting. In addition, seven County Dialogue Days were convened, reaching over 420 residents, and facilitating direct public input into county policy and budgeting processes. To enhance frontline service delivery, the department implemented Huduma Mashinani, a community-based outreach and feedback platform. These forums, conducted in four sub-counties, collected over 500 citizen feedback entries and enabled real-time issue escalation and service performance monitoring.

The department also provided continuous logistical and operational support to Sub-county and Ward Administrators, ensuring effective supervision of service points and coordination of field activities. This included provision of fuel, ICT tools, communication allowances, and stationery. Lastly, in response to emerging flood risks, the department activated emergency coordination frameworks in Nyando and Kisumu West. Collaboration with the Red Cross, NDOC, and community volunteers enabled timely response planning and sensitization of residents in flood-prone areas. Collectively, these achievements reflect the department's commitment to effective governance, responsive administration, and citizen-centered service delivery. See below a summary of the accomplishments for the quarter.

Public Service Management & Human Resource Development

The department successfully finalized the implementation of the county-wide staff rationalization plan. Over 320 county officers were either redeployed or promoted based on merit and capacity needs. A notable achievement was the rollout of a Digital Performance Appraisal System, which enabled more transparent and timely evaluations for county employees across all departments. In collaboration with the County Public Service Board, the department conducted three in-service trainings for administrative and HR officers on values and ethics, digital HRMIS usage, and gender-sensitive workplace conduct. These interventions enhanced organizational efficiency and alignment with public service delivery standards.

County Administration and Field Services

Through the Huduma Mashinani framework, the department operationalized 12 previously dormant ward offices, refurbishing and equipping them with ICT and logistical tools. This improved citizen access to government services and provided a visible government presence at the grassroots. Field mobility was further improved with the deployment of 8 motorcycles and 3 utility vehicles to sub-county and ward offices, enabling real-time reporting, coordination, and oversight of county programs. Across all 7 sub-counties, Ward and Sub-county Administrators facilitated quarterly development coordination forums with other departments and stakeholders.

Civic Engagement and Public Participation

In line with legal requirements and the County Planning Cycle, the department convened public participation forums in all 35 wards, reaching approximately 12,500 residents. These forums were critical for gathering community input into the preparation of the FY 2025/2026 Annual Development Plan (ADP). Civic educators also conducted focused awareness campaigns on devolved governance, access to public services, and citizen rights—especially targeting women, youth, and persons with disabilities. Feedback tools such as suggestion boxes, SMS platforms, and barazas were used to ensure inclusive participation and documentation of citizen priorities.

Disaster Risk Management and Special Programmes

With increasing flood-related risks in Nyando, Nyakach, and Kisumu East, the department activated Rapid Response Units in collaboration with the Kenya Red Cross, County Disaster Committees, and the National Disaster Operations Centre. A total of 10 emergency alerts were responded to during the quarter, saving lives and livelihoods through early warning, evacuation, and relief coordination. Community-level risk mapping exercises were conducted in 12 vulnerable wards, which informed the development of localized contingency plans. Relief items including food, bedding, and hygiene kits were distributed to over 800 households affected by seasonal floods and fire outbreaks.

See below a summary of the 2024/25 Achievements (PSCAPD)

Thematic Area	Planned Output (2024-2025)	Actual Achievement	Coverage / Remarks
1. Staff Rationalization & Deployment	Deploy & promote county staff	320+ officers redeployed/promoted	Across all departments
2. Digital Appraisal System	Pilot automated performance review	System rolled out and piloted in 6 departments	Staff evaluations improved
3. Ward Office Revitalization	Equip 10 ward offices	12 offices refurbished with ICT & logistics	Kisumu West, Seme, Nyando, Nyakach
4. Civic Forums for ADP	Public participation in all 35 wards	Forums held; 12,500+ residents engaged	Inclusive of youth, women, and PWDs
5. In-service Trainings	3 HR and admin trainings	3 completed (Ethics, Gender, HRMIS)	Conducted with CPSB and KSG support
6. Disaster Rapid Alerts Response	Activate 5 emergency response teams	10 alerts managed (floods & fires); 800+ households supported	Nyando, Nyakach, Kisumu East
7. Civic Education Campaigns	Conduct 35 sensitization sessions	38 campaigns held using barazas, SMS, posters	Civic desks active in all 7 sub-counties
8. Sub-county Coordination Forums	Host multi-stakeholder meetings	Quarterly forums hosted in each sub-county	Used to align development efforts at grassroots
9. Deployment of Logistics	Equip sub-county/ward staff with mobility	8 motorcycles, 3 utility vehicles deployed	Improved field coordination
10. Risk Mapping & Contingency Planning	Map disaster-prone zones	12 wards mapped and contingency plans drafted	Targeted early warning and preparedness in flood-prone areas

Challenges Encountered and Departmental Responses

Despite registering commendable achievements in Quarter Four, the department encountered a number of operational, institutional, and systemic challenges that constrained full execution of its mandate:

- a) **Delayed Submission of Departmental Performance Contracts:** Some departments were slow to finalize and submit their PCs, especially in aligning indicators to sector-specific outcomes. This delay risked non-compliance with timelines for cascading and hindered timely reporting on progress. The department increased interdepartmental follow-ups and offered targeted support to departments facing technical capacity constraints in drafting and submitting their PCs.
- b) **Low Turnout in Civic Forums:** In certain rural wards, civic education forums and dialogue days recorded lower- than-expected attendance, largely due to

insufficient pre-event mobilization and limited public awareness. The department strengthened community mobilization by leveraging Ward Administrators, village elders, and religious leaders. Plans were also made to integrate civic messaging into vernacular radio and local FM stations.

- c) **Logistical Gaps in Field Coordination:** Some Sub-county and Ward Administrators experienced logistical challenges such as fuel shortages and delayed facilitation, which impacted field supervision and administrative reporting. The department prioritized essential facilitation requests and revised internal resource allocation to ensure continued field presence for critical service monitoring.
- d) **Inadequate Real-Time Data for Disaster Response:** During flood events in Nyando and Kisumu West, accurate and timely household-level data was not readily available, making it difficult to estimate needs and coordinate relief

Department Of Energy, Transport, Roads & Public Works

Key Achievements

During Quarter Four, the Department made significant progress in delivering its infrastructure, energy, and technical design mandates despite financial and logistical constraints. Below is a breakdown of the key achievements by thematic area:

Directorate of Roads & Public Works

In Quarter Four, the Directorate of Roads & Public Works demonstrated substantial progress in the implementation of road infrastructure projects aligned with the County Roads Framework (CRF) and strategic inter-ward connectivity goals. The department focused on addressing transport bottlenecks in rural and peri-urban areas while ensuring continuity for rolled-over flagship projects. Emphasis was placed on ensuring equitable distribution of road investments across the 35 wards and 7 sub-counties in Kisumu County.

a) County Roads Framework (CRF) Projects

Out of a total of 149 CRF projects planned, the department successfully completed 95 projects by end of June 2025, achieving 82% physical progress and covering approximately 235 kilometres of road works. This included grading, gravelling, drainage installations, and culvert works. Sub-counties such as Nyando (22 roads completed), Seme (14), and Kisumu West (19) recorded the highest levels of project completion.

In Nyando, the department prioritized access roads connecting Ahero market, Kobura rice schemes, and Ogendo Health Centre, improving transport for both farmers and health service users. In Seme, key roads such as Akado–Bar Olengo and Kombewa–Ndururu access road were completed, enhancing links to ECDE centers and trading hubs. Kisumu West saw the rehabilitation of the Riat–Korowe feeder road and the upgrading of Otwenya culvert, reducing seasonal flooding and improving travel reliability.

b) Strategic and Flagship Roads

The department also pursued the implementation of 4 strategic inter-ward roads. These included:

- **Lolwe-Bao Beach Road** in Seme, intended to unlock tourism access to Ndere Island National Park. This 7.2 km road saw preliminary works and contractor mobilization but only achieved 1% progress due to logistical delays.

- Arina-Brilliant Road in Kisumu Central aimed at easing traffic congestion around Kaloleni Estate was delayed but remains prioritized for Q1 FY 2025/26.
- Sunga Box Culvert, a critical drainage intervention in North West Ward (Nyakach), was fully completed and commissioned.
- Mama Sarah Culvert in Kisumu East saw partial progress (30%), addressing flood-induced inaccessibility in the area surrounding Kogelo School.

c) Routine Manual Maintenance

The Directorate also executed manual maintenance works covering 186.4 km of rural access roads, engaging community-based maintenance teams. These activities focused on regravelling, vegetation clearance, and drainage cleaning, with notable activities recorded in Lower Nyakach, North Nyando, and East Kano.

d) Quality Assurance and Supervision

Despite logistical challenges, the directorate ensured that all completed projects underwent joint technical assessments, validating workmanship quality and alignment with BoQs. In partnership with the Public Works team, the roads directorate also supported field supervision for 26 projects that were experiencing slow progress, contributing to their acceleration and closure within Q4.

See below a summary Table for the Directorate of Roads (Q4 Achievements vs Planned)

Key Intervention Area	Planned Output (Q4)	Achieved Output (Q4)	Remarks
i. CRF Road Projects	149 roads (314.9 km)	95 roads completed (235 km)	82% physical progress; remaining projects rolled over to Q1 FY 2025/26
ii. Flagship Roads & Culverts	4 major strategic roads/culverts	1 fully completed; 2 ongoing	Lolwe-Bao and Arina-Brilliant delayed; Sunga Box Culvert completed
iii. Manual Road Maintenance	200 km targeted	186.4 km completed	Executed using local labour model; well received by communities
iv. Supervision and Technical Support	35 site visits scheduled	26 sites inspected and certified	Staff constraints limited coverage; cluster supervision model adopted

Directorate of Transport and Mechanical Services

The Directorate of Transport and Mechanical Services plays a crucial role in managing the county's fleet, mechanical assets, and transport logistics for service delivery across departments. During Quarter Four, the directorate focused on modernizing its operations, improving service efficiency, and laying the groundwork for the county's transition to sustainable transport systems.

a) County Fleet Maintenance and Logistical Support

The directorate oversaw routine servicing and minor repairs of over 55 county vehicles and machines, including graders, water bowsers, and service vans. Mechanical support ensured continued project execution in sectors such as agriculture (farm input delivery), health (ambulance logistics), and education (ECDE furniture distribution). Despite limited spares and inadequate tools, field mechanical teams performed on-site repairs in Kisumu East, Muhoroni, and Nyando sub-counties, reducing equipment downtime and optimizing departmental productivity.

b) Electric Mobility Transition and Fleet Audit

In alignment with Kisumu County’s green mobility agenda, the directorate led planning for the e-mobility transition strategy. This included:

- Hosting a regional technical workshop on EV retrofitting attended by officers from Kisumu, Nairobi, and Siaya.
- Launching a county fleet audit to assess vehicle fuel consumption, age, and conversion potential.
- Collaborating with the E-Mobility Africa Alliance and IFC to draft guidelines for transitioning government fleet to electric vehicles, with pilot retrofitting planned for FY 2025/26.

c) Transport Policy Engagement and Inter-Departmental Support

The directorate provided logistical coordination for 6 major departmental events in Q4, including energy audits, roads monitoring tours, and disaster response support in flood-prone areas. It also developed initial proposals for a centralized county transport pooling system, aimed at reducing fuel wastage and overlapping vehicle usage.

See below a summary Table for the Directorate of Transport (Q4 Achievements vs Planned)

Key Intervention Area	Planned Output (Q4)	Achieved Output (Q4)	Remarks
i. Routine Mechanical Services	60 vehicles/machines serviced	55 units maintained/repared	Minor service interruptions due to spares delays
ii. EV Mobility Planning	1 county audit and roadmap	Audit launched; 1 workshop hosted	EV pilot planning underway
iii. Workshop and Tool Re-equipping	1 procurement plan submitted	Proposal drafted but not funded	Carried forward to FY 2025/26
iv. Transport Efficiency (Fleet Pooling)	1 draft proposal	Initial draft completed	To be validated by Executive in Q1 FY 2025/26

Directorate of Energy

The Directorate of Energy was at the forefront of expanding clean energy access, public lighting, and promoting energy efficiency in public infrastructure. Its Q4 interventions were aligned with the County Energy Plan, SDG 7 goals, and the emerging Kisumu Green Economy Strategy.

a) High Mast Lighting Programme

The directorate targeted the installation of 39 high-mast floodlights to improve security, extend business hours, and support informal market operations. By the end of Q4:

- 21 mast lights were successfully installed, representing 54.62% completion.
- Seme Sub-county achieved full installation (3/3), followed by Kisumu West (9/10) and Nyando (4/6).
- Installation works in Kisumu East and Muhoroni were slowed due to transformer unavailability and community site disputes.

Strategic sites lit include Chiga Market, Kibos Junction, Kombewa Town, and Holo Trading Centre, which are now experiencing increased economic activity during evening hours.

b) Smart Metering and Energy Efficiency Pilots

In partnership with GIZ and CoMSSA, the directorate deployed smart energy meters in 9 public health facilities including Ahero Sub-County Hospital, Gita Health Centre, and Rabuor Clinic. These installations provided real-time energy consumption dashboards, enabling cost-saving decisions and predictive maintenance for electrical systems. Energy audits were conducted in selected facilities, and the data is now feeding into the county’s proposed Energy Efficiency Action Plan, expected to be finalized in FY 2025/26.

c) **3. Technical Capacity Building and Policy Advisory**

The directorate engaged in a series of technical learning events with national and international partners, contributing to: Drafting of County Green Building Guidelines

- Participation in the Lake Region Economic Bloc (LREB) Energy Planners Forum
- Input into Kisumu’s Municipal Solar Street Lighting Strategy These engagements have positioned Kisumu County as a leader in subnational energy planning. See below a summary Table for the Directorate of Energy (Financial year Achievements vs Planned)

Key Intervention Area	Planned Output (2024/25)	Achieved Output (2024/25)	Remarks
i. High Mast Street Lighting: 39 installations across sub-counties	21 completed (54.62%)	Delays due to procurement and technical issues in transformer siting	
ii. Smart Metering in Public Institutions	10 facilities targeted	9 completed	Pilot success with health facilities; expansion to schools planned
iii. Energy Audits	10 facilities	9 completed	Findings to inform next year’s efficiency action plan
iv. Capacity Building and Policy Input	2 national forums; 1 LREB session	3 sessions attended; policy briefs submitted	Enhanced Kisumu’s visibility in subnational energy networks

Service Delivery Indicators and Workforce Deployment

During the financial year , the Department of Energy, Transport, Roads and Public Works made considerable progress across its key service delivery areas. The implementation of the County Roads Framework (CRF) projects was a major milestone, with 149 projects planned across all 7 sub-counties, representing a combined target of 314.9 kilometres. By the end of the quarter, 95 road projects had been completed, accounting for over 235 kilometres and translating to an average of 82% physical progress. This achievement significantly improved rural-urban connectivity, with major gains in Nyando, Kisumu West, and Seme sub-counties. Manual road maintenance through community-based teams was equally successful, with 186.4 kilometres of rural roads rehabilitated out of a 200-

kilometre target, demonstrating the effectiveness and scalability of this labour-intensive model.

In the energy sector, the department targeted the installation of 39 high-mast floodlights to improve safety and stimulate nighttime economic activity. By the close of the quarter, 21 installations had been completed, representing 54.62% coverage. Notably, Seme and Kisumu West sub-counties achieved 100% and 90% implementation respectively. However, lighting maintenance was not achieved due to delays in procuring necessary repair components. In collaboration with GIZ and CoMSSA, the department also completed the installation of smart meters in 9 public health facilities to monitor power usage and promote energy efficiency. Meanwhile, the Directorate of Public Works provided technical support to 8 county departments, documenting and designing 133 infrastructure projects. These included ECDE classrooms, dispensaries, market sheds, and agro-processing facilities. The application of digital tools and adherence to green design principles enhanced the quality and turnaround of technical documentation.

Department Of Finance, Economic Planning & Ict (E-Government) Services

Key Achievements

During the fourth quarter of the 2024/2025 financial year, the Department of Finance, Economic Planning & ICT (E- Government) Services delivered several high-impact results aligned with its strategic priorities. These achievements reflect progress in budget development, digital transformation, stakeholder engagement, and institutional capacity strengthening. Key highlights are summarized below:

Successful Finalization of the FY 2025/2026 Budget

County Budget Estimates for FY 2025/2026 were prepared, submitted to the County Assembly, and subsequently published for public access. The Appropriation Bill for the approved budget was drafted and submitted to guide legal expenditure authorization in the new financial year.

Timely Publication of Performance Reports

Both the Third and Fourth Quarter Budget Implementation Reports were developed, published, and disseminated, enabling real-time performance tracking and citizen accountability.

Public Participation in Budgeting

A series of public hearings were successfully conducted across sub-counties, engaging citizens and stakeholders in reviewing and shaping FY 2025/26 budget priorities.

Development of the Second Kisumu County Statistical Abstract (CSA 2024)

A draft version of the 2024 County Statistical Abstract was completed, enhancing the county's capacity for evidence-based planning, M&E, and policy formulation.

Digitalization of Revenue Management

The County Revenue Streams Mapping Tool was developed and deployed to identify, geolocate, and document all existing and potential county revenue sources. The data collected will be integrated into the Revenue Management System in FY 2025/26.

Strengthening of ICT Systems and Infrastructure

The department provided continuous technical support for major county systems including: IFMIS, E-Board, Biometric System, EDMS, and Fleet Management System. The County Website and digital information screens were revamped for real-time access to services and information by staff and the public.

Human Capacity Development in ICT

The department engaged student attachés and interns in key ICT projects and provided training for staff on new systems, including Biometric and EDMS platforms. See Below a Summary Table of the year Key Achievements:

No.	Achievement	Strategic Area	Significance/Outcome
1	Preparation and submission of FY 2025/2026 County Budget Estimates	Budgeting & Fiscal Planning	Enabled timely legislative review and guided resource allocation
2	Drafting and submission of Appropriation Bill	Legal & Financial Governance	Provided a legal framework for expenditure execution
3	Publication of Q3 and Q4 Budget Implementation Reports	Monitoring & Accountability	Enhanced fiscal transparency and performance tracking
4	Conduct of public budget hearings	Citizen Participation	Strengthened inclusivity and public trust in governance
5	Drafting of Kisumu County Statistical Abstract 2024	Data & Evidence-Based Planning	Laid groundwork for improved planning, M&E, and data systems
6	Deployment of Revenue Streams Mapping Tool	Revenue Enhancement & Digitization	Boosted revenue intelligence and digital integration
7	Continuous support of ICT systems (IFMIS, EDMS, etc.)	System Reliability & ICT Operations	Improved system uptime and service delivery
8	Revamping of County Website and digital platforms	E-Governance & Communication	Facilitated real-time access to county information and services
9	Training and engagement of interns/attachés	Capacity Building	Improved system usage, built local skills, and supported service delivery

Challenges, Impacts

- a) **Delayed and Inadequate Disbursement of Funds:** Several planned activities, such as completion of the Statistical Abstract, procurement of ICT infrastructure, and finalization of policy documents, were delayed. Late disbursements also affected the timely rollout of public participation sessions and printing of key budget documents. The department prioritized critical expenditures like budget submission and reporting requirements, while low-risk, high-cost activities (e.g., major ICT upgrades) were deferred. It initiated discussions with the County Treasury to implement a more predictable cash flow management plan and adopted cost-saving mechanisms such as leveraging online platforms for communication and data collection.
- b) **Weak Inter-Departmental Planning Coordination:** Limited input from technical departments during budget formulation led to gaps in sectoral allocations and inconsistencies between planning documents and budgets. This undermined the integration of performance indicators in the budget framework.

The department introduced planning alignment clinics and pre-budget briefings for departments. These sessions aimed to harmonize targets, streamline sectoral proposals, and increase ownership of planning outputs. Going forward, the department plans to automate sections of the planning cycle to enable more collaborative inputs.

Inadequate Technical Human Resources: Staffing shortfalls in statistics, GIS, data analysis, and ICT engineering affected the quality and pace of deliverables. The limited pool of technical staff also increased overdependence on a few individuals, reducing institutional resilience. The department supplemented its human resource base through engagement of interns and student attachés who supported system development, data entry, and helpdesk support. It also implemented a task-based deployment model to optimize the available personnel

- c) **Resistance to Change and Low Digital Adoption;** Some county staff were hesitant to fully utilize new digital systems, leading to underutilization of platforms such as the Biometric Payroll, EDMS, and digital document approval tools. This resistance slowed down service delivery and hindered automation goals. The ICT Directorate conducted targeted on-the-job trainings, peer mentoring, and awareness sessions on the benefits of automation. "Digital Champions" were appointed within departments to act as liaisons and encourage system uptake.
- d) **Slow Procurement Processes and Bureaucratic Bottlenecks:** Delays in procurement of software licenses, server upgrades, and ICT equipment maintenance disrupted planned ICT service enhancements and system scalability. The department began developing standard specifications and framework agreements to fast-track routine procurement. It also initiated discussions on setting up a pre-qualified supplier list for ICT-related goods and services.
- e) **Lack of Approved Policy and Legal Frameworks:** The absence of approved County ICT and Statistics Policies weakened coordination, standard-setting, and resource mobilization in data management and digital transformation. It also limited access to external funding or partnerships. The department finalized and submitted both policy documents to the County Executive Committee. Advocacy and engagement with the County Assembly and legal units were intensified to fast-track approvals in Q1 of FY 2025/2026.

Department Of Education, Technical Training, Innovation & Social Services

Key Achievements for the Department

In the financial 2024/2025, the Department of Education, Technical Training, Innovation, and Social Services made significant progress in advancing its strategic mandate across all seven sub-counties of Kisumu County. The department focused on three critical domains: Early Childhood Development and Education (ECDE), Vocational and Technical Training (VTC), and Social Services, including inclusive programming for persons with disabilities (PWDs). Despite budgetary constraints and logistical bottlenecks, the department delivered tangible outcomes, while also initiating innovative programmes to strengthen resilience and digital inclusion in learning. The department recorded notable achievements in the delivery of ECDE, VTC, and social welfare services across the seven sub-counties.

Strengthening ECDE Infrastructure, Access, and Digital Learning

A major highlight in the quarter was the completion of 20 ECDE infrastructure projects targeting schools with critical classroom shortages and inadequate facilities. In Central Nyakach ward, Kochieng' ECDE Centre benefited from a newly constructed classroom, significantly reducing congestion and supporting transition from temporary shelters. Similar infrastructural improvements were realized in Nyadina ECDE Centre (Masogo-Nyang'oma, Muhoroni) and Anyiko ECDE Centre (Kisumu West), which previously operated under deteriorated or incomplete structures.

In Obumba ECDE Centre (North Seme), the construction of a new classroom was completed ahead of schedule, driven by strong community engagement and timely contractor mobilization. Other notable projects included classroom refurbishments at Kit Mikayi ECDE (Kisumu West), roofing works at Kandaria ECDE (West Nyakach), and completion of sanitation facilities at Koguta ECDE (South West Nyakach). However, several centres such as Pundo ECDE (South East Nyakach) experienced delays in supply of roofing materials, which was later addressed through emergency procurement and reallocation of surplus from centrally stored inventory. 20 ECDE projects completed, including classrooms, latrines, and water systems.

See below a summary of the achievements:

School	Ward	Sub-county	Achievement
1. Kochieng' ECDE Centre	Central Nyakach	Nyakach	New classroom constructed
2. Nyadina ECDE Centre	Masogo-Nyang'oma	Muhoroni	Construction of classroom completed
3. Anyiko ECDE Centre	West Yimbo	Kisumu West	Roofing and finishes completed
4. Obumba ECDE Centre	North Seme	Seme	Construction completed
5. Koguta ECDE	South West Nyakach	Nyakach	Latrine block completed
6. Kit Mikayi ECDE	South West Kisumu	Kisumu West	Refurbishment of classroom completed
7. Kandaria ECDE	West Nyakach	Nyakach	Roofing and plastering completed
8. Dunga ECDE	Nyalenda A	Kisumu Central	Learning aids and play materials provided
9. Pundo ECDE	South East Nyakach	Nyakach	Classroom completion

The department also successfully rolled out the ECDE feeding programme across all 653 centres in the county, with particularly high impact recorded in vulnerable communities like Ramula ECDE (Kisumu East) and Koru ECDE (Muhoroni). The programme significantly improved attendance, nutritional outcomes, and reduced dropouts, especially during the long dry spells of the quarter. To support the quality of teaching, the department recruited 100 new ECDE teachers, strategically posted to previously underserved areas. Training of 379 ECDE teachers was also conducted in collaboration with Kenya Institute of Curriculum Development and EdTech partners. These sessions focused on modern pedagogy, digital teaching tools, and early literacy.

Notably, the department-initiated Phase I of the EIDU digital learning platform, reaching 340 ECDE schools. The rollout prioritized rural schools like Kowuor ECDE (North Nyakach), Kunya ECDE (West Seme), and Obambo ECDE (Kisumu East), creating digital equity. While the integration was well received, some rural schools experienced challenges with internet connectivity and device power stability. To mitigate this, schools were

provided with solar-charging kits and offline content installations, ensuring continuity in learning.

Advancement in Technical and Vocational Education and Training (TVET)

The department achieved significant milestones in expanding access to skills-based education through vocational training centres. The most notable achievement was the commissioning of a state-of-the-art automotive garage at Rotary VTC (Kisumu Central). This facility became operational in Q4 and is already providing hands-on training to over 120 learners in motor vehicle mechanics, promoting employability in a rapidly evolving sector. In Kisumu West, Akado VTC was approved as a Centre of Excellence for Automotive Engineering and Aquaculture. Designs and financing arrangements were finalized, and the institution is expected to pioneer dual certification in practical and academic TVET programming in FY2025/2026.

Furthermore, the department, through strategic partnerships with the Stanbic Foundation and Konza Technopolis, secured and distributed digital infrastructure to 13 VTCs. Key beneficiaries included Ojolla VTC (Kisumu West), Pap Onditi VTC (Nyakach), and Koru VTC (Muhoroni). Ahero VTC and Rotary VTC received a total of 75 computers, boosting their capacity to deliver ICT courses. However, in some institutions, lack of qualified ICT instructors was reported. To address this, a mentorship programme with volunteer trainers and digital ambassadors was launched in collaboration with the Ajira Digital Programme.

The department also distributed carpentry, welding, and fabrication tools to Chwa VTC (Nyando) and Pap Othany VTC (Nyakach), contributing to improved technical training delivery. Capacity-building forums were held for 72 Board of Governors (BOG) members, focusing on financial governance, legal compliance, and marketing strategies to enhance enrolment.

Disability Inclusion and Social Infrastructure Enhancement

Within social services, the department deepened its commitment to disability inclusion. In Quarter Four alone, 467 assistive devices were distributed across all sub-counties, with large-scale reach recorded in Kobura Ward (Nyando), Manyatta B (Kisumu Central), and Kolwa East (Kisumu East). The devices included 418 wheelchairs, 21 walking frames, and 28 crutches, providing essential mobility and independence to PWDs, particularly children and the elderly.

The process was conducted in partnership with the National Council for Persons with Disabilities (NCPWD) and several local rehabilitation centres. A key gap identified was the absence of long-term follow-up mechanisms for beneficiaries, especially those in remote areas. As a response, the department initiated a pilot tracking system using community health promoters and social workers to monitor usage, comfort, and necessary repairs.

Another notable achievement was the fencing and rehabilitation of Nyakongo Social Hall (Nyakach). The hall, once neglected and vandalized, was transformed into a safe, accessible space for community engagement, youth mentorship, and cultural expression.

Programme Coordination and Institutional Strengthening

The department made considerable strides in strengthening systems and stakeholder coordination. It finalized two strategic MOUs, one with Stanbic Bank Foundation (for

digital upskilling) and another with World Vision Kenya (for inclusive education and infrastructure development). These collaborations bridged resource gaps and promoted innovation. Efforts to resume the county bursary programme were hindered by a court injunction, temporarily halting disbursements to over 29,000 students. The department has since developed a revised bursary framework and is engaging with the County Assembly and Judiciary to resolve pending legal issues.

In conclusion, Quarter Four saw the Department of Education, Technical Training, Innovation, and Social Services consolidate its role as a catalyst for inclusive development in Kisumu County. From ECDE classrooms in Kochieng' to digital labs in Pap Onditi VTC and assistive devices in Manyatta B, the department's footprint reached thousands of learners, trainees, and families. Gaps in staffing, infrastructure, and legal bottlenecks were met with adaptive strategies, leveraging partnerships, innovations, and targeted resource reallocations. These achievements have laid a strong foundation for transformative outcomes in FY 2025/2026.

Service Delivery Indicators and Workforce Deployment

During Quarter Four, the Department of Education monitored progress through a set of core service delivery indicators, aligned to its mandate in Early Childhood Development Education (ECDE), Vocational and Technical Training (TVET), and Social Services. These indicators included infrastructure coverage, feeding programme reach, digital learning uptake, equipment distribution, enrolment trends, and staff availability. Despite notable improvements in output performance, disparities in service delivery emerged across sub-counties, largely driven by variations in workforce capacity, terrain, and access to facilities.

Overall, service delivery improved markedly in Q4 despite logistical gaps, court injunctions on bursaries, and isolated staffing shortages. The workforce was generally more balanced in ECDE than in technical training and social services, where specialized skills remain scarce. Sub-counties like Nyakach, Kisumu West, and Nyando performed exceptionally well in both infrastructure and community engagement. However, sub-counties such as Seme and Muhoroni continue to require strategic workforce deployment, especially in social services and VTC faculties.

See below the service Delivery Indicators and Workforce Deployment – Department of Education (Q4 FY 2024/2025)

Sub-County	Public ECDE Centres	Private ECDE Centres	ECDE Teachers (Public)	Learning Materials Supplied (Schools)
1. Kisumu East	38	25	90	35
2. Kisumu West	32	20	76	32
3. Kisumu Central	20	28	52	18
4. Seme	35	15	81	33
5. Nyando	42	19	98	41
6. Nyakach	39	18	89	37
7. Muhoroni	37	22	87	36

This data reflects the department’s sustained investments in Early Childhood Development Education (ECDE), with a notable emphasis on public centres and equitable teacher deployment. Let me know if you'd like a graphical visualization of this table or further interpretation.

Department of Education Infrastructure Summary by Sub-County (Q4 FY 2024/2025)

Sub-County	New ECDE Classrooms Constructed	ECDE Classrooms Renovated	Sanitation Blocks Built	Furniture Supplied	Remarks
1. Kisumu East	3	2	1	120 desks	Upgrades in Manyatta “A” and Nyalenda “B”
2. Kisumu West	4	1	2	100 desks	Renovation in Ojolla and Kisian wards
3. Kisumu Central	2	1	1	80 desks	Targeted informal settlements (Obunga, Bandani)
4. Seme	3	2	1	90 desks	Interventions in Kombewa and Holo
5. Nyando	5	3	3	150 desks	High ECDE enrolment in Kabonyo Kanyagwal
6. Nyakach	4	3	2	130 desks	New infrastructure in South East and West wards
7. Muhoroni	4	2	2	110 desks	Priority to Chemelil and Owaga centres

Key Insights:

- Nyando and Nyakach recorded the highest number of new constructions and renovations, reflecting high enrolment pressures.
- All sub-counties benefitted from furniture supply, supporting better learning environments.
- Sanitation improvement remained a focus in areas with historically low WASH indices.

Challenges Encountered and Departmental Response

- Suspension of Bursary Disbursement Due to Legal Injunction: One of the most critical challenges faced during the quarter was the suspension of the bursary programme following a court injunction. This legal impasse affected over 29,000 needy learners across the county, disrupting their access to education, particularly in secondary schools and VTCs. Parents and guardians raised concerns, and institutions reported increased absenteeism. The department worked closely with the Office of the County Attorney and the County Assembly to review the bursary disbursement framework. It initiated amendments to close legal and procedural gaps that had triggered litigation. A

- compliance roadmap was prepared for the rollout of bursaries in the next fiscal year, and affected households were issued communication through sub-county offices to manage expectations.
- ii. **Inadequate Logistical Support for Monitoring and Supervision:** The department lacked sufficient vehicles and motorcycles to support regular field visits to ECDE centres, VTCs, and social institutions. This limited the ability of officers to provide technical backstopping, follow up on project quality, or collect accurate field data, especially in Seme, Muhoroni, and Nyando sub-counties. To address this, the department integrated digital data collection tools into school-based reporting, relying on teachers, centre managers, and social workers to transmit progress updates. In select areas, coordination with ward administrators and community health promoters helped fill the monitoring gap.
 - iii. **Staffing Gaps in Key Technical Areas:** Despite recruitment efforts, gaps persisted in specialized teaching areas such as ICT, special needs education, aquaculture, and mechanical engineering, particularly within VTCs in Muhoroni, Seme, and Nyakach. This delayed the rollout of advanced curricula and digital literacy programmes. The department collaborated with TVETA, Stanbic Foundation, and Ajira Digital Programme to mobilize volunteer instructors and arrange short-term mentorships. A workforce plan was also developed to guide future recruitment, focusing on equitable deployment across rural and urban VTCs.
 - iv. **Delays in Delivery of Equipment and Learning Materials:** Procurement bottlenecks led to delayed delivery of construction materials and digital tools. This affected ECDE infrastructure completion timelines (e.g., in Pundo ECDE, South East Nyakach) and stalled the activation of ICT labs in Koru VTC and Ojolla VTC. The procurement office introduced framework contracting for high-demand supplies and fast-tracked deliveries through emergency procurement procedures, especially for classroom roofing and feeding programme supplies.
 - v. **Lack of Long-Term Support Mechanisms for PWDs:** Although 467 assistive devices were distributed, the absence of a structured post-distribution monitoring system limited follow-up on beneficiary satisfaction, fit, and maintenance. Some devices were reportedly unused or in need of repair. A pilot follow-up model was developed using community health volunteers, who will track device utilization during routine home visits. Plans are underway to digitize the registry of PWD beneficiaries for better targeting and support.

Department Of Lands, Physical Planning, Housing & Urban Development

Key Achievements

The department made significant strides during the quarter, as illustrated below with location-specific achievements:

Directorate of Lands and Land Administration

One of the most notable achievements in the financial year was the department's progress in land regularization and titling efforts in previously unplanned and tenure-insecure areas. In Obunga (Kisumu Central) and Kanyamedha (Kisumu East), the department, in partnership with the National Land Commission, facilitated boundary demarcation exercises and sensitized over 600 households on land rights, succession, and formal titling

processes. Through collaborative mapping and community barazas, the department successfully resolved at least 22 long-standing boundary disputes, unlocking pathways for formal land registration. In Seme and Muhoroni, the department began cadastral updates for public land parcels such as schools and health centres, particularly in areas like Masogo, Akado, and Chemelil, securing land that had been vulnerable to encroachment.

Directorate of Physical and Land Use Planning

During the quarter, the department completed and validated five Local Physical Development Plans (LPDPs) for the growing townships of Kombewa, Katito, Sondu, Masogo, and Muhoroni. These plans provide zoning guidance for public utilities, residential expansion, commercial nodes, and green spaces, ensuring future growth occurs in an orderly and sustainable manner. In Katito (Nyakach), the LPDP integrated flood-prone areas using climate vulnerability overlays, guiding the siting of future infrastructure. Similarly, in Kombewa (Kisumu West) and Masogo (Muhoroni), the plans addressed longstanding urban sprawl and land-use conflicts by clearly delineating public land and road corridors. The department also supported site planning for new market centres and public institutions, including the preparation of development layouts for West Koguta (Seme) and Chiga (Kisumu East), ensuring land parcels are allocated legally and in line with spatial plans.

Directorate of Housing and Human Settlements

In response to the growing demand for dignified low-cost housing, the department initiated upgrades to 36 government housing units in Kisumu Central and Muhoroni, focusing on sanitation, roofing, and structural rehabilitation. This contributed to improved staff retention, particularly for critical personnel such as health workers and teachers. The department also accelerated informal settlement upgrading interventions through the National Slum Upgrading Programme (NSUP).

In Obunga, Manyatta, and Nyalenda A, the department installed 3 public sanitation blocks, improved drainage channels, and initiated public lighting installations—reaching over 8,500 residents directly and enhancing hygiene and security in densely populated areas. In Maseno, land was surveyed and set aside for the upcoming affordable housing pilot site, with architectural drawings and stakeholder engagement completed in Q4. This housing scheme, when implemented, will be the first county-led affordable housing intervention targeting low-income earners in peri-urban Kisumu.

Directorate of Urban Development and Municipal Support

Working through the Kenya Urban Support Programme (KUSP) and in partnership with the State Department for Housing and Urban Development, the department delivered significant infrastructure within the municipalities of Kisumu, Ahero, and Maseno. In Maseno Municipality, the department oversaw the construction of 500 metres of cabro-paved access roads, renovation of two market stalls, and the installation of solar street lighting, all of which have enhanced the operating environment for small businesses and public service access. In Ahero, new storm water drainage lines were completed in two flood-prone estates, complementing broader efforts in Nyando to mitigate seasonal flash floods.

The department also facilitated the development of Urban Institutional Development Strategies (UIDS) and governance training for Municipal Boards, enhancing their ability to manage urban projects and improve citizen engagement in decision-making. In Kisumu City, support was extended to the City Board to review solid waste management zoning

and draft an integrated street lighting plan. These efforts, though at early stages, are critical for improving the livability and productivity of the city.

See below a summary of key accomplishments for the Department of Lands, Physical Planning, Housing & Urban Development (FY 2024/2025):

Thematic Focus	Planned Output (Q4)	Achieved Output (Q4)	Sub-counties Covered	Remarks
1. Land Regularization and Titling	Demarcation and sensitization in 4 informal settlements	3 settlements covered (Obunga, Kanyamedha, Maseno); 600+ households sensitized	Kisumu Central, Kisumu East, Kisumu West	22 land disputes resolved; title processing underway
2. Boundary Re-establishment	Survey of public land parcels (schools, health facilities) in 3 wards	Public land boundaries reaffirmed in Akado, Chemelil, and Masogo	Seme, Muhoroni	Key for future investment and fencing
3. LPDP Preparation and Validation	5 LPDPs for emerging towns	LPDPs completed and validated for Katito, Kombewa, Masogo, Sondu, and Muhoroni	Nyakach, Kisumu West, Muhoroni, Nyando	Ready for County Physical Planning Committee submission
4. Market and Institutional Planning	Layout plans for 3 market centres and 2 institutions	5 layouts prepared (West Koguta, Chiga, Dago, Otwenya, Holo)	Seme, Kisumu East, Kisumu West	Supports public infrastructure siting
5. Housing Rehabilitation	Upgrade of 40 public housing units	36 units renovated (roofing, sanitation, doors, painting)	Kisumu Central, Muhoroni	Boosted staff welfare in government quarters

6. Informal Settlement Upgrading	Sanitation, drainage, and lighting in 3 informal settlements	3 public sanitation blocks completed; drainage improved in Obunga and Manyatta	Kisumu Central	NSUP-supported interventions benefiting 8,500+ residents
7. Affordable Housing Preparation	Planning and surveys for 2 pilot sites	Maseno site fully surveyed; Chiga site planning completed	Kisumu West, Kisumu East	Architectural designs approved

COUNTY GOVERNMENT OF KISUMU

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

8. Urban Infrastructure Support (KUSP)	Urban road paving, drainage, and public space improvement in 2 municipalities	500m cabro roads, 2 market stalls, and 8 solar lights completed in Maseno and Ahero	Nyando, Kisumu West	Enhanced small trader environment and urban resilience
9. Urban Governance Capacity Building	Conduct board training and prepare Urban Institutional Development Strategies (UIDS)	Training sessions held for Kisumu, Ahero, Maseno boards; draft UIDS developed	Kisumu Central, Nyando, Kisumu West	Improved urban planning and project management
10. Solid Waste and Lighting Plans	Initiate waste zoning and street lighting strategy for Kisumu City	Zoning guidelines drafted; lighting strategy reviewed with City Board	Kisumu Central	Paves way for smart city planning and energy efficiency

Challenges Encountered and Departmental Response

Several structural and operational challenges emerged during the quarter, impacting project timelines and service efficiency.

- a) The delayed mobilization of contractors under KISIP II Lot 2 affected settlement upgrading works in Migosi, Kibuye, and Nyalenda. These delays not only slowed physical works but also eroded community trust, with some beneficiaries questioning project commitment. The department engaged the contractors for clarification, flagged the issues to the national KISIP team, and facilitated re-mobilization to improve the delivery pace.
- b) Land-related disputes also threatened key projects. The planned Koguta survey process stalled due to unresolved cross-boundary disputes between Kisumu and Kericho counties. In Kombewa, a planned municipal headquarters project was halted due to competing private claims over the intended site. The department initiated legal engagement with the National Land Commission and the Ministry of Lands to seek arbitration and unlock affected parcels.
- c) A major recurring issue was the limited capacity for field enforcement and spatial development control. The available planning and inspection teams lacked adequate vehicles, and most officers were multitasking across thematic areas. To mitigate this, the department submitted a recruitment request for additional urban planners and enforcement officers under the FY2025/26 staffing plan. It also sought vehicle reallocation from the county transport pool.

In titling and land registration, bureaucratic bottlenecks at national level delayed the issuance of title deeds for lands acquired in Kobura, Kajulu, and Nyahera. The department initiated a fast-track desk, working jointly with the Ministry of Lands to accelerate mutation approvals and deed processing.

6. Environmental and Sustainability Reporting

a) Sustainability strategy and profile

The top management especially the accounting officer should refer to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

b) Environmental performance

The Department of Water, Environment, Climate Change, and Natural Resources in Kisumu County plays a critical role in ensuring sustainable access to water, proper environmental management, and climate change mitigation and adaptation strategies. For the fourth quarter ending June 30th, 2024, the department handled a range of county-sponsored projects, with a primary focus on improving water service delivery and environmental sustainability. Further, the department was able to achieve the following in the Fy 2023/2024;

- The department managed 66 projects in the 2023/2024 fiscal year, with a completion rate of 71% (46 projects).
- Seven projects were terminated, one was stalled, two were cancelled, one is to be retendered, and work is still in progress on eight projects.
- 44 of the projects were related to water, while 22 focused on the environment. Notably, the Water Directorate completed 28 projects, while the Environment Directorate completed 18.

Major Departmental categorized Achievements

The achievements of the department are categorized based on water services, environmental management, and climate change initiatives.

c) Employee welfare

Give account of the policies guiding the hiring process and whether they consider the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA.). How is the entity treating its staff to ensure that talent is retained to continue offering the services needed by the citizenry.

d) Marketplace practices-

With respect to market place practices, the county government has put in place elaborate supply chain and supplier relations through embracing open tender to aid in fair competition, entering into legal contract with successful bidders. In addition the management has maintained a cordial relationship with unsuccessful bidders who are notified of the outcome within reasonable time to avert any possible misunderstanding.

Willingly, the government has been working closely with the office of EACC which has been in the forefront to educate both the clients and the county official on the possible advantages of not engaging in corruption besides embracing e-procurement. These have **Community**

Engagements

Give evidence of community engagement including charitable giving (cash & material), Community Social Investment and any other forms of community social responsibility. The statement may also include how the organisation promotes education, sports, healthcare, labour relations, staff training and development, and water and sanitation initiatives)

7. Management Discussion and Analysis

The County Government has remained steadfast in delivering essential services to the public while creating a supportive environment for businesses to thrive. This has been made possible through deliberate investments in service delivery, institutional strengthening, and measures to attract and sustain business activity. Nonetheless, operations remain subject to various financial and operational risks, such as liquidity challenges from delayed exchequer releases, unsettled obligations, and fluctuating own-source revenues. External factors, including inflationary pressures and foreign exchange volatility, further complicate the financial landscape.

To address these challenges, the County is putting in place a risk management framework designed to anticipate uncertainties and minimize their impact. This involves establishing acceptable risk exposure levels, complying with statutory and regulatory requirements, and maintaining financial discipline. Management has prioritized timely remittance of statutory deductions, thereby avoiding penalties, safeguarding financial credibility, and strengthening trust with stakeholders. This compliance culture, coupled with structured risk management, provides a foundation for sustainable operations and resilience against emerging fiscal and operational pressures.

Business Performance

During FY 2024/2025, the County generated total revenues of KShs. 10.8 billion against a final approved budget of KShs. 15.3 billion, reflecting a 71% realization rate. The bulk of the revenue came from exchequer releases (KShs. 8.56 billion), followed by transfers from other government agencies (KShs. 803 million), own-source revenues (KShs. 776 million), and re-appropriated opening balances (KShs. 669 million). The underperformance was mainly due to low collection of own-source revenue at only 20% of target, non-receipt of budgeted grants (KShs. 1.15 billion expected but not realized), and shortfalls in inter-agency transfers, which achieved only 63% of the target. Despite these gaps, exchequer releases surpassed the budget, underscoring the County's reliance on national government allocations while exposing persistent weaknesses in local revenue mobilization and grant absorption.

At year-end, cash and cash equivalents stood at KShs. 1.66 billion, maintained in the County Revenue Fund Account at the Central Bank of Kenya. While this balance demonstrates prudent cash retention, it also reflects unabsorbed funds, particularly in development expenditure. The unspent balances highlight implementation and absorption challenges that need to be addressed to ensure full utilization of resources for service delivery and development priorities.

Operational Performance

Total expenditure for the year was KShs. 10.32 billion, representing 67% of the approved KShs. 15.3 billion budget. Of this, KShs. 9.27 billion (90%) was absorbed by the County Executive and KShs. 1.05 billion (10%) by the County Assembly. The underutilization of nearly KShs. 5 billion highlights persistent absorption challenges, particularly in development spending, arising from procurement delays, capacity gaps, and conditional grant shortfalls. While the County recorded a budget surplus of KShs. 483 million, signaling fiscal discipline, it also reflected that several planned activities and development priorities were not fully implemented within the financial year.

At the institutional level, the Corporation focused on laying its foundation as an investment promotion agency. Key achievements included establishing its head office, onboarding pioneer staff, developing a master plan to guide operations, and initiating marketing efforts to position itself as a credible facilitator of investment. These milestones set the groundwork for institutional growth, though their sustainability will depend on improving budget execution and enhancing resource mobilization in subsequent years.

Conclusion

The FY 2024/2025 performance reflects a mixed outcome. While the County successfully maintained service delivery and achieved a budget surplus, challenges such as under-collection of own revenues and underutilization of nearly one-third of the budget remain pressing concerns. These shortcomings point to systemic inefficiencies that must be addressed to ensure improved fiscal performance and sustainability in future periods.

Looking ahead, the County Government and the Corporation will focus on enhancing revenue mobilization strategies through automation and diversification, strengthening budget absorption by improving procurement processes and project management, and leveraging partnerships with the County and National Governments as well as development partners to unlock grants and expand funding opportunities. At the same time, governance and compliance frameworks will be reinforced to promote financial discipline and accountability. With the support of the Board of Directors, management, staff, and stakeholders, FY 2025/2026 is envisioned as a year of consolidation and growth, guided by renewed partnerships to deliver sustainable and impactful outcomes.



Signature.....

George Omondi Okong'o

County Executive Committee Member – Finance and Economic Planning and ICT (E-Government) Services

8. Statement of Management Responsibilities

Section 164 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the County shall prepare financial statements of each County Government entity in accordance with the standards and format of 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 (vi) 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 Cash 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.

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's financial statements were approved and signed by the County Executive Committee Member for Finance on 31st August, 2025.



Signature.....

George Omondi Okong'o

County Executive Committee Member – Finance and Economic Planning and ICT (E-Government) Services

REPUBLIC OF KENYA



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

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

REPORT OF THE AUDITOR-GENERAL ON KISUMU COUNTY EXECUTIVE 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 Kisumu County Executive set out on pages 1 to 60, 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 Kisumu County Executive 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 Government 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. Non-Compliance with Transitional IPSAS Reporting Template

The cover page to the annual report and financial statements indicated "Transitional IPSAS financial statements. Further, under Note 2 to Financial Statements on statement of Compliance and Basis of Preparation of the financial statements, Management having taken advantage of the transitional provisions under IPSAS 33 have not indicated the elements of the financial statements that have not been recognized and the steps being taken towards full compliance with IPSAS Accrual.

In the Circumstances, the financial statements as prepared and presented are not in compliance with IPSAS reporting framework.

2. Inaccuracies in the Financial Statements

The statement of financial performance reflects an amount of Kshs.9,100,755,678 in respect of transfers from the County Revenue Fund (CRF), while the CRF reflects an amount of Kshs.9,290,898,968 resulting in unreconciled variance of Kshs.190,143,290. Further, The statement of cash flows under cash flows from investing activities, reflects an amount of Kshs.388,118,718 relating to property, plant and equipment, while the same component in the statement of comparison of budget and actual amounts reflects an amount of Kshs.376,231,334 resulting in unreconciled variance of Kshs.11,887,384.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

3. Unsupported Trade and Other Payables

The statement of financial position reflects a balance of Kshs.5,944,565,373 in respect of trade and other payables as disclosed in Note 17 to the financial statements. Included in the balance is Kshs.4,074,201,380 in respect of verified pending bills out of which Kshs.1,240,781,349 has been outstanding for over three years, an amount of Kshs.301,930,175 has been outstanding for between 2 and 3 years. However, the

aging analysis and supporting records for payables amounting to Kshs.1, 870,363,993 was not provided for audit review.

In addition, review of the supporting schedule provided for audit also revealed that payments totalling Kshs.112,161,062 paid during the year under review were not listed or disclosed as part of the pending bills in the audited financial statements for the prior years.

In the circumstances, the completeness, accuracy and existence of the trade and other payables could not be confirmed.

4. Unsupported Customers Deposits

The statement of financial position reflects an amount of Kshs.46,149,043 relating to refundable deposits and prepayments as disclosed in Note 18 to the financial statements. However, supporting ledgers provided for the audit reflected an amount of Kshs.42,313,576 resulting in unreconciled variance of Kshs.3,835,467.

In the circumstances, the completeness and accuracy of refundable deposits and prepayments balance of Kshs.46,149,043 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 Kisumu 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 and actual amounts (recurrent and development combined) reflects final receipts budget and actual on comparable basis of Kshs.14,214,711,871 and Kshs.9,241,631,511 respectively, resulting in an under-funding of Kshs.4,973,080,360 or 35% of the budget. Similarly, the County Executive expended Kshs.8,569,136,546 against actual receipts of Kshs.9,241,631,511 resulting in under expenditure of Kshs.672,494,965 or 7 % of the available funds.

The under-funding and under-expenditure affected the planned activities and may have impacted negatively on service delivery to the residents of Kisumu County.

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 prior year's audit report, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Kisumu County Executive in 2024/2025 revealed that the following issues remained unresolved as detailed in **Appendix I**.

Other Information

Management is responsible for the Other Information set out on page iii to lvi which comprise of Key Entity Information and Management, Governance Statement, Foreword by County Executive Committee Member, 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. Procurement Process Undertaken after Cut-off Date

Note 17 to the financial statements reflects trade and other payable's amount of Kshs.5,944,565,373. Included in the amount is third-party payments amounting to Kshs.4,074,201,380. Review of the procurement documents and payment vouchers amounting to Kshs.5,995,985 revealed that the County Government of Kisumu, through the Department of Water, Environment, Climate Change and Natural

Resources, initiated the procurement of several water projects after the 31 May, 2024 cut-off date, in contravention of National Treasury No.11 on guidelines of implementation of 2024/2025 budget which guided that no new procurement activities were supposed to be initiated beyond the set cut-off date 31 May, 2025 of the financial to allow for proper financial closure and absorption planning within the fiscal year.

Failure to comply with this directive may have resulted to accumulation of pending bills, financial misstatements, and strained budget implementation. Furthermore, explanation and documentation provided by management did not demonstrate compelling justification or explained circumstances warranting deviation from approved procurement timelines.

In the circumstances, Management was in breach of the National Treasury Regulations.

2. Irregular Procurement Process- Purchase of Computers and Other Equipment

The statement of financial position reflects property, plant, and equipment totalling Kshs.393,322,516. The reported balance represents additions made during the year, excluding historical assets. Included in the PPE is computers and related equipment amounting to Kshs.27,160,611, as disclosed in Note 15 to the financial statements. Review of a payment of Kshs.2,977,500 to an entity revealed that the Company was prequalified under provision of construction and other civil works and had a framework agreement to supply general office supplies but was irregularly invited to bid and awarded contract to supply computers, while 277 companies prequalified under category of computer supply were denied an opportunity to bid and compete fairly. This was contrary to Article 227(1) of the Constitution of Kenya 2010, that states when a state organ or any other public entity contracts for goods or services, it shall do so in accordance with a system that is fair, equitable, transparent, competitive and cost-effective.

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

3. Irregular Award of Contracts

Note 8 to the financial statements reflects expenditure on use of goods and services amounting to Kshs.2,374,381,143, of which Kshs.795,722,748 relates to repair and maintenance of access roads and other roads. Review of procurement records for selected projects revealed material irregularities in the procurement and tender evaluation processes as outlined below;

3.1. Award of Contract to an Unqualified Bidder

A firm was awarded a contract amounting to Kshs.3,939,447 for the opening and maintenance of the Glory-SDA-Baba Selina-Kobaso-Kodeny Corner Access Road.

Review of the procurement file revealed that tender evaluation was conducted on 31 May, 2024 and the following irregularities were noted:

a) Over scoring at Technical Evaluation

Under the general experience criterion, the successful bidder was 16 marks, exceeding the maximum allowable score of 13 marks. Further, based on the documentation provided, the bidder was only eligible for 4 marks under this criterion.

b) Improper Assessment of Financial Capability

Under the financial capability criterion, the bidder was awarded 9 marks for submission of certified audited financial statements. However, the financial statements submitted were incomplete and related to irrelevant financial years (2018 and 2019) instead of the required recent years (2021, 2022 and 2023). Therefore, the bidder should have scored Nil marks under this criterion.

As a result of the inflated technical scores, the bidder attained a total of 61 marks, thereby qualifying for financial evaluation and ultimately being awarded the tender. However, had the evaluation been conducted in accordance with the tender requirements, the bidder would have scored 40 marks, which was insufficient to qualify for progression to the financial evaluation stage.

In the circumstances, the integrity of the procurement process could not be confirmed

3.2. Non-Compliance with Tender Requirements

A company was awarded a contract for the improvement of Kokumu-Naki - Pap Ndege - Korona Road at a contract sum of Kshs.4,993,986 on 14 March, 2025. Review of the procurement file revealed that the procurement method used was Request for Quotations. Three tenderers were invited to bid and they all responded and consequently the company was deemed the most responsive. However, review of the tender documents revealed the following irregularities;

All bidders were required to attach a copy of single business permit/trading license. It was noted that the winning bidder attached a single business permit belonging to another business entity. Based on the above, the bidder should have been disqualified at preliminary evaluation stage and excluded from further consideration.

- i. At technical evaluation, the bidder was awarded 55 marks out of a maximum of 70 marks. Review of the tender documents revealed that the scores were unjustified as the bidder failed to provide evidence of meeting the required parameters. For example; 8 marks was awarded for general experience proof by attaching copies of reference letters/LPOs and or contracts of four such assignments carried out by the bidder for public and private sector organizations. Further, under specific experience in similar works, 12 marks were awarded without demonstrating or providing any supporting documentation. Further, on financial capability six marks were awarded for attaching certified audited accounts the last three financial years. However, these accounts were not provided for audit verification.

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

3.3. Improvement of Nyamasaria Bridge - Kasaoke Access Road

The same firm was also awarded another contract for the improvement of Nyamasaria bridge - Kasaoke access road at a contract price of Kshs.3,470,723 on 21 June, 2024. Physical inspection during the audit on 23 July, 2025 revealed that the contractor installed a total of 28 meters culvert which were in four different locations. Approximately one year and one month after project completion the following were observed;

The head walls, wing wall, aprons and surround of the culverts had deteriorated with some culverts already blocked and structural components did not meet standard specifications with visible cracks already evident. Additionally, the concrete on some culverts were clearly visible indicating deficiencies in backfilling, gravelling and compacting works, which contributed to development of substantial potholes. Further, after the third culvert, it was noted that a ditch had been dug across the road rendering it impassable and most sections of the road exhibited rough patches and large potholes, indicating premature deterioration and poor workmanship.

In the circumstances, value for money on the expenditure incurred on the road project could not be confirmed.

3.4. Failure to Prepare and Maintain a Roads Infrastructure Register

Note 8 to the financial statements reflects use of goods and services of Kshs.2,374,381,143. Included in the amount is Kshs.795,722,748 that relates to access roads and others. The audit revealed that the entity did not maintain a roads infrastructure register as required by the National Treasury Guidelines issued on July, 2020 in respect of asset and liability management reporting registers and templates. The roads infrastructure register should include details such as road description, road ID, length in kilometers, date of commissioning, type of road, mode of funding, useful life, and cost.

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

4. Non-Compliance with Gender Representation Requirements in the County Executive Committee

Article 179(2) of the Constitution of Kenya provides that the County Executive Committee (CEC) shall consist of the Governor, Deputy Governor, and members appointed by the Governor with the approval of the County Assembly. Review of the composition of the Kisumu County Executive Committee revealed that it comprises twelve (12) members, of whom three (3) are female and nine (9) are male. As a result more than two-thirds of the appointed members are of the same gender, contrary to the constitutional principle of affirmative action as outlined under Article 27(8) which stipulates that not more than two-thirds of the members of any appointive body shall be of the same gender.

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

5. Gender Imbalance in Top Management Positions

Review of staff biodata for County Executive for the month of July, 2024 revealed that there were eighty (80) employees in Job Groups R, S, and T, which constitute the top three grades in county public service. Out of these, only seventeen (17) were women,

translating to 21.25% female representation. This indicates that the representation of women in senior management is below the one-third threshold, contrary to the constitutional requirement under Article 27(8) of the Constitution of Kenya, which mandates that not more than two-thirds of members of any appointive body shall be of the same gender.

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

6. Non - Adherence to Ethnic Diversity in County Staffing

Review of human resource records as at 30 May, 2025 revealed that 87.6% of employees in the County Executive were drawn from one dominant ethnic community, contrary to the provisions of Section 7(2) of the National Cohesion and Integration Act, 2008. This section requires that no public institution shall have more than one-third of its staff from the same ethnic community. Furthermore, analysis of top management staffing showed that 85% of senior positions in Job Groups R, S, and T were also held by individuals from the same ethnic group, demonstrating a lack of regional and ethnic diversity at the leadership level.

In the circumstances, Management breached the law.

7. Non-Compliance with the Persons with Disabilities Act, 2003

Review of the payroll records and staff bio data for the year under review indicated that the total number of employees as at 31 March, 2025 stood at Four thousand, eight hundred and thirty-four (4,834). Out of this number, only sixty - Nine (69) employees had been categorized as persons with disability, constituting 1.4% which was below the recommended level of 5% under Section 5(1e) of the Persons with Disabilities Act, 2003 which requires County Governments to promote inclusion of persons with disability in County Public Service by putting in place measures that ensure that at least five (5%) of the employment positions are filled by person with disability.

Additionally, in the year under review, the County recruited two hundred and one (201) employees and there was no single person in the category of people with disability. This was contrary to Section 7(2) of the National Cohesion and Integration Act 2008, which requires at least five (5%) of the vacancies to be assigned people with disabilities. Further, Management did not provide evidence of submitting annual report on status of persons with disability as required by Section 21(3) of the Act

In the circumstances, Management breached the law.

8. Overpayment Recoveries

Review of payroll records for the month of June indicated that thirty-six (36) employees were overpaid and the county later started making recoveries for the overpayment. As at year end, the unrecovered balance amounted to Kshs.5,485,450. Reasons as to how these salary overpayments occurred were not provided and therefore it was not possible to confirm existence of internal controls in the management of the payroll data. This contravenes Section 149(1) of the Public Finance Management Act, 2012 which imposes on an Accounting Officer of a county government entity the responsibility of ensuring that the resources of the entity for which the officer is designated are used in a way that is lawful and authorized, effective, efficient,

economical and transparent. Further, Regulation 120(3) of the Public Finance Management (County Governments) Regulations, 2015 requires the Accounting Officer to certify the correctness of the payroll at least once every month.

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

9. Failure to Develop and Maintain Skills Inventory and Succession Plan

County Executive did not maintain a skills inventory for all its employees in the respective departments for the purposes of identifying the available and the required skills to guide training and succession management. This is contrary to Section 11.14 of the County Government of Kisumu Human Resource and procedures manual that requires authorized Officers to develop, analyze, update and maintain a comprehensive skills inventory for all staff in their respective departments for purposes of identifying the available and required skills.

In the circumstances, Management was in breach of the law

10. Discrepancy between the IPPD Payroll and List of Staff under Chief Officers

A comparison of staff lists submitted by various Chief Officers with the IPPD and manual staff registers revealed that there were eighty-five (85) employees who appeared in the IPPD/manual records but were not included in the lists provided by the Chief Officers. This may indicate that the County is paying salaries to individuals who are not offering services to the County. The payroll data is therefore incomplete and inaccurate contrary to Regulation 120(3) of the Public Finance Management (County Governments) Regulations, 2015 requires the accounting officer to certify the correctness of the payroll at least once every month.

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

11. Rent in Arrears

Review of payroll record for June, 2025 revealed that five employees were in rental arrears amounting to Kshs.298,800. Management has not provided reasons why rent was not deducted on monthly basis leading to rent arrears. Additionally, the Internal Audit unit in its report on 7 March, 2024, reported that there were county employees deducted less amount of rent than the market rate. Further, other staff occupied county houses and were still earning house allowances yet rent was not deducted from their monthly earnings. Management has not provided responses to the issue, and no evidence of the action taken to recover the uncollected rent have been provided.

In the circumstances, the County lost revenue from inefficient charge and collection of rental income.

12. Non-Adherence to Maximum Ceiling of 7% on Approved Expenditure on County Assembly

Examination of approved budget for County Executive revealed that the County Assembly was allocated Kshs.1,108,619,656 for both recurrent and development

expenditure. The total revenue of the County was Kshs.9,080,593,167. Review of the County Revenue Fund statement of financial performance for the year ended 30 June, 2025 shows transfer to County Assembly an amount of Kshs.1,055,601,131. However, this amount exceeded the ceiling of Kshs.635,641,522 by Kshs.419,959,609. This expenditure/ allocation amounts to approximately 12% of the total revenue contrary to regulation 25 (1)(f) of the Public Finance Management (County Governments) Regulations, 2015 which sets the funding to County Assembly at a maximum of 7% of the total revenues of the County Government.

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

13. Unsupported Wages Paid to Kisumu All Stars and City Casuals

Review of manual payroll revealed that during the year under review, wages amounting to Kshs.13,262,579 and Kshs.10,586,238 was paid to City Casuals and Kisumu All Stars football club respectively. Regularity of payment to these temporary staff could not be confirmed because of the following;

- i. Approved staff establishment showing deficiency of staff to be filled by temporary employees and formal request by the user departments to engage temporary employees have not been provided for audit review.
- ii. Evidence of authorization by the County Public Services Board to the departments to recruit temporary employees have not been provided for audit review.
- iii. Records in respect of how temporary employees were hired, the work for which they were hired for, criteria for their recruitment, terms and conditions of services were not provided for audit review.
- iv. Master rolls showing attendance of the temporary workers were not provided for audit. The existence of the temporary employees and their workstations could therefore not be established.

In the circumstances, the existence of effective controls in the manual payroll could not be confirmed.

14. Non-Compliance with Law on Fiscal Responsibility Principle on Wage Bill

The statement of financial performance and as disclosed in Note 20 to the financial statements reflects payments totalling Kshs.5,748,210,378 in respect of compensation of employees. The amount represents approximately 63% of the total revenue of Kshs.9,080,593,167, which was 28% percentage points over and above the allowed ceiling of 35%. This was contrary to Regulation 25(1)(a) and (b) on fiscal responsibility principles.

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

15. Remittance of Statutory Deductions

The statement of financial position and as disclosed in Note 20 to the financial statements reflects a balance of Kshs.5,838,359,852 in respect of Employees Benefits Obligations.

15.1. Employee Benefit Obligations-Unremitted Statutory Deductions

Review of pension documents provided for audit revealed that the County Executive owed an amount of Kshs.611,244,643 to four pension funds which comprise of principle outstanding contributions amounting to Kshs.135,956,307, interest amount of Kshs.419,476,604 and arrears of Kshs.1,582,854. Failure to remit statutory deductions is in contravention of Section 19(4) of the Employment Act, Cap 226, which states that an employer who deducts an amount from an employee's remuneration in accordance with subsection (1)(a), (f), (g) and (h) of the Act 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 was in breach of the law.

15.2. Unremitted Retirement Benefits Contributions to the National Social Security Fund (NSSF)

The statement of financial position reflects a balance of Kshs.5,838,359,852 in respect of employees benefits obligations and as disclosed in Note 20 to the financial statements. However, this amount includes Kshs.5,075,728,885 in respect of unremitted contributions to the National Social Security Fund (NSSF) comprising of outstanding balance of Kshs.4,808,421,118, penalties of Kshs.256,259,007 and May and June, 2025 NSSF contributions of Kshs.11,048,760 had not been paid

This is contrary to Section 27(1) of the National Social Security Fund Act, 2013 which states that if any contribution for which a contributing employer is required to pay to the Fund is not paid within one month after the end of the month in which the last day of the contribution period to which it falls, a sum equal to five per cent of the amount of that contribution shall be added to the contribution for each month or part of a month that the amount due remains unpaid, and any such additional amount shall be recoverable at the same time and in the same manner as the contribution to which it is added.

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

16. Nugatory Legal Costs paid to an Advocate

Note 8 to the financial statements includes other operating expenses of Kshs.163,703,661 out of which Kshs.5,000,000, was paid to an advocate. The payment was legal dues for certified amount of debt, interests, retention and costs for the case between the County Government of Kisumu vs a construction company. The court made a decree in favour of the contractor for undertaking construction of a hawkers' market (Maendeleo Market) but the payment certificates were not fully honoured prompting the contractor to move to court. According to the court decree, the final payment certificate amount was Kshs.5,260,020. Other claims to be paid

were; interest on payment certificate, full payment of retention amount, Interest of retention amount, and general damages totalling Kshs.21,016,710.

Review of the court ruling confirms that the County will eventually spend more than Kshs.20,000,000 in nugatory costs which the County should have avoided by complying with the contract agreements and terms of reference.

In the circumstances, high legal costs were incurred as a result of poor contract management and conflict resolution by the County Executive and value for money may not have been realized.

17. Expenses Incurred on Behalf of Self - Reporting Projects Instead of Direct Transfer

Note 9 to the financial statements reflects transfers to other government entities of Kshs.565,341,363. Included in the amount is Kshs.206,585,822 being payments related to the City of Kisumu and Kshs.29,923,120 made on behalf of Lakefront Development Corporation. Audit review revealed that the County incurred direct payments on behalf of self – reporting entities instead of transferring all the funds to the entities account. This was contrary to Regulation 83.(1) of Public Finance Management (County Governments) Regulations, 2015, which states the County Treasury shall be responsible for establishing sound cash management systems, procedures and processes, to ensure efficient and effective banking and cash management practices. (2) For purposes of this regulation, sound cash management includes—(a) assessing the cash inflows and outflows expected at any one time; (b) ensuring payments, including transfers to other levels of government and county-government entities are made when due for efficient, effective and economical programme delivery and the county government’s normal terms for account.

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

18. Un-surrendered Imprests

The statement of financial position and as disclosed in Note 14(a) to the financial statement reflects receivables from exchange transactions totalling Kshs.35,240,739. Review of the imprest ledgers revealed that imprests were issued to some officers with outstanding imprests not surrendered within the year under review and also, no explanation was provided as to why the imprests remained outstanding as at year end. This is contrary to Regulation 93.(4) of Public Finance Management (County Governments) Regulations, 2015, which states that before issuing temporary imprests under paragraph (2), the Accounting Officer shall ensure that (b) the applicant has no outstanding imprests; (5) A holder of a temporary imprest shall account or surrender the imprest within seven (7) working days after returning to duty station.

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

19. Failure to Update the Assets Register

Included in the statement of financial position is property, plant, and equipment with an opening balance as at 1 July, 2024 amounting to Kshs.1,134,368,973, representing historical cost assets which were excluded from Note 15 of the current year’s financial statements. During the year under audit, newly acquired assets amounted to

Kshs.393,322,516. However, management failed to provide an updated asset register, which was also not prepared in accordance with the prescribed National Treasury Circular No.23 of 2020. The asset register lacked key information such as tag number, make and model, original location, current location, purchase amount, depreciation rate, annual depreciation, accumulated depreciation, net book value, responsible officer, and asset condition. It was therefore not possible to confirm the existence, ownership, and value of assets owned by the Kisumu County Executive. Additionally, it was not possible to establish the location of the assets and the individual staff members to whom the assets were assigned. This is contrary to 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. It is also contrary to Circular No. 23 of 2020 on the Preparation of Assets and Liabilities Registers in the Public Sector issued in July, 2020 by the National Treasury and Planning.

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

20. Failure to Provide Title Deed for a Piece of Land at Kibos, Kisumu County

Included in the property, plant and equipment balance is an amount of Kshs.19,000,000 paid for acquisition of 10 acres piece of land at Kibos area valued at Kshs.22,000,000. The contract agreement was between Tropical Institute of Community Health Development Trust Registered Trustees and County Government of Kisumu dated 28 June, 2024. According to the contract agreement, the payment completion date was 90 days from the date of agreement. As at the time of audit, Management had not completed the balance of payment contrary to the terms of agreement specified in the contract.

In addition, the title deed was not provided for audit to confirm ownership rights even though the sale agreement and contract agreement were available during audit.

In the circumstances, it was not possible to confirm ownership rights and completeness of the title deed transfer casting doubt on the right ownership of the land.

21. Poor Workmanship on Pap Konam Agricultural Training Centre Phase I Project

The statement of financial position and as disclosed in the financial statements reflect property, plant, and equipment totalling Kshs.393,322,516. The reported balance represents additions made during the year, excluding historical assets. Included in the PPE is a building component amounting to Kshs.180,267,675, as disclosed in Note 15 of the financial statements. The amount includes the proposed completion of the Pap Konam Agricultural Training Centre Phase I project, which was awarded to a local firm at a contract sum of Kshs.9,976,826, of which Kshs.8,485,449 was paid on 10 July, 2025. However, a site visit conducted on 29 September, 2025 revealed visible cracks in the two lecture halls, and sections of the soft board ceiling had started to wear out and detach from the roof, posing a risk of falling. Management explained that the project manager had instructed the contractor, through a letter dated

17 August, 2025, to attend to the defects, failure to which the contractor would forfeit the retention funds since the defect liability period had not expired.

In the circumstances, value for money on the expenditure may not be realised.

22. Projects not Implemented by Contractors/Suppliers by the Department of Health

In the year of audit, it was noted a number of projects were procured from the department of health and awarded to different contractors and suppliers valued at Kshs.13,930,508. However, the audit confirmed that the projects were not implemented because either the contractors or suppliers failed to report on site or suppliers delivered equipment that did not meet the user specifications leading to rejection by the Inspection and Acceptance Committee. The following are the observations:

- i. Construction of Staff Quarters at Oriang Dispensary - Management awarded a contract to a company valued at Kshs.2,198,870. The contract agreement was signed on 24 February, 2025. However, the audit revealed that the technical evaluation committee recommended the contractor despite the serialized bid not being responsive as the key mandatory documents used were for the competing bidder; CR12, NCA and tax compliance certificate. Additionally, no previous work experience was provided such as LPOs and award letters. In the circumstances, it was unclear how an unqualified contractor was awarded the contract.
- ii. Construction of Mortuary Phase 1 Muhoroni- A contract agreement was signed on 7 April, 2025 between a company and County Government of Kisumu at a contract sum of Kshs.3,995,640. During audit, it was confirmed that the contractor had abandoned the site and Management was in the process of terminating the contract though, the project implementation status report indicates that 30% of work had been done. The audit could not confirm since the certificate of measured works was not provided for audit. In the circumstances, delay in project execution deny the public from benefiting from the anticipated services.
- iii. Completion and Equipping of Theatre at Gita- A contract agreement was signed on 7 February, 2025 between County Government of Kisumu and a company. The audit confirmed that on 2 May, 2025, the Inspection and Acceptance Committee rejected the anaesthetic machine since it did not meet the required specifications provided in the tender document. However, management did not explain measures taken to terminate the contract or provide letter from the supplier accepting to replace the machine with the correct specifications.

In the circumstances, delay in supply of the machine denies the public from getting needed health services and value for money on the expenditure may not have been realised.

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

Basis for Conclusion

1. Lack of Annual Recruitment Plans

The County Government of Kisumu recruited two hundred and one (201) officers during the financial year 2024/2025. However, a review of the recruitment process revealed that the respective departments did not have approved annual recruitment plans to guide the hiring process. In addition, no evidence was provided to demonstrate that budgetary approval or funding confirmation was sought or obtained prior to the recruitment. This indicates a lack of adherence to proper planning and budgeting procedures.

As a result, the effectiveness of internal controls in human resource management could not be verified.

2. Understaffing of Internal Audit Department

Review of the approved staff establishment for the internal audit department indicated that the unit is supposed to have seventeen (17) officers headed by the Director of internal audit who is in charge of the department. However, the Department currently has six officers and one administrative staff. Shortage of staff in the department may result to reduced oversight and internal control weaknesses may not to be identified and addressed promptly, leading to fraud and wastage.

In the circumstances, the effectiveness of the Kisumu County executive internal controls, risk management and overall governance 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 overall governance were operating effectively in all material respects. I believe that the audit

evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the County 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.

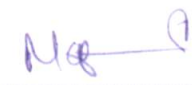
10. Statement of Financial Performance for the year ended 30 June 2025

Description	Notes	FY 2024-2025 Kshs
Revenue from non-exchange transactions		
Transfers from CRF	6	9,100,755,678
Total revenue		9,100,755,678
Expenses		
Employee costs	7	5,748,210,378
Use of goods and services	8	2,374,381,143
Transfers to other Government Entities	9	565,341,363
Depreciation and amortization expense	10	24,654,349
Other Grants and Subsidies	11	76,675,000
Finance costs	12	4,485,795
Social Benefits		-
Total expenses		8,793,748,029
Gain/(loss) on sale of assets		-
Gain/Loss on Foreign Exchange		-
Gain/Loss on fair value of investments		-
Impairment loss		-
Surplus/Deficit for the year		307,007,649
Taxation		
Net Surplus/Deficit		307,007,649

The Financial Statements set out on pages 49 to 55 were signed by:


 02 DEC 2025

Name: Martine Opiyo Okode
Ag. Chief Officer- Finance
ICPAK M/No. 15141



Name: Maurice Omondi Oyaro
Ag. Director Finance
ICPAK Member Number:

11. Statement of Financial Position as at 30 June 2025

Description	Notes	FY	Opening Statement
		2024-2025	1 st July 2024
		Ksbs	Ksbs
Assets			
Current Assets			
Cash and Cash equivalents	13	1,182,144,146	210,896,225
Receivables from Exchange Transactions	14(a)	35,240,739	5,151,666
Receivables from Non-Exchange Transactions		-	585,964,754
Inventories		-	
Current portion of investments		-	
Contingent Asset	26(a)	2,470,000	
Total Current Assets		1,219,854,885	802,012,645
Non-Current Assets			
Receivables from Exchange Transactions		-	
Non- Current portion of investments		-	
Property, Plant and Equipment	15	393,322,516	1,134,368,973
Right of Use Assets		-	
Intangible Assets and Goodwill	16	14,227,200	22,322,670
Investment Property		-	
Biological Assets		-	
Tangible Natural Resources			
Total Non- Current Assets		407,549,716	1,156,691,643
Total Assets (A)		1,627,404,602	1,958,704,288
Liabilities			
Current Liabilities			
Trade and Other Payables	17	5,944,565,373	2,846,885,847
Refundable deposits and prepayments	18	46,149,043	9,495,726
Current Provision		-	
Lease Liabilities	19	134,934	

COUNTY GOVERNMENT OF KISMU

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

staff payables			509,612,392
Deferred Income		-	
Employee Benefit Obligation	20	5,838,359,852	5,191,336,096
Current Portion of Borrowings			
Contigent Liabilities	26(b)	733,500,000	2,682,735,076
Total Current Liabilities		12,562,709,202	11,240,065,137
Non-Current Liabilities			
Non-Current Provisions		-	-
Lease Liabilities			-
Deferred Income			-
Non-Current Employee Benefit Obligation			-
Borrowings – Non-Current Portion	21	471,680,189	-
Service Concession Liability		-	-
Total Non- Current Liabilities		471,680,189	-
Total Liabilities (B)		13,034,389,391	11,240,065,137
Net Assets (A-B)		(11,406,984,789)	(9,281,360,849)
Represented by:			
Reserves		-	(9,611,821,538)
Accumulated Surplus		(11,406,984,789)	330,460,689
Capital Fund accrued during the year			-
Net Assets		(11,406,984,789)	(9,281,360,849)

The financial statements set out on pages 49 to 55 were signed by:

COUNTY GOVERNMENT OF KISMU
Annual Reports and Financial Statements for the year ended June 30, 2025.

 02 DEC 2025

.....
Name: Martine Opiyo Okode
Ag. Chief Officer- Finance
ICPAK M/No. 15141



.....
Name: Maurice Omondi Oyaro
Ag. Director Finance
ICPAK Member Number:

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

Description	Accumulated Surplus	Reserves	Capital Fund	Total
As at 30th June 2024 (cash basis)	(123,908,525)			(123,908,525)
Adjustments: (Receivables-Total exchequer june 2024)	668,943,824			668,943,824
less Assembly Exchequer	(139,981,020)			(139,981,020)
Ror- Receivable	5,115,007			5,115,007
Payables(Gross Salary for June 2024)	(433,460,950)			(433,460,950)
Adjusted Assets	1,156,691,644			1,156,691,644
Pending bills b/d 2024/25			(2,846,885,847.2)	(2,846,885,847)
Legal dues b/d 2024/25			(2,682,735,075.7)	(2,682,735,076)
Employee Benefit Obligations			(5,191,336,096.0)	(5,191,336,096)
As at July 1, 2024	1,133,399,980	-	(10,720,957,019)	(9,587,557,039)
Surplus/ deficit for the period	307,007,649			307,007,649
Returns to CRF	1,504			1,504
Additions during the period(Capital fund)-Assets		-	393,322,516.1	393,322,516.1
Bank over draft(KCB)			(471,680,189.1)	(471,680,189)
Legal dues			(1,870,363,993.0)	(1,870,363,993)
Kisumu County Climate Change Fund-transferred from main executive			(123,673,784.00)	(123,673,784)
FLOCCA Receipts/Transfers from CRF and bal b/d 2023/24	185,405,790			185,405,790
Additional outstanding imprests			2,252,750.00	2,252,750
Transfers to other govt. entities-Other Current Transfers -Payment to Kibos prison dispensary			119,793.00	119,793

COUNTY GOVERNMENT OF KISUMU

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

Use of goods-FLOCCA Fund payments erroneously captured	(43,187,006)			(43,187,006)
Use of goods-FLOCCA Fund payments erroneously captured	(92,862,890)			(92,862,890)
Use of goods-Other Operating Expenses			(40,422,320.00)	(40,422,320.00)
Cash and Cash equivalents-Omitted bank balances			91,096,975.00	91,096,975
Use of goods Use of goods-other operating expenses			(34,011,353.00)	(34,011,353.00)
Use of goods-Utilities			(795,387.00)	(795,387)
Use of goods-rentals of produced assets			(4,798,000.00)	(4,798,000)
Use of goods-Assets erroneously expensed			(63,663,986.00)	(63,663,986)
Use of goods-Hospitality, supplies and services			(2,833,000.00)	(2,833,000)
Compensation to employees-June 2024 salaries	(259,041,305.95)			(259,041,305.95)
Compensation of employees-Employer Contributions to National Social Security Fund	(4,003,692.70)			(4,003,692.70)
Use of goods-Assets/Vehicles erroneously expensed and omitted from the PPE Schedule	(22,788,242.65)			(22,788,242.65)
Depreciation on the additional CMC motor vehicles (Kshs. 22,788,243 @ 25% depreciation rate)	5,697,060.75			5,697,060.75
Trade and other payables-pending bill			523,392,410.00	523,392,410
Being correction of TVET funds transfer erroneously captured under personal allowances	(45,262,500)			(45,262,500)
Being correction of FLOCCA fund receipts erroneously captured in main executive account	50,000,000			50,000,000
Cash and cash equivalents			(445,409,559.00)	(445,409,559)
duplicate mispostings under Routine maintenance – vehicles and other transport equipment	(5,761,593.75)			(5,761,594)
Being correction of duplicate payment erroneously captured under personal allowances	80,004,896.80			80,004,896.80

COUNTY GOVERNMENT OF KISMU

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

Compensation to employees- Basic wages of temporary employees	109,061,550			109,061,550
Use of goods-Routine maintainance-Double posted gratuity payments	(11,331,831.10)			(11,331,831.10)
Being correction of an understatement in executive recurrent transfers			(24,900,011.00)	(24,900,011.00)
As at June, 2025	1,386,339,368	-	(12,793,324,156.9)	(11,406,984,788.5)

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

Description	Notes	FY 2024-2025 KSh
Cash flows from operating activities		
Receipts		
Transfers from CRF		9,100,755,678
Miscellaneous Revenue		
Other income		
Total receipts		9,100,755,678
Payments		
Employee costs		5,158,711,439
Use of goods and services		2,560,611,738
Transfers to other Government Entities		379,869,040
Other Grants and Subsidies		75,000,000
Finance costs		4,485,795
Social Benefits		-
Total payments		8,178,678,013
Net cash flows from/(used in) operating activities	22	922,077,665
Cash flows from investing activities		
Purchase of PPE		(388,118,718)
Purchase Intangible assets		(14,227,200)
Proceeds from sale of PPE		-
Proceeds from sale of Biological Assets		-
Purchase of investments		-
Sale of investments		-
Net cash flows from/ (used in) investing activities		(402,345,918)
Cash flows from financing activities		
Returns to CRF		(1,504)
Proceeds from borrowings-KCB		471,680,189
Personnel emoluments Paid		-
Repayment of borrowings		-
Net cash flows from financing Activities		471,678,685
Net increase/(decrease) in cash & Cash equivalents		991,410,432
Cash and cash equivalents as at Period Start	13	210,896,225
Cash and cash equivalents as at Period End	13	1,182,144,147

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

COUNTY GOVERNMENT OF KISMU
 Annual Reports and Financial Statements for the year ended June 30, 2025.

14. Statement of Comparison of Budget and Actual Amounts for the Year ended 30 June 2025
 Recurrent and Development 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						
Opening balance (Non-refundable special purpose accounts)	2,159,187,012.0	276,283,866.0	2,435,470,878.0	140,875,833	2,294,595,045	5.8
Transfers from CRF	12,046,428,824.0	(267,187,831.0)	11,779,240,993.0	9,100,755,677.7	2,678,485,315.4	77.3
Miscellaneous Revenue	-	-	-	-	-	
Other income	-	-	-	-	-	
Total revenues	14,205,615,836.0	9,096,035.0	14,214,711,871.0	9,241,631,510.7	4,973,080,360.4	65.0
Expenses						
Employee costs	5,132,805,090.0	334,714,324.0	5,467,519,414.0	5,158,711,439.4	308,807,974.6	94.4
Use of goods and services	2,461,072,259.0	(115,094,993.0)	2,345,977,266.0	2,560,611,738	(214,634,472)	109.1
Transfers to other Government Entities	2,795,479,762.0	(40,693,453.0)	2,754,786,309.0	379,869,040	2,374,917,268.6	13.8
Other Grants and Subsidies	355,000,000.0	(133,000,000.0)	222,000,000.0	75,000,000.0	147,000,000.0	33.8
Finance costs	94,464,818.0	(44,420,000.0)	50,044,818.0	4,485,794.9	45,559,023.1	9.0

COUNTY GOVERNMENT OF KISMU

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

Social Benefits	-	-	-	-	-	-
Total	10,838,821,929.0	1,505,878.0	10,840,327,807.0	8,178,678,012.7	2,661,649,794.3	75.4
Capital items						
Acquisition of PPE	3,351,793,907	7,590,157.0	3,359,384,064	376,231,333.9	2,983,152,730.1	11.2
Acquisition of Intangible assets	15,000,000	-	15,000,000	14,227,200.0	772,800.2	94.8
Purchase of investments	-	-	-	-	-	-
Repayment of borrowings	-	-	-	-	-	-
Total expenses Development	3,366,793,907.0	7,590,157.0	3,374,384,064.0	390,458,533.9	2,983,925,530.1	11.6
Total Expenses	14,205,615,836.0	9,096,035.0	14,214,711,871.0	8,569,136,546.6	5,645,575,324.4	60.3
Surplus/ deficit	-	-	-	672,494,964.0		

Reconciliation table

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

	Income	Expenses	Assets	Liabilities
<i>Actual amounts on comparable basis presented in the budget and actual comparative statement</i>	672,494,964.0			672,494,964.0
<i>Basis difference</i>		529,811,693		529,811,693
<i>Timing differences</i>	-	-	-	-
<i>Entity differences</i>	-	-	-	-
<i>Classification differences</i>				
<i>Actual in the statement of cashflows</i>	672,494,964.0	529,811,693	-	1,202,306,657.1
			-	1,202,306,657.1

15. Notes to the Financial Statements

1. General Information

Kisumu Entity is established by and derives its authority and accountability from The Constitution of Kenya/Act 2010. The Entity is domiciled in Kenya and its principal activities are to provide service to the residence within the county.

2. Statement of Compliance and Basis of Preparation

Statement of compliance

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

Guiding note during the transition period:

The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS), or the entity has taken advantage of the transitional provisions under IPSAS 33 and therefore these 1st/ 2nd/ 3rd/ year's 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. (entity to state the transitional provisions it has applied and the steps being towards full compliance with IPSAS Accrual).

These financial statements were authorised for issue by the accounting officer on 15th 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. **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 *entity* 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 *entity* is clear on the cost it intends to incur, when payment will be made, and to whom and as a consequence has raised a valid expectation. As a consequence, liabilities are not reported for costs associated with the *entity* policy objectives and targets. Where a policy choice gives rise to an obligation that exists independently of the *entity'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 entity as a result of a past event. The primary reason for holding property, plant and equipment and other assets is for their service potential rather than their ability to generate cash flows. Because of the types of services provided, a significant proportion of assets used by public sector entities including roads, national parks, heritage buildings etc are specialized in nature. There may be a limited market for such assets and so judgement is required on measurement. Judgment is also required whether assets are held for commercial purposes or public benefit purposes.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

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</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</p>

Standard	Effective date and impact:
	infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol 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>Applicable 1st January 2026</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>Applicable 1st January 2026</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</p>

Standard	Effective date and impact:
	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.
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. <i>iii.</i> Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

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

Notes to the Financial Statements (Continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the 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 27th June, 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional appropriations of 9,096,035 on the 2024/2025 budget following the governing body's approval.

Notes to the Financial Statements (Continued)

The Entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements.

Budget information (continued)

The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial cash flows has been presented under section 2 of IPSAS 24 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 one 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

Notes to the Financial Statements (Continued)

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

e) Right of use asset

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

f) Tangible Natural Resources

The entity recognises a tangible natural resource recognized if, and only if: It is probable that service potential associated with the natural resource will flow to the 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 of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Notes to the Financial Statements (Continued)

g) Intangible assets

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

h) Research and development costs

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

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

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

i) Financial instruments

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

Notes to the Financial Statements (Continued)

i. Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is

Notes to the Financial Statements (Continued)

recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

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

Trade and other receivables

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

Fair value through surplus or deficit

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

Impairment

The 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 xx.

ii. Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

j) Inventories

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

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

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

Notes to the Financial Statements (Continued)

separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

l) Contingent liabilities

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

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.

q) Foreign currency transactions

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

Notes to the Financial Statements (Continued)

r) Borrowing costs

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

s) Related parties

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*.

Notes to the Financial Statements (Continued)

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.

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.

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

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.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

Provisions

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

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

Notes to the Financial Statements (Continued)

6. Transfers from CRF

Nature of Transfer	Amount recognized to Statement of financial performance.	Amount deferred under deferred income.	Total transfers for Period ended 30th June 2025
	Kshs	Kshs	Kshs
Recurrent	6,945,906,336.65		6,945,906,336.64
Development	1,285,923,386.00		1,285,923,386
Special purpose transfers	1,059,069,245.00		1,059,069,245
FLOCCA	(185,405,790.00)		(185,405,790.00)
FLOCCA	(50,000,000)		(50,000,000)
TVET	45,262,500.00		45,262,500.00
Total	9,100,755,677.65	-	9,100,755,677.65

7. Employee Costs

Description	Period ended 30th June 2025
	Kshs
Basic salaries of permanent employees	4,584,189,483.45
Basic wages of temporary employees	261,072,811.10
Personal allowances – part of salary	846,287,267.80
Pension and other social security contributions	
Employer contributions to compulsory national social security schemes	26,446,950.30
Employer contributions to compulsory national health insurance schemes	
Other social benefit schemes	
Other personnel costs(Gratuity - Civil Servants)	30,213,865.70
Employee costs	5,748,210,378.35

Notes to the Financial Statements (Continued)

8. Use of Goods and Services

Description	Period ended
	30th June 2025
	Kshs
Utilities, supplies and services	95,256,408.80
Communication, supplies and services	10,320,174.00
Domestic travel and subsistence	165,501,500.00
Foreign travel and subsistence	44,350,305.80
Printing, advertising, and information supplies & services	81,265,685.00
Rentals of produced assets	29,094,274.00
Training expenses	8,304,311.00
Hospitality supplies and services	130,372,533.00
Insurance costs	265,105,292.00
Specialized materials and services	243,865,809.80
Other operating expenses <i>including bank Charges</i>	163,703,661.00
Office and general supplies and services	53,750,129.05
Fuel Oil and Lubricants	79,638,782.35
Routine maintenance – vehicles and other transport equipment	131,110,646.15
Routine maintenance – other assets	31,920,279.00
Access Roads & Others	795,722,748.25
Non-Residential Buildings (offices, schools, hospitals, etc..)	24,636,954.00
Overhaul of Vehicles	461,650.20
Purchase of Educational Aids and Related Equipment	20,000,000.00
Total	2,374,381,143.40

Notes to the Financial Statements (Continued)

9. Transfers to Other Government Entities

Description	Period ended
	30th June 2025
	Kshs
Transfers to other County Government entities	
Transfers to self-reporting projects	
KISUMU COUNTY REVENUE BOARD	46,791,384.00
CITY OF KISUMU	206,585,822.00
Other Capital Grants and Transfers	192,942,484.40
Other Current Transfers	54,021,673.00
Kisumu county education fund	65,000,000.00
Transfers to car loan and mortgage schemes	
Others	
Total	565,341,363.40

10. Depreciation and Amortization Expense

Description	Period ended
	30th June 2025
	Kshs
Property, plant and equipment	4,090,064.50
Computers & ICT Equipment	9,053,537.25
Motor vehicles	7,004,055.25
Buildings	4,506,691.88
Total	24,654,348.88

Notes to the Financial Statements (Continued)

11. Other Grants and Subsidies

Description	Period ended 30th June 2025 Kshs
Membership dues and subscriptions to international organizations	
Scholarships and other educational benefits	
KISUMU COUNTY EMERGENCY FUND AND BURIAL GRANTS	76,675,000.00
Grants to small businesses, cooperatives, and self employed	
Subsidies to Public entities	
Subsidies to Private entities	
Total Grants and Subsidies	76,675,000.00

12. Finance Costs

Description	Period ended 30th June 2025 Kshs
Interest Payments on Guaranteed Debt Taken over by Govt	
Interest on Domestic Borrowings (Non-Govt)	
Interest on Borrowings from Other Government Units	
Interest on bank overdrafts	3,335,627.45
Bank Charges	1,150,167.45
Interest on loans from commercial banks	
Total finance costs	4,485,794.90

Notes to the Financial Statements (Continued)

13. Cash and Cash Equivalents

Description	Period ended	Opening Statement
	30th June 2025	1st July 2024
	Kshs	Kshs
Recurrent Account	2	395
Development Account	47	4,751
Kisumu Revenue Fund A/C No.	529,003,567	60,510,420
Deposits Account	46,149,043	9,495,726
Special Purpose Accounts	7,441,179	140,875,833
Other Operating Commercial Accounts		
Kcb Imprest/Operations Account -	6,942.26	
Kenya Climate Smart Agric Project	-	
Kisumu Abdp Programme	1,832.85	
Kcb - Kisumu County Plant & Equipment	1,166	
Maseno DFF	45,759	
Kcb Salary	294,306,255.00	
Kisumu County Resource Mobilization	3,620,741.00	
Kenya Urban Support Program A/C No.	23,670	
Kisumu City Kusp Udg -A/C No: -Sbm Bank	-	
Kisumu County Informal Settlement Improvement Project	155,811	
Kisumu County Salary Account	-	
Kisumu County Informal Settlement Improvement Project Ii	210,291,157	
Agric Sector Dev Support Prog ASDSP Kisumu County	-	
Navcdp-National Bank	16,466	
Kisumu County Inf Improv Prj (Kisip)2(Sbm)	80,000,000	
Change Maker(NBK)	2,672,147	
Kdsp2	7,892,600	
Kisumu County Cost Contingency Fund	2,400	
Praectice Project	513,362	
Cash		9100
Total	1,182,144,147	210,896,225

Notes to the Financial Statements (Continued)

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

Financial Institution	Account number	Period ended	Opening Statement
		30th June 2025	1st July 2024
		Kshs	Kshs
Kisumu County Development A/c No.	1000170867	47	4,751
Kisumu County Recurrent A/c No.	1000170956	2	395
Kisumu County Deposit A/c No.	1000233524	46,149,043	9,495,726
Kisumu Revenue fund A/c No.	1000171488	529,003,567	60,510,420
Kisumu County Road Maintenance Levy A/c No.	1000270993	59,259	896,372
Kisumu County Transforming Health Care A/c No.	1000336749	544,976	544,975
Kisumu County Climate Smart Agriculture Project A/c No.	1000360941	-	
Kisumu County Agric Sec Dev. Supp Program	1000364618	-	
Kisumu County Youth Polytechnics	1000367989	5,018,520	7,516,000
Kisumu County Kenya Urban Supp Program	1000395354	1,634,916	1,634,916
Kisumu County Dairy Enterprise Dev	1000397896	183,341	400,391
Kisumu County Devolution Support Program	1000433345		656,709
Kisumu County Universal Health Care	1000447265	9	9
Kisumu County Climate Change Fund	1000470615		120,093,948
Kisumu county PrAECTICE Project	1000654724	-	9,012,723
Kisumu County Primary Health Care	1000560215	-	119,790
Kisumu County Nat Agriculture Value Chain	1000720093	-	-
Kisumu County Equalization Fund Acc	100737107	0	
Kisumu County Changemaker Project	1000743018	-	
Kisumu County Informal Improvement Project	1000744747	158	
Kisumu County Aggregate and Industry	1000744758	-	

COUNTY GOVERNMENT OF KISUMU

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

Kisumu County Community Health Promotion	1000744766	-	
KCB Imprest/Operations Account	1142145549	6,942	
Kenya Climate Smart Agric Project	1271583917		
Kisumu ABDP Programme	1275614418	1,833	
KCB - Kisumu County Plant & Equipment	1203503865	1,166	
Maseno DFF	1149539208	45,759	
KCB Salary	1217991565	294,306,255	
KISUMU COUNTY RESOURCE MOBILIZATION-COOP	1141766220700	3,620,741	
Kenya Urban Support Program-COOP	1141739621700	23,670	
Kisumu City KUSP UDG -A/C No: - SBM	152378640001		
KISUMU COUNTY INFORMAI SETTLEMENT IMPROVEMENT PROJECT-SBM	152392538001	155,811	
Kisumu County Salary Account - ABSA Bank	2029561888	-	
KISUMU COUNTY INFORMAL SETTLEMENT IMPROVEMENT PROJECT II -SBM	152392538003	210,291,157	
Agric Sector Dev Support Prog ASDSP Kisumu County	1071209261200		
NAVCDP-NATIONAL BANK	7700141703	16,466	
Kisumu County INF IMPROV PRJ (KISIP)2(SBM)	1.52393E+11	80,000,000	
Change maker(NBK)	7716936956	2,672,147	
KDSP2	100074727	7,892,600	
Kisumu County Cost Contingency Fund	1177287080	2,400	
Praectice Project (NBK)	7700603138	513,362	
Cash			9,100
Total		1,182,144,147	210,896,225

14. Receivables from Exchange Transactions

Description	Period ended	Opening Statement
	30 June 2025	30 June 2024
	Ksh.	Ksh.
Total receivables	35,240,739.00	5,151,666.00
Other exchange debtors (<i>Specify</i>)		
Less: impairment allowance		
Total receivables	35,240,739.00	5,151,666.00
a) Current receivables		
b) Non-current receivables		
Total Receivables (a+b)	35,240,739.00	5,151,666.00

Notes to the Financial Statements (Continued)

i) Ageing analysis for Receivables

Provision for doubtful receivables allowance	Period ended 30th June, 2025 Kshs
At the beginning of the period.	0.10
Additional allowance during the period	
Recovered during the period	(0.10)
Written off during the period.	(0.05)
At the end of the period.	(0.05)

COUNTY GOVERNMENT OF KISMU
Annual Reports and Financial Statements for the year ended June 30, 2025.

Impairment	-	-	-	-	0	0	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	0	0	-	-	-	-	-	-
As At 30TH Jun 2025	-	4,506,691.88	7,004,055.25	-	9053537.25	0	0	0	4,090,064.50	0	0	24,654,348.88
Net Book Values	19,000,000.00	175,760,983.13	21,012,165.75	-	27,160,611.75	-	113,578,175.00	-	36,810,580.50	-	-	393,322,516.13
Opening Bal as at 1 st July 2025	19,000,000.00	175,760,983.13	21,012,165.75	-	27,160,611.75	-	113,578,175.00	-	36,810,580.50	-	-	393,322,516.13
As At 30TH Jun 2025	19,000,000.00	175,760,983.13	21,012,165.75	-	27,160,611.75	-	113,578,175.00	-	36,810,580.50	-	-	393,322,516.13

Notes to the Financial Statements (Continued)

15(b) Property, Plant and Equipment at Cost

	Cost	Accumulated Depreciation	Net Value
	Ksh	Ksh	Ksh
Land	19,000,000.00	-	19,000,000.00
Buildings	180,267,675.00	4,506,691.88	175,760,983.13
Plant And Machinery	40,900,645.00	4,090,064.50	36,810,580.50
Motor Vehicles, Including Motorcycles	28,016,221.00	7,004,055.25	21,012,165.75
Computers And Related Equipment	36,214,149.00	9,053,537.25	27,160,611.75
Office Equipment, Furniture, And Fittings	-	-	-
Total	304,398,690.00	24,654,348.88	279,744,341.13

16. Intangible Assets

Description	Period ended June 30, 2025
Cost/Opening balance at the beginning of the /Period	
Additions	14,227,200.00
Disposal	-
At end of the Period	14,227,200.00
Additions—internal development	-
Less: Disposal	-
At end of the Period	14,227,200.00
Amortization and impairment	
At beginning of the Period	-
Amortization	

COUNTY GOVERNMENT OF KISUMU

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

At end of the Period	-
Impairment loss	-
At end of the Period	-
NBV	14,227,200.00

COUNTY GOVERNMENT OF KISMU
Annual Reports and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

17. Trade and Other Payables

Description	Period ended	June 2025	Opening Statement
		Kshs	1st July 2024
Trade payables			
Payments received in advance			
Employee payables			
Third-party payments/Verified pending bills		4,074,201,379.51	2,846,885,847.19
Legal dues-		1,870,363,993.00	2,682,735,075.68
Other payables-NSSF			
Total trade and other payables		5,944,565,372.51	5,529,620,922.87

NOTE: The trade payables figure of Kshs. 4,074,203,397 excludes payables currently undergoing verification

18. Refundable Deposits and Prepayments

Description	Period ended	June 2025	Opening Statement
		Kshs	1st July 2024
Customer deposits		46,149,042.85	9,495,726.00
Prepayments			
Other deposits		-	-
Total deposits		46,149,042.85	9,495,726.00

Notes to the Financial Statements (Continued)

19. Lease Liabilities

Description	Period ended June 2025	Opening Statement
	Kshs	Kshs
Balance at the beginning of the period	30,993,412.00	
Discount interest on lease liability		
Paid during the period	30,858,478.00	
At end of the period	134,934.00	30,993,412.00

Maturity Analysis

Period	Amount
Year 1	134,934.00
Year 2	
Year 3	
Year 4	
Year 5 and onwards	
Less: unearned Interest	
	134,934.00

Analysed as:

Description	Amount
Current	134,934.00
Non- Current	
Total	134,934.00

20. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment benefit	Other Benefit	Period ended June 2025	Opening Statement 1st July 2024
	Kshs	Kshs	Kshs		
Current Benefit Obligation		-		-	
LAPFUND				417,732,330.80	369,679,978.00
National museums of kenya- Employee deduction				610,189.55	
NSSF				5,075,728,885.44	4,808,421,118.00

COUNTY GOVERNMENT OF KISMU

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

CPF				104,651,935.43	
LAPTRUST				81,117,215.89	
PSSF				6,160,291.80	
Medalion Award				13,960,000.00	12,630,000.00
Gratuity				4,242,399.40	
Burial Expenses				1,375,000.00	605,000.00
Insurance Cover-Medical				132,781,604.00	
Total Employee Benefits Obligation	-	-	-	5,838,359,852.31	5,191,336,096.00

Retirement benefit Asset/ Liability (Applicable to Pensions)

The Entity operates a defined benefit scheme for all full-time employees from July 1, 2024.

The scheme is administered by xxx while xxx are the custodians of the scheme. The scheme is based on xxx percentage of salary of an employee at the time of retirement.

An actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS 39 was carried out as at xxx June xxx by xxx actuarial valuers. On this basis the present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of valuation are as follows:

	Period ended June 2025	Opening Statement 1st July 2024
Discount Rates		
Future Salary Increases		
Future Pension Increases		
Mortality (Pre- Retirement)		
Mortality (post-retirement)		
Withdrawals		
Ill Health		
Retirement	years	years

Notes to the Financial Statements (Continued)

Recognition of Retirement Benefit Asset/ Liability

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

Description	Period ended	Opening Statement
	June 2025	31 July 2024
	KShs	KShs
The return on defined plan assets		
Actuarial gains/ losses arising from changes in demographic assumptions		
Actuarial gains/ losses arising from changes in financial assumptions		
Actuarial gains and losses arising from experience adjustments		
Others (specify)		
Adjustments for restrictions on the defined benefit asset		
Remeasurement of the net defined benefit liability (asset)		

b) Amounts recognized in the Statement of Financial Position

Description	Period ended	Opening Statement
	June 2025	31 July 2024
	KShs	KShs
Present value of defined benefit obligations(a)		
Fair value of plan assets(b)		
Funded status(=a-b)		
Restrictions on asset recognised		
Others		
Net asset or liability arising from defined benefit obligation		

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

Notes to the Financial Statements (Continued)

21. Borrowings

Description	Period ended June 2025
a) External borrowings	
Balance at beginning of the period	
External borrowings during the period	
Repayments of during the period	
Balance at end of the period	-
b) Domestic borrowings	
Balance at beginning of the period	
Domestic borrowings during the period	471,680,189.00
Repayments during the period	
Balance at end of the Period	471,680,189.00
Balance at end of the period- domestic and External borrowings c = (a+b)	471,680,189.00

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

	Period ended June 2025	Opening Statement 1st July 2024
	KShs	KShs
External Borrowings		
Dollar Denominated Loan From 'X Organisation'		
Sterling Pound Denominated Loan From 'Y Organisation'		
Euro Denominated Loan from Z Organisation'		
Domestic Borrowings		
Kenya Shilling Loan From KCB	471,680,189.00	
Kenya Shilling Loan from Barclays Bank		
Kenya Shilling Loan from Consolidated Bank		
Total /Balance at end of The Year	471,680,189.00	

Notes to the Financial Statements (Continued)

Description	Period ended June 2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Short Term Borrowings (Current Portion)	471,680,189.00	
Long Term Borrowings		
Total	471,680,189.00	

22. Cash Generated from Operations

	Period ended June 2025
Surplus for the year before tax	307,007,648.73
Adjusted for:	
Depreciation	24,654,349.88
Non-cash grants received	-
Contributed assets	-
Impairment	-
Gains and losses on disposal of assets	-
Contribution to provisions	-
Contribution to impairment allowance	-
Working capital adjustments	
Increase in inventory	-
Increase in receivables	30,089.073.00
Increase in deferred income	-
Increase in payables	414,944,449.64
Increase in payments received in advance	-
Net cash flow from operating activities	776,695,520.24

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 up as follows:

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30 June 20xx				
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances				
Total				

Notes to the Financial Statements (Continued)

Financial Risk Management

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

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Entity's directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

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

Notes to the Financial Statements (Continued)

Financial Risk Management

iii) Market risk

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

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

a) Foreign currency risk

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

Notes to the Financial Statements (Continued)

Financial Risk Management

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

Current FY

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

Financial Risk Management

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

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

Notes to the Financial Statements (Continued)

b) Interest rate risk

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

Management of interest rate risk

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

Financial Risk Management

Sensitivity analysis

The Entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (20xx: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (20xx – KShs xxx)

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *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:

	Level 1	Level 2	Level 3	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2025				
Financial Assets				
Quoted Equity Investments				
Non- Financial Assets				
Investment Property				
Land And Buildings				

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

iv) Capital Risk Management

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

Notes to the Financial Statements (Continued)

	Period ended June 2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Revaluation Reserve		
Retained Earnings		
Capital Reserve		
Total Funds		
Total Borrowings		
Less: Cash And Bank Balances		
Net Debt/(Excess Cash And Cash Equivalents)		
Gearing		

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.

	Period ended June 2025
	Kshs
Transactions with related parties	
a) Sales to related parties	
Others (specify) e.g. interest and bank charges	
Total	
B) purchases from related parties	
Purchases of electricity from KPLC	
Purchase of water from govt service providers	
Rent expenses paid to govt agencies	

	<i>Period ended June 202</i>
Training and conference fees paid to govt. Agencies	
Others (specify)	
Total	
b) Grants /transfers from the government	
Grants from national govt	
Grants from county government	
Donations in kind	
Total	
c) Expenses incurred on behalf of related party	
Payments of salaries and wages for xxx employees	
Payments for goods and services for xxx	
Total	
d) Key management compensation	
Compensation to key management	
Total	

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

	Period ended June 2025
	Kshs
Contingent Assets	
Insurance Reimbursements	-
Assets Arising from Determination Of Court Cases	2,470,000.00
Reimbursable Indemnities and Guarantees	-
Receivables From Other Government Entities	-
Others (Specify)	-
Total	2,470,000.00

Contingent Liabilities

	Period ended Sep/Dec/ March/ June 20xx
	Kshs
Contingent Liabilities	
Court Cases against the Entity	733,500,000.00
Bank Guarantees in Favour of Subsidiary	-
Contingent Liabilities arising from Contracts Including PPPs	-
Others (Specify)	-
Total	733,500,000.00

27. Events after the Reporting Period

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

28. Ultimate And Holding Entity

The Entity ultimate parent is the Government of Kenya.

29. Currency

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

Notes to the Financial Statements (Continued)

16. Appendix

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;

Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Entity responsible for implementation of each issue;

- (iii) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to County Treasury.

George Omondi Okong’o

County Executive Committee Member – Finance and Economic Planning and ICT (E-Government) Services

Date;.....

Appendix II: Projects implemented by (The Entity)

Project title	Project Number	Donor	Period/	Donor	Separate	Consolidated

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)

Project	Total	Total	Completion %	Budget	Actual	Sources of

Appendix IV: Transfers from Other Government Entities

Name of the MDA Donor Entity	Date received as	Nature of Recurrence	Type of Amount	Statement of Finan	Where Recorded/recognized				Total Transfers
					Deferred Income	Receivable	Other Assets	Liabilities	

Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objective	Project Activities	Source of Funds				Implementing Partners
				P	D	O	Q	

Appendix VII: Disaster Expenditure Reporting Template

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Program	Sub-program	Disaster type	Category of disaster related activity (disaster response/recovery, mitigation, preparedness)	Expenditure items	Amount (Ksh)	Comments

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					
Buildings and structures					
Transport equipment					
Office equipment, furniture and fittings					
ICT Equipment					
Machinery and Equipment					
Biological assets					
Infrastructure Assets- Roads, Rails					
Heritage and cultural assets					
Intangible assets					
Work in Progress					
Total					