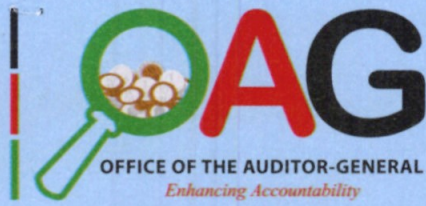
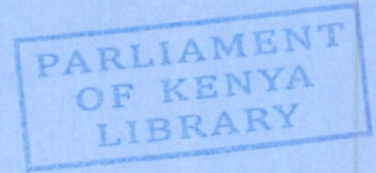


REPUBLIC OF KENYA



REPORT



OF

THE AUDITOR-GENERAL

ON

KENYA SCHOOL OF GOVERNMENT

FOR THE YEAR ENDED

30 JUNE, 2025

**THE NATIONAL ASSEMBLY
PAPERS LAID**

DATE: 11 FEB 2026

DAY.

WEDNESDAY

**TABLED
BY:**

LEADER OF MAJORITY PARTY

(HON. KIMIANI ICTHUNGWAH)

**CLERK-AT
THE-TABLE:**

J. LEMERELLE

OFFICE OF THE AUDITOR GENERAL
P.O. Box 30084 - 00100, NAIROBI
RECORDS OFFICE

10 DEC 2025

RECEIVED



KENYA SCHOOL OF GOVERNMENT

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE, 2025

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

KENYA SCHOOL OF GOVERNMENT
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1. ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS

A: ACRONYMS AND ABBREVIATIONS

CEO	Chief Executive Officer
CBK	Central Bank of Kenya
CBS	Chief of the Order of the Burning Spear
DG	Director General
Dr.	Doctor
EBS	Elder of the Order of the Burning Spear
GTI	Government Training Institutes
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KSG	Kenya School of Government
KIA	Kenya Institute of Administration
KDLC	Kenya Development Learning Centre
NT	National Treasury
OAG	Office of the Auditor General
PFM	Public Finance Management
Prof.	Professor
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations

B: Glossary of Terms

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

Comparative Year- Means the prior period.

KENYA SCHOOL OF GOVERNMENT

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For the year ended June 30, 2025

I KEY ENTITY INFORMATION AND MANAGEMENT

a. Establishment of the School

The Kenya School of Government (KSG) was established by the KSG Act No. 9 of 2012. It came into effect on 1st July 2012. The KSG is the successor to the former Kenya Institute of Administration (KIA), the former Kenya Development Learning Centre (KDLC), and the former Government Training Institutes (GTIs) Baringo, Embu, Matuga and Mombasa. The School therefore has four (4) Campuses.

b. Principal Activities

The principal activity of the School is transformation of the Public Service by inculcating national values and developing core skills and competencies for quality service delivery in the Public Service.

c. Key Management

The School's day to day management is under the following key organs:

- i. Council members
- i. Director General/ CEO
- ii. Management

d. Fiduciary Management

The key management personnel who held office during the financial year ended 30th June

i	Director General	Prof. Nura Mohamed PhD.,EBS
ii.	Senior Director Finance & Administration	Dr. Tom Wanyama
iii.	Senior Director Academic Affairs	Dr. Josephine Mwanzia
iv	Director-Baringo Campus	Dr. John Bii
v	Director- Mombasa Campus	Dr.Rukia Atikia
vi	Director- Embu Campus	Dr. Anne Kangethe
vii	Director - e-Learning and Development	Dr. Joseph Ndung'u
viii	Director- Learning and Development	Dr. Rachael Ngesa

e. Fiduciary Oversight Arrangements

Kenya School of Government has established an audit committee composed of four council members and head of internal audit department being the secretary of the committee. Their role is to provide oversight responsibility in ensuring the School adheres to the statutory regulations and the approved policies and procedures of the School as well as other relevant government policies, procedures and pronouncement issued from time to time. Further, the Ministry of Public Service and Human Capital Development receives the performance of the School on a quarterly basis as a monitoring tool on the performance of the School.

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f. Headquarters

P.O.Box 23030-00604
Lower Kabete
Nairobi, Kenya

g. Contacts

Telephone: +254-020-4015000
254-727-496698
Email: directorgeneral@ksg.ac.ke
Website: www.ksg.ac.ke

h. Bankers

Kenya Commercial Bank Ltd
P.O Box 14959-00800
Nairobi, Kenya

National Bank
P.O Box 14959-00800
Nairobi, Kenya

Co-operative Bank of Kenya
P.O Box 48231 - 00100
Nairobi, Kenya

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

i. Independent Auditors

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

j Principal Legal Advisor

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

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II COUNCIL MEMBERS



Hon. Justice (Rtd.) Charles Nyachae; BA, LLB, LLM, MCIArB

Council Chairperson

Justice Nyachae is a Legal Professional with wide experience in private legal practice and served as Judge of the East African Court of Justice from 2018 until retirement in 2024. He has held national leadership positions in the Public Service and private sector including serving as a Chairperson at the Commission for the Implementation of the Constitution (from 2010 to 2015), Commissioner Kenya Law Reform, Chairman, the Institute for Education in Democracy and Chairman International Commission of Jurists, Kenya section. He is a Member of several professional bodies including Law Society of Kenya, East African Law Society, Commonwealth Law Association International Bar Association, Institute of Certified Public Secretaries (Kenya), Chartered Institute of Arbitrators (UK) and the Chartered Institute of Mediators and Conciliators. He joined the Council on 18 January 2024.



Gatwiri Kiriimi - Independent Member

Ms. Gatwiri holds a Master of International Business Administration, Strategic Management Entrepreneurship and a bachelor of Science degree (marketing) from United States International University. Currently she is a Managing Director at Inforparts Technologies Limited. She is the Chairperson for the Finance and General Purpose committee and Human Resource committees.

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II COUNCIL MEMBERS



Linnet Mirehane - Independent Member

Linnet Mirehane became a Council Member at KSG in 2022. She has served on many boards among them, National Bank of Kenya, National Bank Staff Pension Fund, National Bank Bancassurance Ltd and O&M Estates Ltd. Linnet holds a Bachelor of Education degree from Kenyatta University, Diploma in Management of NGOs from Kenya Institute of Management, Certificate in Organizational Leadership from Harvard Business School (HBS), a Certificate in Women Directors Leadership Programme from Strathmore University Business School and a Certificate in Trustee Development Programme (Kenya). Linnet is also a Certified Mediator and a Trainer in Leadership, a member of the Institute of Directors, Insurance Institute of Kenya, The Boardroom Africa (TBrA) and Women on Boards Network. She is currently a member of the Audit and Risk Committee and the KSG Retirement Benefits Scheme.



Mr. Ezekiel Otieno Owuor, BA, MBA, MCIM, COP ; Independent

Mr Owuor has a wide experience in the financial services industry mainly Insurance, Asset Management and Banking. He has served at senior management levels and boards of various organisations in those fields. His expertise in Business Strategy, Strategic Planning, Business Analysis, Account Management, Negotiation, Marketing, Communications, Operations and Customer Service are invaluable in his role as KSG Council Member. Currently Mr Owuor is a Managing Partner of LE Global Ltd. He holds professional membership of Kenya Institute of Directors (IOD –Kenya), Chartered Institute of Marketing (CIM - UK), Retail Banking Academy (RBA - UK), Kenya Institute of Management (KIM) and Marketing Society of Kenya (MSK). He joined Kenya School of Government Council on 18th January, 2024. He is a chairperson of Human resources committee and a member of the Audit and Risk Committee.

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II COUNCIL MEMBERS



Professor Daniel Kipkirong Tarus, PhD (Finance), - Representing Universities

Professor Tarus joined the KSG Council effective January 26, 2024. He is a Management expert with an extensive background in finance, human resource, procurement, and strategic planning with a focus on managing change. He has extensive experience in the practice and training in finance, accounting, leadership and strategy. He has actively engaged in research and practice in the area of finance and has published widely in those fields. He is a Member of Institute of Certified Public Accountants of Kenya (ICPAK), Institute of Certified Secretaries of Kenya (ICSK), African Finance Association and Eastern Association, USA. Prof. Tarus is also an Executive Committee Member of Business Ethics Network Africa (BEN-Africa). He is currently Deputy Vice Chancellor - Administration, Finance and Planning at Rongo University. He is a member of the Learning and Development as well as Finance and General Purpose Committees.



Micah Origa - Representing Principal Secretary, The National Treasury

Micah Origa holds a Master of Science Degree (MSC Finance) from the University of Nairobi, Master of Business Administration (MBA) from University of Calicut and a Bachelor of Commerce (B.Com) degree from the same University. He is also Certified Public Accountant (CPA- K). Mr. Origa has wide experience in public sector budget formulation, preparation, implementation and monitoring. He has sat in several other boards over the last ten years. He is a member in the Audit and Risk, Finance and General Purpose as well as Human Resource Committees.

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II COUNCIL MEMBERS



Joseph Musyoki - Member Representing Commission for University Education

Joseph Musyoki is a holder of a Master of Science Degree (Zoology) and a Bachelor of Education Degree from Kenyatta University. Mr. Musyoki has vast experience, spanning over 20 years, in research and higher education quality assurance. He is currently in charge of Institutional Accreditation at the Commission for University Education. He is a member of Learning and Development and Human Resource Committees.



Mr. Denis M. Mutahi –Representing Principal Secretary, Ministry of Public Service and Human Capacity Development

Mr. Mutahi holds a Masters of Science in Human Resource Planning and Development and a Bachelors of Education. He is a career civil servant with over 20 years of civil service experience and currently serving as a Director of Human Resource Management and Development, Ministry of Public Service and Human Capacity Development. He is a member in the Human Resource Committee, Risk and audit, Learning and development and Finance and General Purpose committee.

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II COUNCIL MEMBERS



Commissioner Mary Mwiandi ; Representing The Public Service Commission

Dr. Mary C. Mwiandi, Ph.D, MBS a Commissioner in the Public Service Commission since 2019. She has a background in education and has served as a lecturer in the University of Nairobi. She is a community leader and has been a member of the Board of Management of Kenya Marine and Fisheries Research Institute (KMFRI) and various school management boards. She is the Chairperson of the Learning and Development a member of Human Resources committee as well as Learning and Development Committee.



Mr Stephen Mukhebi Situma- Representing Principal Secretary Higher Education

Mr. Situma who joined KSG Council on February 8, 2024 holds a Master of Science in Applied Chemistry, a bachelor's degree in education, and a Postgraduate Diploma in Monitoring and Evaluation. He is a Member of the Kenya Chemical Society and Evaluation Society of Kenya. He is a NEMA Lead Expert and member of the Environment Institute of Kenya. With over 25 years of experience in research and management, Mr. Situma has served in various organizations and research institutions. Currently, he holds the position of Principal Research Scientist and Ag. Head of Physical and industrial Sciences at National Commission for Science, Technology, and Innovation (NACOSTI). He is member of Learning and Development committee as well as Finance and General Purposes Committee.

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II COUNCIL MEMBERS



**Dr Rose Ngugi Ph.D (Financial Economics -UK) ;
Representing Kenya Institute for Public Policy Research and Analysis (KIPPRA)**

Dr Ngugi who joined KSG Council on 18th January 2024 has extensive experience in public policy making processes at domestic and international levels, policy research and analysis and capacity building. Dr Ngugi has served as Chairperson on Southern Voice, an international network of think tanks on policy making, Co-Chair of T20 Taskforce B on multilateralism and Global Governance, Senior Advisor in the Executive Board, African Group 1 in IMF and was a member of the inaugural Monetary Policy Committee of the Central Bank of Kenya. Dr Ngugi has published widely in the areas of economics and finance. She is currently Executive Director of Kenya Institute for Public Policy Research and Analysis (KIPPRA). She is in the Audit and Risk committee as well as Learning & Development Committee.



Prof. Nura Mohamed PhD.,EBS - Director General/ CEO

Prof. Nura Mohamed holds a Doctor of Philosophy in Financial Economics from Central University, the Master of Business Administration (MBA) in Finance from the University of Nairobi and the Bachelor of Commerce in Finance from the same University. Prof. Mohamed has experience in research, and development of curricula and training material.

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III KEY MANAGEMENT TEAM



Prof. Nura Mohamed PhD.,EBS
Director General/ CEO

Prof. Nura Mohamed holds a Doctor of Philosophy in Financial Economics from Central University, the Master of Business Administration (MBA) in Finance from the University of Nairobi and the Bachelor of Commerce in Finance from the same University. Prof. Mohamed has experience in research, and development of curricula and training material.



Dr. Josphine Mwanzia
Senior Director Academic Affairs

Dr. Josephine Mwanzia holds a Ph.D in Education from Victoria University of Wellington, Master of Education (Educational Management) from University of Brubei Darussalam and Bachelor of Education, Arts from the University of Nairobi.



Dr. Tom Oundo Wanyama
Senior Director Finance and Administration

Dr. Tom Oundo Wanyama holds a Ph.D in Environmental Sociology from Kenyatta University, Master of Arts in Sociology and a Bachelor of Arts from the same University. Dr. Wanyama has experience in capacity development in the Public Sector, Training and Consultancy.

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III KEY MANAGEMENT TEAM



Eng. Joseph Ndung'u

Director - e-Learning and Information Technology Institute

Mr. Joseph Ndung'u holds the Master of Business Administration from Moi University and Bachelor of Science (Electrical Engineering) from University of Nairobi. Mr. Ndungu has a wealth of experience in management, planning and organization of information and communication technology.



Dr. Anne Kangethe

Director - Embu Campus

Dr. Kang'ethe holds a PhD and a Master of Science degree in Entrepreneurship (JKUAT), and Bachelors of Education Degree from University of Nairobi. She has worked in the Public Service for over Twenty (20) years. She has a wide experience in Management Consultancy, Research and capacity building in the Public Service. She has published Articles on various topical Public Service issues in Peer Reviewed Journals and presented papers in both National and International Conferences.



Dr. Rachel Ngesa

Director- Learning and Development

Dr. Rachel Ngesa holds a Doctor of Philosophy (Ph.D.), Master of Education (Med) and a Bachelor of Education (Science) from Kenyatta University. Dr. Ngesa has over 26 years vast experience in public sector strategic leadership and management, training, research, case study development and program development for educational and training institutions.

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KEY MANAGEMENT TEAM...Cont'd



Dr. John Bii

Director- Baringo Campus

Dr. John Bii holds a Doctor of Philosophy (Ph.D.) in Business Administration (strategic management and e-commerce) from Kabarak University Kenya and Master of Business Administration majoring in strategic management from Mt. Kenya University. He has wide experience



Dr. Rukia Atikia

Director- Mombasa Campus

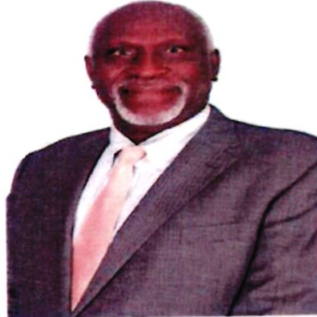
Dr. Rukia holds BBOM, MBA, DBA Strategic Management from Jomo Kenyatta University. She has experience in research, consultancy and training on competitive strategies, strategic plans and development of organisations systems and procedures.

KENYA SCHOOL OF GOVERNMENT

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IV CHAIRPERSON'S REPORT



Introduction

I am pleased to present the Kenya School of Government 2024/2025 Annual report. I am proud that on behalf of the Council, I can express satisfaction that we have been able to perform extraordinarily well and deliver the good returns. The Council reaffirms its commitment to providing strategic advice and support to management as they execute the School's strategy by remaining faithful to our purpose of Empowering the Public Service.

Strategic Focus

During the Year under review we continued to implement our Strategic Plan 2024-2028 that has defined strategies to take advantage of opportunities in the markets we operate in. We firmly believe that implementation of these strategies will enable the School to achieve her desired financial performance in the coming years.

Business Environment

The school put in place sustainable plans of action premised on our strategic plan. We also believe that our core values of responsiveness, creativity and innovation, integrity, inclusivity, commitment and excellence shall guide us through. These values remain at the nerve center of our strategy going forward. Our stakeholders, can therefore, look forward to the future with confidence.

Financial performance

During the year 2024/2025 the School made a deficit of Kshs. 104.7M against a deficit of Ksh.206.6M made last year.

Sustainability reporting areas of focus

Our sustainability is anchored on our vision, mission and core values which determine the strategic objectives of the school. Our role and aim is to create value for stakeholders and the society. This is through tax remittance, corporate social responsibility and socio-economic empowerment of marginalized groups and environmental conservation. The Council and management ensure that all operations of the school are anchored on tenets of integrity, fairness and good corporate governance. Various policies have been established by the council as a guiding framework and oversight of the Corporation operations.

KENYA SCHOOL OF GOVERNMENT
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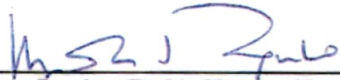
IV CHAIRPERSON'S REPORT

Future outlook

In the short, medium and long term, I anticipate that the School will continue to go from strength to strength, as we implement and realise our strategic vision, and continue to offer quality service to our stakeholders. We will continue to bolster the economies in which our endeavours play an increasingly important societal and financial role. KSG's journey over the past financial year reflects resilience, innovation and a deep commitment to our purpose. I am certain that as we expand our services, we will drive positive change and create value for our School, customers, and the communities among whom we operate. It is my sincere conviction that we will continue to nurture a harmonised business environment by working together with all our stakeholders to ensure our sustained success.

In Conclusion

I take this opportunity to thank my colleagues in the Council for the relentless support you have continued to offer the management team for your unfailing commitment and dedication and our stakeholders who includes our clients and suppliers for their continued faith and support of the growth of the School.



Hon. Justice (Rtd.) Charles Nyachae
Council Chairperson

Date

KENYA SCHOOL OF GOVERNMENT
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V REPORT OF THE DIRECTOR GENERAL



Introduction

KSG achieved various milestones in training, research and advisory services, consultancy and public outreach programs. We have continued to train public servants from both the National and County Governments, State Agencies and Non-Governmental

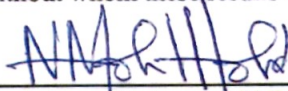
During the period under review, the School realized revenue amounting to Kshs. 2.3 billion against a target of Kshs. 2.6 billion representing 89% of the achievement. The revenue grew by 9.3% from Ksh.2.1 billion generated in 2023/2024 financial year to Kshs.2.3 billion in the FY 2024/2025. The School made a deficit of Ksh Ksh 104.7 M against a deficit of Ksh 206.6M made in 2023/2024.

Challenges

The year under review proved to be an extremely difficult period for our operations. High rates of interest and inflation produced challenging conditions during the year. This in turn exacerbated the consequent inflationary outcome and the constraints on our key stakeholder the Government and the training budget being significantly reduced. The cost of operations was also highly affected. It is important to note that all these played out against a still unsettled global economy, in which war and its effects on trade, logistics and energy continued to exert knock-on pressures across the world and especially on developing economies.

Acknowledgements

I wish to thank KSG Council led by the Chairperson for its support and guidance in steering the School. I wish to thank our customers and suppliers for the confidence they have in the School. I also wish to appreciate members of Management and staff of KSG without whom these results would not have been possible.



Prof. Nura Mohamed PhD.,EBS
Director General & Chief



Date

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VI STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Section 81 subsection 2(f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

In line with KSG's Vision and Mission, four key result areas, which reflect KSG's mandate and responsibilities in the realization of Kenya Vision 2030 have been identified and has been the pillars of this Strategic Plan FY 2023/2024- 2026/2027. The Key Result Areas are:

- 1 Capacity Building of the Public Service
- 2 Consultancy
- 3 Research and Advisory services
- 4 Institutional Transformation and Positioning

KSG will deliver on the Key Result Areas by implementing the following Strategic Objectives:

- 1 Develop and implement relevant training programs
- 2 Promote research, scholarship and innovation
- 3 Enhance evidence-based research advisory services
- 4 Expand consultancy services to support delivery of quality services
- 5 Develop suitable infrastructure
- 6 Enhance corporate visibility and positioning of the School
- 7 Enhance good corporate governance and management in the School
- 8 Strengthen the human resource capacity of the School
- 9 Ensure financial sustainability of the School

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KEY RESULT AREA (STRATEGIC PILLAR)	STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	ACTIVITIES	ACHIEVEMENT S
1. Training	Review, Develop, and Roll out appropriate training programs	Number of Programmes Reviewed, New training programs developed and implemented	Develop and roll out new programs	<p>Developed the following new programs:</p> <p>Essential Skills for Village Administrative Elders</p> <p>OAG Induction Training Programme</p> <p>Digital Skills Development</p> <p>Financial Management for Small Scale Business Owners</p> <p>Gender and Counter Terrorism Program</p> <p>Corporate Governance for Water Sector</p> <p>Capacity Building Program for Chairperson, Board Members and CEOs of Regulatory Authorities and Agencies</p> <p>Public Service Governance, Ethics and Integrity Transformation Programme (Executive, Top Management, Middle/Technical Level Staff, Operational Level Staff, Integrity Officers)</p> <p>Bottom-Up Economic Transformation Agenda (BETA) - Sensitization Curriculum for Public and State Officers</p> <p>Rolled out the following new programs:</p> <p>Essential Skills for Village Administrative Elders</p> <p>Capacity Building Program for Chairperson, Board Members and CEOs of Regulatory Authorities and Agencies</p> <p>Bottom-Up Economic Transformation Agenda (BETA) - Sensitization Curriculum for Public and State Officers</p> <p>Corporate Governance for Water Sector</p>
	Conduct and implement Competency Gap and Training Needs Assessment in areas of competency	Competency Gap and Training Needs Assessment Reports	Number of Competency Gap and TNA undertaken and implemented	State of Devolution Address (SODA) capturing the forty-seven Counties dated July 2025 (Covers all forty-seven Counties).

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2.	Research and Advisory services	Undertake research in areas aligned to national development priorities	Report in research undertaken in place	Number of research undertaken	<p><i>The School undertook research on the following Themes and Sub Themes:</i></p> <p>Public Service Governance and Culture Transformation</p> <p>Sub-themes</p> <p>a. Transparency and Accountability in Government b. Anti-corruption strategies and ethical governance c. Legal framework and regulatory compliance d. Building a culture of integrity in Public Service</p> <p>Local/ Decentralized Government</p> <p>Sub-themes</p> <p>a. Forms of Decentralization b. Decentralization and Good Governance c. Resource Mobilization and Fiscal Decentralization</p> <p>Digital Governance and e-Governance</p> <p>Sub-Themes</p> <p>a. Implementation of digital platforms for public services b. Data analytics and big data management c. Cyber Security and Data Protection d. Use of Artificial Intelligence (AI) and Machine Learning.</p>
3.	Consultancy	Expand consultancy services to support delivery of quality service	Number of consultancies undertaken	Undertake consultancy in strategic priority areas of public service, including the National Transformation	<p><i>The School carried out the following consultancies in the following areas:</i></p> <p>Development of Strategic Plan - Tea Board of Kenya Development of Kenya Migration Profile - IOM Transitioning Ushanga to Social Enterprise - Heritage Recruitment - North Rift Water Works Development Agency Strategic Plan Development - KITWASCO Legal Compliance and Governance Audit - KNATCOM</p>

KENYA SCHOOL OF GOVERNMENT
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VII CORPORATE GOVERNANCE STATEMENT

Good corporate governance is a fundamental part of the culture and practices by which an organization is operated, regulated and controlled so as to fulfill its goals and objectives in a manner that adds value and benefits all its stakeholders.

The Council of the Kenya School of Government is responsible for School's governance. Both the Council and senior management of the School are committed to the highest levels of corporate governance, which it considers critical in achieving the School's mandate. Accordingly, the School therefore fosters a culture that values and rewards the highest ethical standards and personal and corporate integrity. The Council also has a charter that is reviewed from time to time within a period not exceeding five years.

The Role of the Council

The Council's responsibilities are broadly set out in The Kenya School of Government Act, 2012 that establishes the School. Other broad responsibilities are contained in State Corporations Act, Cap.446 Laws of Kenya. Specifically, the Council defines the School's strategies, objectives and values and ensures that its procedures and practices are in tandem to ensure effective control over strategic, financial, operational and compliance issues.

The Directors bring a wealth of experience and knowledge to the Council's deliberations. Except for direction and guidance on general policy, the Council delegates authority of its day-to-day activities to the Management through the Director General. The Council nonetheless is responsible for the overall stewardship of the School and assumes responsibility for effective direction and control.

Composition and removal of the Council

The Council comprises twelve members including the Director General. Four of the Council members are independent non-executive members including the Chairman. All non-executive council members retire after a term of three (3) years from the date of appointment and are eligible for re- appointment for one more term. With the exception of Director General, the remaining seven Council members are institutional representatives bringing on board closely-knit interests, experiences and balance from and by key School stakeholders.

The Council members above shall cease to be members if they become bankrupt, incapacitated, resigns in writing or is criminally convicted.

Council Meetings

The Council schedule of meetings is prepared annually in advance. The Council holds its regular meetings at least once every three months and special meetings may be called when necessary.

Below is the attendance of the meetings by the Council Members:

KENYA SCHOOL OF GOVERNMENT
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For the year ended June 30, 2025

VII CORPORATE GOVERNANCE STATEMENT

	Council Member	No. of meetings held in the year	No. of meetings attended	% of attendance
1	Justice (Rtd) Charles Nyachae	9	9	100%
2	Ms.Linnet Mirehane	9	7	78%
3	Mr. Joseph Musyoki	9	5	56%
4	Mr. Micah Origa	9	5	56%
5	Mr. Denis Mutahi	9	9	100%
6	Ms. Gatwiri Kirimi	9	9	100%
7	Commissioner Mary Mwiandi	9	5	56%
8	Dr. Rose Ngugi	9	3	33%
9	Ezekiel Owuor	9	8	89%
10	Stephen Situma	9	9	100%
11	Prof. Daniel Tarus	9	6	67%

The attendance for some of the Council members is low because they joined the Council during the year as indicated in the table below.

Notes

1	Dr. Rose Ngugi	Ceased to be a member in December 2024
2	Commissioner Mary Mwiandi	Ceased to be a member in February 2025
3		
4		
5		
6		

COMMITTEES OF THE COUNCIL

The Council has the following Committees that meet under defined terms of reference set by the Council. This is intended to facilitate efficient decision-making of the Council in discharging its duties and responsibilities.

(a) Risk and Audit Committee

The Committee assists the Council in fulfilling its corporate governance responsibilities and in particular to strengthen the effectiveness of the internal audit function; maintaining oversight on internal control systems; provision of general oversight in risk and compliance matters; and ensuring quality, integrity, effectiveness and reliability of the School's risk management framework.

Below is the attendance of meetings by the Committee

	Council Member	No. of meetings held in the year	No. of meetings attended	% of attendance
1	Ms.Linnet Mirehane	5	4	80%
2	Denis Mutahi	5	5	100%
3	Micah Origa	5	5	100%
4	Charles Tirok (Co-opted)	5	3	60%
6	Dr. Rose Ngugi	5	3	60%
7	Ezekiel Owuor	5	4	80%

The low attendance of Dr. Rose Ngugi and Mr. Ezekiel Owuor noted in the table above is because they joined the Council in January 2024.

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VII CORPORATE GOVERNANCE STATEMENT

(b) Learning and Development Committee

The Committee's mandate is to ensure the Learning and Development in general is functional. Specifically, the Committee's responsibilities include identifying learning service challenges and opportunities in the School and ensuring that they are resolved; review any changes on policy issues on standards, quality assurance and research; liaise with the stake holders on matters of quality of training curriculum; and undertake comprehensive quarterly evaluation of standards, quality assurance programs in the School.

Below is the attendance of the committee members in the meetings:

	Council Member	No. of meetings held in the year	No. of meetings attended	% of attendance
3	Mr. Denis Mutahi	9	9	100%
4	Mr. Joseph Musyoki	9	7	78%
6	Commissioner Mary Mwiandi	9	7	78%
8	Dr. Rose Ngugi	9	6	67%
10	Prof. Daniel Tarus	9	9	100%
12	Stephen Situma	9	9	100%

This Committee was reconstituted in March 2024 hence the low attendance for some of the Council members

c) Human Resource Committee

The Committee reviews and provides recommendations on issues relating to all human resource matters including career progression, performance management, training needs, staff recruitment, staff placement, promotions, demotions, discipline, and staff welfare.

Below is the attendance of the committee members in the meetings:

	Council Member	No. of meetings held in the year	No. of meetings attended	% of attendance
1	Gatwiri Kirimi	12	9	75%
3	Mr. Denis Mutahi	12	12	100%
4	Prof. Michael Lokuruka	12	12	100%
5	Mr. Micah Origa	12	7	58%
6	Mr. Joseph Musyoki	12	11	92%
7	Mr. Ezekiel Owuor	12	11	92%
8	Commissioner Mary Mwiandi	12	6	50%

This Committee was reconstituted in March 2024 hence the low attendance for Ms. Linnet Mirehane, Mr. Joseph Musyoki and Commissioner Mary Mwiandi.

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VII CORPORATE GOVERNANCE STATEMENT

(d) Finance and General Purpose Committee

The Committee assists the Council to fulfill its oversight responsibilities relating to the School's finance, information and technology, procurement and related activities.

Below is the attendance of the committee members in the meetings:

	Council Member	No. of meetings held in the year	No. of meetings attended	% of attendance
1	Ms. Gatwiri Kirimi	12	12	100%
2	Mr. Micah Origa	12	10	83%
3	Mr. Denis Mutahi	12	12	100%
4	Charles Tirok (Co-opted)	12	8	67%
5	Prof. Daniel Tarus	12	11	92%
6	Stephen Situma	12	12	100%

This Committee was reconstituted in March 2024 hence the low attendance for some of the Council members.

Succession Plan

In order to ensure succession planning and management in the Council, the School has a mechanism of ensuring a staggered appointment or rotation of Council members so as to ensure proper skills mix and infusion of skills and experience from time to time.

Induction and Training

The School recognizes the importance of having a well informed and fully empowered Council and Management. In this regard, relevant training and capacity development opportunities are organized to equip Council Members and staff with skills and knowledge necessary to effectively perform their responsibilities.

Conflict of Interest and Ethics

The Council Members and management are required to make disclosures of any transaction in which they have interest and which would constitute a conflict of interest and abstain from voting for the case of Council members when such matters are being considered. Further, the Council and the management are required to adhere to ethical standards that govern the School's activities. In order to ensure compliance each council member is required to declare before commencement of each meeting whether he or she has any conflict on any of the agenda before them. This is documented in the minutes as well.

Council Remuneration

The Council members are entitled to sitting and other allowances (where applicable) for every meeting attended within the set Government guidelines. The aggregate amount of emoluments paid to the Council Members during the financial year for services rendered are disclosed in the financial statements.

Council Performance

The Council invites State Corporations Advisory Committee to carry out evaluation of the Council on an annual basis. The Council also carries out self evaluation annually to review and audit its role and success or otherwise to meet the challenges envisaged at the beginning of each year as guided by the Council Charter.

KENYA SCHOOL OF GOVERNMENT

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VIII MANAGEMENT DISCUSSION AND ANALYSIS

1 Operational and financial performance

The Kenya School of Government in line with her mandate of ensuring public service transformation, developed additional three new training programs. These new training programs were occasioned by the rapidly evolving work environment having been conceptualized through a rigorous stakeholder validation process during the curricula development period.

Further, during the year the school rolled out the following programs: Leadership Program and National Transformation, wellness and self care for women, creative arts skills development, alternative dispute resolution and restoration and Management of educational institutions.

One of the mandates of the School is to carry out research. During the year, several research projects were carried out in partnership with various sponsors. This include uptake and implementation of AGPO and PWD and universal health coverage.

In order to ensure financial sustainability, the school has deployed rigorous debt collection strategies which includes having senior members of staff including directors visiting clients to collect debts

The school also entered into various linkages and collaborations with a view of deepening her consultancy services. These includes a collaboration with African Countries such as Angola, Ghana and Ethiopia.

2 Compliance with statutory requirements

The School in its business affairs complies with the statutory regulations such as Public Finance Management Act, 2012 and abides by all Government laws accordingly.

3 Major risks facing the School

- i. The School's major risk is operational risk attributed by reduction in budgets for National and County Government as a result of austerity measures. This has led to low numbers of participants enrolment
- ii. The School also encountered liquidity risk during the year. However, the management has adopted very aggressive strategies to collect debts to minimize liquidity risk.

KENYA SCHOOL OF GOVERNMENT

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IX CORPORATE SOCIAL RESPONSIBILITY/ SUSTAINABILITY REPORTING

Kenya School of Government exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy which is founded on training, research and advisory services, consultancy services, institutional strengthening and positioning, human capital and talent management and financial growth and sustainability; putting the customer citizens first, delivering relevant services and improving operational excellence. Below is a brief highlight of the School's achievements:

1 Sustainability strategy and profile

Our sustainability is anchored on our vision, statement of purpose and core values which determine the strategic objectives of the School. Our role is to ensure that our business and by extension our various stakeholders are able to grow in a sustainable manner and not in the short term.

Our aim is to create value for shareholders and the society alike and in order to achieve this; we focus on several key areas:

- a. **Economic:** Kenya School of Government continues to contribute to the economy through the remittance of taxes such as a pay as you earn (PAYE), withholding tax, withholding vat, excise duty, value added tax (VAT) and housing levy.
- b. **Socio-Economic:** The School has continued to engage AGPO mostly women, youths and persons with disability through request for quotations method of procurement.

2 Environmental performance

KSG invested in indigenous, medicinal and fruit trees that were planted during the rainy season across campuses.

3 Employee welfare

The School has Human Resource Management Policy and Procedure Manual that seek to assist the School in implementation of its strategic plan to be consistent with the legal framework governing employer-employee relationship in Kenya and internationally recognized best practice. The purpose of the manual is to facilitate the attraction, development and retention of high performing staff. The policy is reviewed from time to time.

The School has continued to train staff on short courses both held within the School and outside the School such as professional bodies in order to improve skills to staff. Further, the School has continued to reimburse fees for those who out of their own initiative have embarked on a course relevant to their duties in order to manage careers.

4 Market place practices

The School has ensured that:

- a. **Responsible competition practice:** In order to ensure responsible competition practices with issues like anti-corruption, the School has been ensuring that it undertakes all its activities within the laws of Kenya. Also in order to ensure fair competition and respect for competitors the School has continued to engage the Government for assistance that they may require.

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IX CORPORATE SOCIAL RESPONSIBILITY/ SUSTAINABILITY REPORTING

b. Responsible supply chain and supplier relations: The School has ensured that it complies with Public Procurement and Asset Disposal Act 2015 while carrying out procurement operations in order to ensure good business practice. Further, the School has a procurement and procedure manual that guides operations in procurement.

c. Responsible marketing and advertisement: The School has been carrying out advertisements on "my Gov" platform as well as on its website for new and existing programs.

d. Product stewardship: In order to protect consumer rights and interests, our customers are provided with information regarding the course requirements before admission and during the commencement of the course. Further, the School ensures confidentiality while interacting with customers.

5 Community engagement

In the FY 2024/2025, the Kenya School of Government engaged in activities as follows:

N	Activities	Venue	Item Donated
1.	Planned visit: Lower Kabete staff contacted the coordinator of the Home for a visit to the Home to spend time with the aged and find out how the home runs and the challenges that they face	Thogoto PCEA Home for the Elderly	Dry food stuffs, cleaning materials, clothes and beddings
2.	Staff went to the community in Kinta, following the floods crisis in Kenya early 2024.	Kinta Constituency, Lower Kabete	Dry Food stuffs, clothes, and beddings
3.	Staff visited children at ACK special School following the floods crisis in Kenya early 2024.	ACK St. Monica special school	Dry Food stuff, and Assorted clothes
4.	Planned visit to a Children's Home to mark the Customer Service Week	Children's Home in Kizingo	Dry Food stuff and
5.	Staff members gathered course participants for tree planting and environmental restoration	Mkupe Restoration at, Mombasa	3,000 mangrove trees planted
6.	Staff members gathered course participants to visit the girls for a sanitary cause	Baringo National Polytechnic, Kapsoo	Sanitary towels
7.	Luncheon party for the vulnerable children from special schools and senior citizens	Mombasa	Food, non-food items and cheque of K.shs. 20,000
8.	Medical Camp to mark the Cancer awareness season:	Convention Centre, Lower Kabete	None

KENYA SCHOOL OF GOVERNMENT
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X REPORT OF THE COUNCIL

The Council submit their report together with the financial statements of Kenya School of Government for the year ended June 30, 2025 which show the state of the School's affairs.

Principal activities

The Principal activities of the School has continued to be according to Article 5(2) of the KSG Act 2012 which is to provide training, research and consultancy and advisory services designed to inform public policy, promote national development and standards of competence and integrity in the public service.

Results

The results of the School for the year ended June 30, 2025 are set out on page 1. Below is a summary of the performance of the School during the year.

	2025	2024
	kshs	kshs
Total Revenue	2,300,144,292	2,104,537,874
Total Expenditure	(2,412,796,930)	(2,309,180,887)
Other gains/ losses	8,877,114	1,668,975
Taxes	<u>(877,275)</u>	<u>(3,578,782)</u>
Deficit for the year	<u>(104,652,799)</u>	<u>(206,552,820)</u>

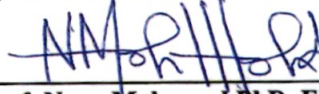
Council Members

The Council members who served during the year are shown on pages v-x in accordance with the Kenya School of Government Act 2012. During the year one Council members retired while five Council members were appointed.

Auditors

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

By Order of the Council



Prof. Nura Mohamed PhD.,EBS
Director General & Chief Executive Officer

8/12/2025
Date

KENYA SCHOOL OF GOVERNMENT
Annual Report and Financial Statements
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XI STATEMENT OF COUNCIL RESPONSIBILITIES

Under the provisions of Section 81 of the Public Finance Management Act, 2012 and Section 17 of the Kenya School of Government Act 2012, KSG Council is required to prepare financial statements which give a true and fair view of the state of affairs at the end of the financial year and the operating results of the School. The Council is also required to ensure that the School keeps proper accounting records which disclose with reasonable accuracy the financial position of the School. The Council is also responsible for safeguarding the assets of the School.


The Council is responsible for the preparation and presentation of the School's financial statements, which give a true and fair view of the state of affairs of the School for and as at the end of the financial year ended on June 30, 2025. The 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 School; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and ensuring that these are free from material misstatements, whether due to error or fraud; (iv) make accounting estimates that are reasonable in the circumstances (v) safe guarding the assets of the School; (vi) selecting and applying appropriate accounting policies.

The Council accepts responsibility for the School's financial statements which have been prepared using appropriate accounting policies, supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting standards (IPSAS), and in the manner required by Public Finance Management Act 2012 and the Kenya School of Government Act 2012. The Council is of the opinion that the School's financial statements give true and fair view of the state of the School's transactions during the financial year ended June 30, 2025 and of the School's financial position as at that date. The Council further, confirms the completeness of the accounting records maintained for the School which have been relied upon in the preparation of the School's financial statements as well as the adequacy of the systems of internal financial control.

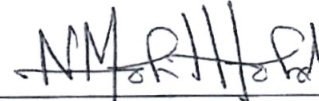
Nothing has come to the attention of the Council to indicate that the School will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The School's financial statements were approved by the Council on 2025 and signed on its behalf by:



Hon. Justice (Rtd.) Charles Nyachae
Council Chairperson



Prof. Nura Mohamed PhD.,EBS
Director General & Chief Executive Officer

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA SCHOOL OF GOVERNMENT 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 financial statements of Kenya School of Government set out on pages 1 to 37, 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 financial statements present fairly, in all material respects, the financial position of Kenya School of Government as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Kenya School of Government Act, No. 9 of 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unconfirmed Non-Current Assets

The statement of financial position reflects non-current assets balance of Kshs.9,275,165,184. However, the following observations were made: -

1.1 Excluded Leasehold Land

The non-current assets balance includes leasehold land balance of Kshs.1,923,246,996 as disclosed in Note 18 (a) to the financial statements. As previously reported, the balance excludes six (6) parcels of land valued at Kshs.1,677,336,407 located at Lower Kabete that were hived off and allocated to private individuals. Although available information indicates that these allocations have since been revoked by a court of law, the School has not obtained the respective ownership documents for the six (6) parcels of land.

1.2 Lack of Ownership Documents for Freehold Parcels of Land

The non-current assets balance includes property, plant and equipment balance of Kshs.7,347,266,625 as disclosed in Note 17 to the financial statements. As previously reported, included in the balance are freehold parcels of land owned by the School valued at Kshs.783,700,000 which Management indicated that they belong to Mombasa and Matuga Campuses. However, their title deeds were not provided for audit review. In addition, review of documents at Matuga Campus revealed that there were one hundred and thirty-eight (138) illegal allottees on the parcels of land where thirteen (13) have been issued with title deeds and sixty-one (61) have been discharged.

Further, the fixed assets register maintained by the School for Mombasa and Matuga campuses did not have information detailing the assets' description, cost, date of acquisition, location, and depreciation charge for the year, accumulated depreciation and net book value of the assets.

In the circumstances, the accuracy, ownership and completeness of the non-current assets balance of Kshs.9,275,165,184 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya School of Government Management

in accordance with ISSAI 130 on 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

1. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.2,238,699,830 as disclosed in Note 25 to the financial statements. An analysis of the aging report indicates that Kshs.91,060,760 has remained outstanding for over three (3) years. However, the School has not developed a clear strategy or actionable plan to address and settle these obligations. Failure to settle bills during the year in which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge. This is also contrary to Regulation 42(1) of the Public Finance Management (National Government) Regulations, 2015.

2. Long Outstanding Receivables

The statement of financial position reflects receivables from exchange and non-exchange transactions balance of Kshs.1,871,903,842 as disclosed in Note 22 to the financial statements. This balance includes trade debtors of Kshs.1,822,561,920 after provision for bad debts of Kshs.225,260,462, other receivables of Kshs.41,298,299 and staff debtors of Kshs.8,043,623. However aging analysis provided indicates an amount of Kshs.495,753,532 has been outstanding for over three (3) years. In the circumstances, Management may never recover the long outstanding receivables.

3. Delay in Settlement of Retention Fees

The statement of financial position reflects trade and other payables balance of Kshs.2,238,699,830 as disclosed under Note 25 to the financial statements. Included in this is retention money of Kshs.185,300,049 for the ultra-modern project which was handed over on 18 June, 2021 and the defects liability period was for 6 months ending on 17 December, 2021. It was however noted that School had not settled the amount due to the contractor for certificate one (1) to twelve (12) of Kshs.18,333,240 as per the letter dated 17 February, 2025 from the contractor. In addition, the contractor had indicated that he had charged interest on retention of Kshs.8,550,523. Its therefore not clear why Management has not settled the retention fees. Further, there was no retention register maintained by the School to enable confirmation of the current status of retention fees.

My opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the effect of 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 years' audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the School in the financial year 2024/2025, revealed that the issues remained unresolved as listed in **Appendix I**.

Other Information

Management is responsible for the Other Information set out on page iii to xxx which comprise of Key Entity Information and Management, Statement by the Chairman, Statement by Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit of the School'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 and I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that Other Information is not materially inconsistent with the financial statements.

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. Delay in completion of Projects

1.1 Construction of Deputy Director's House at Baringo Campus

The contract for the proposed completion works for the Deputy Director's house at Baringo campus reference No. KSG/BAR/039/2013-2014 was awarded in 2014 at a sum of Kshs.4,426,212. According to the contract, the construction was to be completed by

September, 2016. However, site visit carried out October, 2025 revealed that the contractor had abandoned the site in 2017 due to non-payment of certified works valued at Kshs.2,001,756 as per Certificate Number 01 of 19 October, 2017. The works done so far have deteriorated and in addition there is an ongoing court case on the same.

1.2 Construction of Convention Centre at Embu Campus

As previously reported. the construction works for the tuition block at Embu Campus was awarded on 29 June, 2020 at a sum of Kshs.1,129,696,989. The project was to be completed in one hundred and thirty (130) weeks by 29 December, 2022. During the year under review the contract was revised to 29 December, 2024. However, documentary review and physical verification of the project in October, 2025, revealed that the project was at approximately 50% completion. The project is significantly behind schedule.

1.3 Construction of Tuition Block at Matuga Campus

The proposed construction of a tuition block at Matuga Campus was awarded at a contract price of Kshs.745,050,231 for a period of one hundred and fifty-six (156) weeks, commencing 07 July, 2020 and ending on 07 July, 2023. During the year under review the contract completion date was extended to February, 2025. However, review of the progress report and physical inspection carried out in the month of October, 2025, revealed that although the contractor was on site, the project was approximately at 36% completion. However, the project is yet to be completed.

In the circumstances, value for money on the projects may not be achieved and Management may incur additional costs to rehabilitate some of the facilities which have already dilapidated.

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, 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 the Council

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 School 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.

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

Auditor-General's Responsibilities for the Audit

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities

that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

18 December, 2025

Appendix I: Unresolved Prior Year Audit Matters

No.	Financial Year	Audit Issue
1	2023/2024	Excluded Leasehold land
2	2023/2024	Lack of ownership documents for Freehold parcels of land
3	2023/2024	Long Outstanding Payables
4	2023/2024	Construction Tuition block at Baringo Campus
5	2023/2024	Construction Deputy Directors House at Baringo Campus
6	2023/2024	Construction of a Convention Centre Embu Campus
7	2023/2024	Construction of Tuition Block Matuga Campus
8	2023/2024	Net pay One -Third Basic Rule
9	2023/2024	Failure to prepare Car and Mortgage Financial Statements
10	2023/2024	Long Outstanding Receivables
11	2023/2024	Weakness in ERP System used by the school
12	2023/2024	Under-staffing at the Kenya School of Government

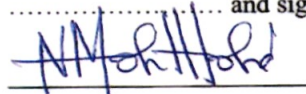
KENYA SCHOOL OF GOVERNMENT
Annual Report and Financial Statements
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XIII STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 kshs	(Restated) 2024 kshs
REVENUES			
Revenue from Non exchange transactions			
Government grant	10	200,160,684	373,495,859
Revenue from Exchange transactions			
Training fees		1,204,951,963	935,798,188
Research and consultancy		77,152,550	45,634,557
Catering and Accomodation		432,814,041	298,216,432
Conferences and Workshops		229,754,955	290,568,401
Other income	11	155,310,099	160,824,437
TOTAL REVENUE		2,300,144,292	2,104,537,874
OPERATING EXPENSES			
Council expenses	12	13,741,301	12,463,463
Employee costs	13	1,241,293,151	1,076,363,688
Repairs and maintenance	14	84,823,673	49,985,551
General Expenses	16	819,686,017	853,915,709
Depreciation & Armortization	19	253,252,788	270,007,425
Prior year adjustment	27	-	46,445,051
TOTAL OPERATING EXPENSES		2,412,796,930	2,309,180,887
Other gains			
Disposal of assets	15	-	(8,000)
Unrealized foreing exchange		8,877,114	1,676,975
		8,877,114	1,668,975
Deficit before tax		(103,775,524)	(202,974,038)
Taxation		(877,275)	(3,578,782)
Deficit after tax		(104,652,799)	(206,552,820)

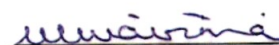
The notes set out on pages 6-29 form an integral part of these Financial Statements.

The financial statements as set out on pages 1 to 37 were approved by Council on and signed on its behalf by:



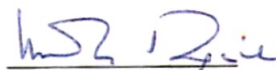
Prof. Nura Mohamed PhD.,EBS
Director General/ C.E.O

Date: 8/12/2025



CPA Everline Wahome
Head of Accounts

ICPAK No. 5099
 Date: 8/12/2025



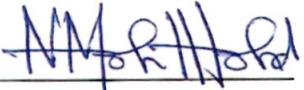
Hon. Justice (Rtd.)
 Charlse Nyachae
Council Chairperson

Date:

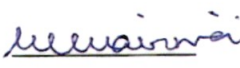
KENYA SCHOOL OF GOVERNMENT
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XIV STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED JUNE 30, 2025

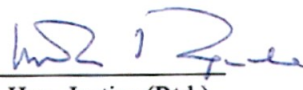
	Note	2025 kshs	(Restated) 2024 kshs
Non- current assets			
Property plant & equipment	17	7,347,266,625	7,116,482,453
Leasehold land	18a	1,923,246,996	1,949,765,734
Biological assets	18b	96,000	66,500
Investments	20	4,555,563	4,539,820
		<u>9,275,165,184</u>	<u>9,070,854,507</u>
Current Assets			
Inventories	21	73,954,702	81,795,016
Receivables from exchange & non exchange transactions	22	1,871,903,842	1,784,544,904
Investments	20	157,671	156,546
Investment in Staff Mortgage and Car loan	23	145,250,000	145,250,000
Cash and cash equivalent	24	127,085,972	117,386,864
		<u>2,218,352,187</u>	<u>2,129,133,330</u>
Total Assets		<u>11,493,517,371</u>	<u>11,199,987,837</u>
Current Liabilities			
Trade and other payables from exchange	25	2,238,699,830	2,047,331,183
Corporation tax	26	34,239,162	118,629,723
		<u>2,272,938,992</u>	<u>2,165,960,906</u>
Net Assets			
Revaluation reserves		4,539,728,060	4,539,728,060
Accumulated surplus		740,556,304	845,209,103
Deferred Income		3,940,294,015	3,649,089,768
		<u>9,220,578,379</u>	<u>9,034,026,931</u>
Total net assets and liabilities		<u>11,493,517,371</u>	<u>11,199,987,837</u>


 Prof. Nura Mohamed PhD.,EBS
Director General/ C.E.O

Date:


 CPA Everline Wahome
Head of Accounts
 ICPAK No. 5099

Date: 8/12/2025


 Hon. Justice (Rtd.)
 Charlse Nyachae
Council Chairperson

Date:

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XV STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2025

	Revaluation reserves Kshs	Accumulated surplus Kshs	Development Grant Kshs	Total Kshs
Balance as at 1 July 2023	4,539,728,060	1,051,761,923	3,553,067,635	9,144,557,618
Restated deficit for the year	-	(206,552,820)	-	(206,552,820)
Additions-GOK	-	-	225,500,000	225,500,000
Additions-Dev Patnrns	-	-	6,364,278	6,364,278
Amortisation	-	-	(135,842,145)	(135,842,145)
Balance as at 30 June 2024	4,539,728,060	845,209,103	3,649,089,768	9,034,026,931
Balance as at 1 July 2024	4,539,728,060	845,209,103	3,649,089,768	9,034,026,931
Deficit for the year	-	(104,652,799)	-	(104,652,799)
Additions-GOK	-	-	396,000,000	396,000,000
Additions-Dev Patnrns	-	-	-	-
Amortisation	-	-	(104,795,753)	(104,795,753)
Balance as at 30 June 2025	4,539,728,060	740,556,304	3,940,294,015	9,220,578,379

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XVI STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Kshs	2024 Kshs
Operating deficit		(104,652,799)	(160,107,769)
Depreciation	17	226,734,056	244,561,417
Amortisation of land	18	26,518,738	25,446,014
Amortisation of deferred income		(104,795,753)	(135,842,145)
Changes in fair value of biological assets	18b	(50,500)	-
Operating before working capital changes		43,753,742	(25,942,483)
(Increase)/ decrease in inventories		7,840,314	(30,123,110)
(Increase)/ decrease in trade and other receivables		(87,358,938)	(150,505,142)
Increase/ (decrease) in trade and other payables		191,368,647	378,606,674
Cash generated from operations		155,603,765	172,035,939
Interest accrued from Treasury bonds	20	(16,868)	(16,868)
Corporation tax paid	26	(84,390,561)	(79,658,120)
		71,196,336	92,360,951
INVESTING ACTIVITIES			
Purchase of property, plant & equipment	17	(457,518,228)	(469,057,545)
Biological Assets consumption	18b	21,000	(66,500)
		(457,497,228)	(469,124,045)
FINANCING ACTIVITIES			
Government grant		396,000,000	225,500,000
Grants in kind from Development Partners		-	6,364,278
Net cash generated from financing activities		396,000,000	231,864,278
Increase/ (decrease) in cash and cash equivalent		9,699,108	(144,898,816)
Cash and cash equivalent at the beginning		117,386,864	262,285,680
Cash and cash equivalent at end of the year	24	127,085,972	117,386,864

KENYA SCHOOL OF GOVERNMENT
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XVII STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2025							
	Original Budget Kshs	Adjustments Kshs	Final Budget Kshs	Actual Ksh	Variance Kshs.	% Utilization	Notes
Revenue							
Government grant	365,615,284	(165,454,600)	200,160,684	200,160,684	-	100%	
Grant development partners	90,000,000	(75,935,000)	14,065,000	-	(14,065,000)	0%	
Training fees	1,317,469,183	(11,454,078)	1,306,015,105	1,204,951,963	(101,063,142)	92%	
Research and consultancy	142,009,792	(27,648,679)	114,361,113	77,152,550	(37,208,563)	67%	1
Catering & Accomodation	973,304,747	(548,597,962)	424,706,785	432,814,041	8,107,256	102%	2
Hire of facilities	409,547,581	(30,544,385)	379,003,196	229,754,955	(149,248,241)	61%	
Other income	119,172,034	35,600,448	154,772,482	155,310,099	537,617	100%	
Other Gains/(Losses)	-	-		8,877,114	8,877,114	0%	
Total Income	3,417,118,621	(824,034,256)	2,593,084,365	2,309,021,406	(284,062,959)	89%	
Expenses							
Council expenses	20,000,000	-	20,000,000	13,741,301	(6,258,699)	69%	
Employee costs	1,951,624,044	(597,663,343)	1,353,960,701	1,241,293,151	(112,667,550)	92%	
General expenses	811,005,938	13,409,561	824,415,499	819,686,017	(4,729,482)	99%	
Depreciation and amortisation	295,294,372	(8,498,789)	286,795,583	253,252,788	(33,542,795)	88%	3
Repairs and maintenance	104,425,014	(17,084,571)	87,340,443	84,823,673	(2,516,770)	97%	
Total expenditure	3,182,349,368	(609,837,142)	2,572,512,225	2,412,796,930	(159,715,295)	94%	
Deficit for the year before	234,769,253	(214,197,114)	20,572,140	(103,775,524)			

NOTES

Explanations on utilisations of the budget

Both revenue and expenditure budgets remained relatively constant and were revised downward by only 1.3% & 3.7% respectively.

- 1) *Research and consultancy revenue* - Due to budget cuts across MDAs the School did not undertake more consultancies in the area of recruitment.
- 2) *Catering and accommodation revenue* - Due to increase in the number of participants in quarter 4 led to increase in revenue
- 3) *Depreciation and amortisation* - The refurbishment of Lower Kabete hostels were not finalised by year end to consider depreciation.

KENYA SCHOOL OF GOVERNMENT
Annual Report and Financial Statements
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XVIII NOTES TO THE FINANCIAL STATEMENTS

1 General Information

Kenya School of Government is established by and derives its authority and accountability from Kenya School of Government Act, 2012. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entities principal activity is to provide training, consultancy, research and advisory services to the Public Service.

2 Statement of Compliance and basis of preparation

The financial statements have been prepared on historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment and financial instruments at fair value, impaired assets at their estimated recoverable amounts and liabilities at their present value where applicable. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAs) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the School's accounting policies. The areas involving a higher degree of judgement or complexity or where assumptions and estimates are significant to the financial statements are disclosed in Note No. 5

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the School.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and the International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3 Adoption of new and revised standards

i. New and amended standards and interpretations in issue effective for the year ended 30 June 2024

Standard	Impact
IPSAS 43: Leases	<p>Applicable: 1st January 2025</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.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>This standard is not applicable to the School as it does not deal with leases.</i></p>

KENYA SCHOOL OF GOVERNMENT

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NOTES TO THE FINANCIAL STATEMENTS (continued)

Standard	Impact
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p>Applicable 1st January 2025 The Standard requires, Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>This standard is not applicable to the School as it does not hedge its financial instruments</p>
<p>IPSAS 45- Property Plant and Equipment</p>	<p>Applicable: 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard.</p> <p>IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>the School does not hold heritage assets</i></p>
<p>IPSAS 46 Measurement</p>	<p>Applicable: 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>

KENYA SCHOOL OF GOVERNMENT

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NOTES TO THE FINANCIAL STATEMENTS (continued)

Standard	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> <p><i>The school didn't early adopt this standard</i></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 cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>The school doesn't deal with transfer expense transactions.</i></p>
IPSAS 49- Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>The school doesn't deal with retirement benefit plans.</i></p>

iii. Early adoption of standards

The School did not adopt early , new or amended standards in year 2024/2025

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NOTES TO THE FINANCIAL STATEMENTS (continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a. Revenue recognition

i. Revenue from non-exchange transactions

The entity recognises revenues from fees when the event occurs to the extent that would give rise to a liability to repay the amount. Other non-exchange revenues are recognised when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Transfers from other Government entities

Revenues from non-exchange transactions with other Government entities are measured at fair value and recognised 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 recognised in the statement of financial performance. Development/ capital grants are recognised in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

Deferred income

This relates to grants received from the Government of Kenya and development partners for purposes of capital expenditure. This amount is amortised gradually and the amortised amount recognised in the statement of financial performance at the same rate as depreciation on an annual basis.

Revenue from exchange transactions

1) Rendering of services

The sale of services is recognised in the year in which the School delivers the service to the customer, the customer has accepted the service and collectability of the related receivables is reasonably assured.

2) Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

3.) 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 is applied to the principal outstanding amount to determine

4.) Rental Income

This is income arising from letting out the School's houses to mostly its staff.

b. Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Costs includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised 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 recognised in statement of financial performance 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.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised in the statement of financial performance.

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the costs of incomplete works on buildings, other civil works and installations. Land with no title deeds is recognized as freehold until the title is recieved.

Depreciation is provided on the cost/valuation of the assets on straight line basis at rates designed to write down the cost of each asset or revalued amount to its residual values over their estimated useful life.

	Rate
Buildings	2.00%
Plant & equipment	12.50%
Furniture & fittings	12.50%
Linen & beddings	12.50%
Motor vehicles	25.00%
Computers	30.00%
Softwares	20.00%
Library books	5.00%
Leasehold land	Over the period of the lease

A full year's depreciation is recognised in the year of purchase and none in the year of disposal.

KENYA SCHOOL OF GOVERNMENT
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For the year ended June 30, 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

c. Leases

Finance lease are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the School. Assets held under a finance lease are capitalised 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 School also recognises the associated lease liability at the inception of the lease. The liability recognised is measured at the present value of the future minimum lease payments at initial recognition.

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 School 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.

d. Inventories

Inventories is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Raw materials: purchase cost using the weighted average cost method;

Finished goods and work in progress : cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity.

After initial recognition, inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises purchase price, import duties, transportation and handling charges and is determined on weighted average price method. Inventories are recognised as an expense when deployed for utilisation or consumption in the ordinary course of operations of the School.

e. Financial Instruments

1.) Financial assets

Initial recognition and measurement

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

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Losses arising from impairment are recognized in the surplus or deficit.

KENYA SCHOOL OF GOVERNMENT
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For the year ended June 30, 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

h. Retirement benefit obligation

The School operates a defined contribution retirement benefits plan for its employees. The assets are held in a separate trustee administered scheme. The scheme is funded by contributions from both the employees at 7.5% and employer at a rate of 15% of employees basic pay.

The School and the employees also contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. The School's contributions obligation under the scheme is limited to specific contributions legislated from time to time.

i. Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised as income or expenses in the period in which they arise.

Budget information

The original budget for the FY 2023-2024 was approved by the Council in January 2023. 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.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget is presented in the statement of comparison of budget and actual amounts. The adjustments to amounts in the financial statements are made 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 as per the statement of financial performance has been presented on page 5 of these financial statements.

k. Intangible asset

Intangible assets acquired separately are initially recognised 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 amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in statement of financial performance in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

KENYA SCHOOL OF GOVERNMENT
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For the year ended June 30, 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

p. Comparative figures

Where necessary, comparative figures for the previous year have been amended to conform to the required changes in presentation

q. Biological Assets

All biological assets (including those acquired biological assets through a non-exchange transaction) are measured at fair value less costs to sell, unless fair value cannot be measured reliably. Agricultural produce is measured at fair value at the point of harvest less costs to sell. Any change in the fair value of biological assets during a period is reported in surplus or deficit as required under IPSAS 27.

5 Significant Judgement and Sources of Estimation uncertainty

The preparation of the School's financial statements in conformity with IPSAS requires management to make judgements, 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 year. 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.

a.) Estimates and assumptions

The School 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 School. Such changes are reflected in the assumptions when they occur.

b.) Useful lives and residual values

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

- i.) The condition of the asset based on the assessment of experts employed by the School;
- ii.) The nature of the asset, its susceptibility and adaptability to changes in technology and
- iii.) The nature of the processes in which the asset is deployed;
- iv.) Availability of funding to replace the asset;
- v.) Changes in the market in relation to the asset.

c.) Provisions

Provisions were raised and management determined an estimate based on the information available. 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. The School has made a general provision for bad debts at the rate of 11% of total debts from exchange transactions.

KENYA SCHOOL OF GOVERNMENT
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For the year ended June 30, 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 Retained Earnings

The retained earnings represent net income left over to finance the School's activities mainly capital expenses.

7 Related party disclosures

Nature of related party relationships

The School 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 School or vice versa. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the School, holding 100% of the School's equity interest. Other related parties include:

- i. The parent ministry- Ministry of Public Service & Human Capital Development
- ii. The National Treasury
- iii. County Government
- iv. Key Management

8 Financial Risk Management

The School's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The School's overall risk management policies are set out by the Council and implemented by the management, and focus on the unpredictability of changes in the business environment and seeks to minimise the potential adverse effects of such risks on its performance by setting acceptable levels of risk. The School however, does not hedge any risks and that credit is only extended to customers with an established credit history.

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

i. Market risk

The Council has put in place an internal audit function to assist in assessing the risk faced by the School 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 the changes in market prices, such as interest rate and foreign exchange rates which will affect the School's income. 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 the risk rests with the Audit and Risk Committee.

The School's finance department is responsible for development of detailed risk management policies and for the day to day implementation of those policies.

During the year 2024/2025 the school did not face any major market risk.

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ii. Credit Risk

The School has exposure to credit risk, which is the risk that a customer 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.

Management assesses the credit quality of each customer taking into account its past experience and other factors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the School's management based on prior experience and their assessment of the current and economic environment.

The carrying amount of financial assets recorded in the financial statements representing the School's maximum exposure to credit risk is made up as follows:

	Total amount Kshs. Kshs	Fully performing Kshs. Kshs	Past due Kshs. Kshs	Impaired Kshs. Kshs
At 30 June 2025				
Receivables from exchange transactions	2,047,822,382	2,047,822,382		-
Receivables from non exchange transactions	49,341,922	49,341,922		-
Bank balances	127,085,972	127,085,972		-
Total	2,224,250,276	2,224,250,276	-	-
At 30 June 2024				
Receivables from exchange transactions	1,957,008,343	1,957,008,343	-	-
Receivables from non exchange transactions	44,986,904	44,986,904	-	-
Bank balances	127,085,972	127,085,972	-	-
Total	2,129,081,219	2,129,081,219	-	-

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The customers under the fully performing category are paying their debts as they continue transacting with the School. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the School has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The School has significant concentration of credit risk on amounts due from the National and County Governments.

iii. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the School's council. The School manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the School. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Under one year	1-2 years	2-3 years	Over 3 years	Total
At 30 June 2025	Kshs	Kshs	Kshs	Kshs	Kshs
Trade and other payables	1,842,869,190	278,714,753	26,055,127	91,060,760	2,238,699,830
Total	1,842,869,190	278,714,753	26,055,127	91,060,760	2,238,699,830
	Under one year	1-2 years	2-3 years	Over 3 years	Total
At 30 June 2024	Kshs	Kshs	Kshs	Kshs	Kshs
Trade and other payables	1,730,263,564	194,689,728	30,783,754	91,594,137	2,047,331,183
Total	1,730,263,564	194,689,728	30,783,754	91,594,137	2,047,331,183

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iv. Foreign Currency Risk

The school has transactional currency exposures which arises through purchase of goods and services in currencies other than local currency. Transactions made in foreign currency are converted to Kenya Shilling at the time of transaction using the prevailing exchange rate.

v. Interest rate risk

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

vi. Capital Risk Management

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

	2025	2024
	Kshs	kshs
Revaluation Reserve	4,539,728,060	4,539,728,060
Accumulated surplus	740,556,304	845,209,103
Deferred Income	3,940,294,015	3,649,089,768
	<u>9,220,578,379</u>	<u>9,034,026,931</u>

9 Transfer from Ministries, departments and agencies

Name	Amount recognised to statement of comprehensive income	Amount deferred under deferred income	Amount recognised in capital fund	Total grant income during the year	2022-2023
	Kshs	Kshs	Kshs	Kshs	Kshs
Ministry of Public Service and Human Capital Development	200,160,684	396,000,000	-	596,160,684	451,565,412

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	2025 kshs	2024 kshs
10 Government grants		
Recurrent grant- development partners	-	1,955,444
Recurrent grant-G.O.K	200,160,684	371,540,415
	<u>200,160,684</u>	<u>373,495,859</u>
11 Other Income		
Deferred Income	104,795,753	135,842,145
Rent	20,143,399	18,255,880
Interest from investments	2,444,407	3,208,829
Miscellaneous receipts	25,742,486	2,542,981
Water Bottling sales	2,130,754	751,982
Agricultural revenue	53,300	222,620
	<u>155,310,099</u>	<u>160,824,437</u>
12 Council expenses		
Chairman Honoraria	1,020,000	1,020,000
Sitting allowances	7,155,857	6,874,000
Other expenses	5,565,444	4,569,463
	<u>13,741,301</u>	<u>12,463,463</u>
13 Employee costs		
Personnel Emoluments	967,123,001	975,720,431
Wages	169,882,642	125,367,667
Gratuity	28,194,943	32,708,350
Staff training	5,671,066	5,036,479
Staff medical	62,543,057	58,141,449
Staff welfare	6,799,020	4,128,570
Staff uniform	1,079,422	628,409
	<u>1,241,293,151</u>	<u>1,201,731,355</u>
14 Repairs and maintenance		
Maintenance of building and grounds	59,023,112	25,511,131
Maintenance of borehole	863,570	2,305,060
Maintenance of equipment	13,929,999	14,222,279
Motor vehicle repairs	11,006,992	7,947,081
	<u>84,823,673</u>	<u>49,985,551</u>
15 Disposal of assets		
Gain on disposal of building damaged by fire and collapsed borehole	-	8,000
Loss on disposal/ demolition	-	8,000

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	2025	2024
	kshs	kshs
16 General expenses		
Advertising and publicity	1,025,460	1,235,689
Bank charges	2,259,400	2,150,841
Cleaning and sanitation	42,997,360	37,709,945
Conference, committees and seminars	1,422,935	3,365,346
Domestic travel	94,764,339	66,451,792
Electricity	43,283,935	48,525,659
External travel costs	16,204,407	14,603,668
Food and ration	373,474,794	330,407,256
Gas and fuel	15,751,886	16,273,082
Field study trips	521,459	663,218
Hire of accommodation	12,900,569	6,838,907
Hire of transport	234,500	861,370
Hire of consultancy	3,776,330	8,128,343
ICT costs	34,534,741	30,646,680
Insurance	23,788,364	37,756,555
Legal fees	811,767	191,951
Marketing	4,086,107	3,587,219
Performance contracting expenses	1,494,770	1,432,140
Printing & publishing	12,500	10,712
Provision for bad debts	7,810,119	13,032,455
Refined fuels	15,130,591	19,767,537
Research expenses	471,846	552,184
Security expenses	4,844,143	6,242,633
Stationery for participants	24,916,535	13,908,154
Stationery for staff	744,317	11,835,567
Sundry expense	1,276,314	897,256
Telephone and fax	4,047,804	4,622,880
Training and consultancy	39,214,152	16,410,313
Water and conservancy	4,576,097	5,246,282
Hospitality expense	20,071,896	12,632,315
Audit fees	2,000,000	1,925,000
Water bottling costs	1,419,777	2,722,797
Corporate Social Responsibility	1,663,282	2,970,580
Library expenses	932,978	1,885,571
Other expenses	2,469,787	3,056,145
Asset tagging	14,750,756	-
	<u>819,686,017</u>	<u>853,915,709</u>

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17. Property, plant & Equipment

	Land Kshs	Buildings Kshs	Work in progress Kshs	Plant & equipment Kshs	Kitchen equipment Kshs	Office equipment Kshs	Motor vehicles Kshs	Furniture & fittings Kshs	Linen & beddings Kshs	Computers & networking Kshs	Library Kshs	Softwares Kshs	Total Kshs
2023													
Cost/Valuation													
As At 30 June 2023	783,700,000	6,317,078,283	502,323,186	185,116,374	80,848,367	88,364,169	147,985,415	341,475,331	174,420,253	318,726,308	34,405,451	20,593,136	8,995,036,273
Additions	-	144,264	373,459,447	1,229,669	6,202,772	5,061,464	-	41,325,463	3,578,461	34,056,971	-	3,999,034	469,057,545
Transfer from W-L-P	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification	(106,200,000)	-	-	-	-	-	-	-	-	-	-	-	(106,200,000)
As At 30 June 2024	677,500,000	6,317,222,547	875,782,633	186,346,043	87,051,139	93,425,633	147,985,415	382,800,794	177,998,714	352,783,279	34,405,451	24,592,170	9,357,893,818
Additions	-	-	376,977,158	4,021,692	9,134,688	4,576,590	-	23,435,479	21,229,126	16,334,667	1,808,828	-	457,518,228
Transfer from W-L-P	-	30,795,057	(30,795,057)	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-
As At 30 June 2025	677,500,000	6,348,017,604	1,221,964,734	190,367,735	96,185,827	98,002,223	147,985,415	406,236,273	199,227,840	369,117,946	36,214,279	24,592,170	9,815,412,040
Depreciation													
As At 1 July 2023	-	919,139,802	-	150,305,077	50,277,866	68,501,451	144,687,527	241,880,064	100,586,129	297,917,165	18,837,901	4,716,966	1,996,849,948
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	126,441,163	-	7,738,673	9,766,696	9,064,923	2,409,006	35,085,979	18,208,211	30,910,379	1,524,565	3,411,816	244,561,417
As At 30 June 2024	-	1,045,580,965	-	158,043,750	60,044,562	77,566,374	147,096,533	276,966,043	118,794,340	328,827,544	20,362,466	8,128,782	2,241,411,365
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	126,981,873	-	7,831,458	9,745,719	5,982,461	202,242	29,296,874	18,418,134	22,741,232	1,600,636	3,933,421	226,734,050
As At 30 June 2025	-	1,172,562,838	-	165,875,208	69,790,281	83,548,835	147,298,775	306,262,917	137,212,474	351,568,776	21,963,102	12,062,203	2,468,145,415
Net book value													
As At 30 June 2025	677,500,000	5,175,454,766	1,221,964,734	24,492,527	26,395,546	14,453,388	686,640	99,973,356	62,015,366	17,549,170	14,251,177	12,529,967	7,347,266,625
As At 30 June 2024	677,500,000	5,271,641,582	875,782,633	28,302,293	27,006,577	15,859,259	888,882	105,834,751	59,204,374	23,955,735	14,042,985	16,463,388	7,116,482,453

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	2025	2024
	kshs	kshs
18 a Leasehold land		
At 1 July	1,949,765,734	1,895,651,142
Amortisation charge for the year	(26,518,738)	(25,446,014)
Reclassification	-	106,200,000
Prior year adjustment	-	(26,639,394)
At 30th June	<u><u>1,923,246,996</u></u>	<u><u>1,949,765,734</u></u>
The land in Lower Kabete, Baringo, Embu and Mombasa campuses are on a lease issued by Government for a period of 99 years.		
18 b Biological Assets		
Balance b/fwd	66,500	-
Increase due to purchases	-	112,000
Decrease due to consumption	(21,000)	(45,500)
Changes in the fair value of livestock	50,500	-
	<u><u>96,000</u></u>	<u><u>66,500</u></u>
Depreciation and Amortization Expense		
19 Property, plant and equipment (Note 17)	226,734,050	244,561,411
Intangible assets (Note 18a)	26,518,738	25,446,014
20 Investments		
Treasury bond-30 years @12% P.a-Face value Ksh:	4,696,366	4,679,498
Discount amortisation	16,868	16,868
Fair value as at 30th June	<u><u>4,713,234</u></u>	<u><u>4,696,366</u></u>
a. Short term	157,671	156,546
b. Long term	4,555,563	4,539,820
	<u><u>4,713,234</u></u>	<u><u>4,696,366</u></u>
21 Inventories		
Nairobi	35,914,373	23,332,212
Eldi	358,981	922,010
Baringo	7,863,117	20,447,503
Embu	15,534,384	4,452,214
Matuga	9,291,654	7,432,467
Mombasa	4,992,193	25,208,610
	<u><u>73,954,702</u></u>	<u><u>81,795,016</u></u>

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	2025		2024	
22 Receivables from exchange and non exchange transactions		kshs		kshs
Trade debtors	2,047,822,382		1,957,008,343	
Provision for bad debts	<u>(225,260,462)</u>		<u>(217,450,343)</u>	
	1,822,561,920		1,739,558,000	
Staff debtors	8,043,623		17,857,819	
Other receivables	<u>41,298,299</u>		<u>27,129,085</u>	
	1,871,903,842		1,784,544,904	
		% of		% of the
Aging analysis: (Trade and other receivables)		the		total
Under one year	1,413,898,025	67%	798,085,190	40%
1-2 years	64,803,849	3%	407,610,648	20%
2-3 years	122,708,898	6%	201,985,307	10%
Over 3 years	495,753,532	24%	594,314,102	30%
Total	2,097,164,304		2,001,995,247	
Less Provision for Bad Debts	<u>(225,260,462)</u>		<u>(217,450,343)</u>	
Net Trade and Other receivables	1,871,903,842		1,784,544,904	

23 Investment in Staff Mortgage and Car loan			
Name of bank			
Kenya Commercial bank- Mortgage lien account	134,250,000		134,250,000
Kenya Commercial bank- Car lien account	<u>11,000,000</u>		<u>11,000,000</u>
	145,250,000		145,250,000
24 Cash and cash equivalent	Note		
Bank	24a	125,939,336	116,290,842
Petty cash		<u>1,146,636</u>	<u>1,096,022</u>
		127,085,972	117,386,864

Detailed analysis of the cash and cash equivalent

Current Account

Name of bank	Bank account No.	Currency		
KCB Corporate	1145987281	Kshs	54,905,298	115,145,975
KCB Corporate	1145987184	USD	36,263,627	103,188,535
KCB Embu	1146029837	Kshs	1,060,043	592,490
KCB Kwale	1146019173	Kshs	599,995	599,990
KCB Mombasa	1145993303	Kshs	599,995	599,990
KCB Baringo	1145978851	Kshs	1,080,045	599,990
KCB Nairobi	1107057957	USD	12,970	14,035
KCB Eldi	1107050251	USD	12,184	12,338
KCB Nairobi	1106972732	Kshs	471,164	294,870
KCB Eldi	1106676823	Kshs	99,635	99,630
NBK	01003000909500	Kshs	11,721,210	40,383,349
Cooperative bank	01141588750500	Kshs	<u>19,113,170</u>	<u>(3,798.00)</u>
			125,939,336	261,527,394

* The Exchange rate used to convert USD to KSH at the end of the period was Kshs.129.38

129.38

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	2025 kshs	2024 kshs
25 Trade and other payables		
Trade payables	1,226,620,750	1,111,834,593
Employee payables	106,712,734	101,463,235
Other payables	905,366,346	834,033,355
Total trade and other payables	<u>2,238,699,830</u>	<u>2,047,331,183</u>

		% of the total		% of the total
Aging analysis: (Trade and other payables)				
Under one year	1,842,869,190	82%	1,730,263,564.00	85%
1-2 years	278,714,753	12%	194,689,728.00	10%
2-3 years	26,055,127	1%	30,783,754.00	2%
Over 3 years	91,060,760	4%	91,594,137.00	4%
Total	<u>2,238,699,830</u>		<u>2,047,331,183.00</u>	

26 Corporation tax		
Opening balance	118,629,723	198,287,843
Withholding taxes	(3,890,561)	(9,658,120)
Tax paid	(80,500,000)	(70,000,000)
Closing balance	<u>34,239,162</u>	<u>118,629,723</u>

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27 Prior year Adjustment

- a. During the year 2024/2025, the School received a leasehold title for Mombasa Campus, Kizingo title No.Mombasa block 26/348 with an acreage of 0.7151 ha for a duration of 99 years effective September 1,1998.

The land was initially classified as freehold land due to lack of title deeds and hence the need to reclassify the land to leasehold and amortisation has been recognised accordingly.

- b. The School was established effective July 2022 whereby the Act of 2012 stipulated that all assets and liabilities of the former Government Training Institutes (G.T.I) shall be vested in the School. The School took over balances that then required clarifications to enable accurate recognition in the financial statements. These balances were A.I.A, unutilised A.I.E and funds transferred to the then Ministry of Public Service upon closure of G.T.I bank accounts. Explanations have since been provided and the amounts recognised in the financial statements accordingly.

Below is a disclosure as guided under IPSAS 3 on the effect of the above two explanations:

	Effect 2023/2024
	Kshs
Increase in expenditure prior year amortisation amount	26,639,394
Increase in expenditure	111,380
Decrease in revenue	<u>19,694,277</u>
Increase in deficit	<u><u>46,445,051</u></u>
Increase in leasehold land value	<u>106,200,000</u>
Decrease in freehold land value	<u><u>106,200,000</u></u>
Decrease in receivables	<u>19,805,657</u>
Decrease in equity- Accumulated surplus	<u><u>19,805,657</u></u>
Increase in Accumulated amortisation amount	<u>26,639,394</u>
Decrease in equity- Accumulated surplus	<u><u>26,639,394</u></u>

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28 Contingent liabilities			
S/N	Case no. & Particulars	Status	Action by KSG
1	E.L.C. No. 679 of 2006: Julie Nyawira Mathenge –vs- K.S.G. Chief Land Registrar, AG & Others – Claim for illegally acquired plots of land belonging to KSG at Lower Kabete campus	Judgement was delivered on 17 th March, 2022 in favour of the Defendants; the illegally acquired plot titles were cancelled.	The process of cancellation of the illegally acquired plot tiles through NLC and Commissioner of Lands and subsequent issue of fresh titles to KSG commenced and is ongoing. The latest update from KSG Lawyers (M/S Mwaniki Gachoka Advocates of Nairobi) was that progress by NLC is very slow
2	Mombasa Env. & Land Ct. No. 94 of 2012 – Kalliste Ltd. –vs- A.G, Tulsi Construction Ltd. & KSG	Hearing by the Mombasa Land Court since January 2020 of the claim for illegally allotted parcels of KSG land at Mombasa campus has progressed. On conclusion of evidence by KSG & Government witnesses in early 2024, Submissions will be made and judgement delivered in due course	Government valuers and the KSG administration representative presented documents and gave evidence in open court. It is anticipated that Judgement will be given in favour of the Government.
3	Nairobi ELRC Petition No. 135 of 2016; Obuya Bagaka -Vs- Kenya School of Government	Judgment for Petitioner was delivered on January 26, 2021. The Appeal filed by KSG in Court of Appeal in February 2021 has not been heard	The grounds of appeal by KSG were the AG's officers representing the School are not strong. Progress updates by the AG are awaited
4	Chief Magistrate's Court Nakuru, Civil Case No. 306 Of 2019. Africa Commercial Motor	The claim is for Kshs. 712,765.83 being the cost of repairs of a KSG vehicle.	The Attorney General entered appearance for KSG and is monitoring progress in the case.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

28	Contingent liabilities		
	Group -Vs-Kenya School of Government & Trident Insurance Company Ltd.	Trident Insurance Company failed to settle the insurance claim filed by KSG since the company seems to be insolvent	
5	Employment and Labour Relations Court Nakuru, Cause No. 109 of 2018	June Chebet filed a claim for compensation for alleged wrongful termination of employment by KSG Baringo Campus as well as damages	On February 7, 2019, the court ruled in favour of the Claimant and KSG appealed to the High Court Nakuru against the order for damages through the AG.
6	HCCC no. 151 of 2016 (Now in Mombasa). Fahari Building & Civil Engineering LTD -Vs- The Hon. Attorney General	Plaintiff claims Kshs 12,554,980 which includes the last moiety retention totaling Kshs 3,416,552 in respect of its contract for construction of Matuga Campus Convention facility	Principal State Counsel AG's Office, Mombasa is following up hearing of the case and will communicate hearing dates when fixed
7	Chief Magistrates' Court Kabarnet -Civil Suit Numbers E016, E017, E018, E019, E031 and E037 all of 2022 - Versus John Njau & KSG	Hearing of various claims for injuries sustained in an accident involving a KSG bus continued. Geminia Insurance of Nairobi who insured the KSG bus engaged its lawyers to represent KSG	Settlement of the claims outside court has progressed well and only a few of them by some reluctant claimants remain unpaid. KSG will await the ruling of the court in those cases which Geminia insurance Company will settle
8	RM'S Court Kabarnet Civil Case No. 31 of 2021, Besko Investments Ltd Vs KSG	Besco Investments Ltd claimed Kshs. 2,001,756.40 for completion of the Deputy Director's House in KSG Baringo Campus	The Claimant was unable to complete construction works due to cash flow problems and filed suit for the amount it had spent on the uncompleted works. Settlement negotiations out of court are ongoing

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NOTES TO THE FINANCIAL STATEMENTS (continued)

28	Contingent liabilities	
9	Nairobi CMCC No. 6185 of 2017; Justus Kiatine Mativo Vs AG & KSG	The claim arose from a road accident involving a KSG vehicle and the plaintiff, a pedestrian The AG who represented KSG has been instructed by the School to seek revision of a judgement against the School for payment of compensation for injuries suffered by the Plaintiff. An update by the AG of action taken is awaited

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

Reference no. on the external audit report	Issue/ Observation from the auditor	Management comment	Focal point person to designated to resolve the issue	Status
1.1 Excluded Leasehold land	The statement of financial position reflects leasehold land balance of Kshs. 1,870,205,128 as disclosed in Note 18 (a) to the financial statements. As previously reported, the balance excludes six (6) parcels of land valued at Kshs. 1,677,336,407 located at Lower Kabete that were hived off and allocated to private individuals. Although available information indicates that these allocations have since been revoked by a court of law, the School has not obtained the respective ownership documents for the six (6) parcels of land.	a.) During revaluation of fixed assets in the year 2014, these parcels of land were also revalued and the revalued amounts included in the revaluation report and subsequently factored in the financial statements. Therefore, this means that there are no chances of impairment of these parcels of land. b.) The School is following up with the National Land Commission for processing of title deeds for those parcels of lands;	Director General	Unresolved until the titles are issued
1.2 Lack of Ownership Documents for Freehold Parcels of Land	The statement of financial position reflects property, plant and equipment balance of Kshs. 7,222,682,453 as disclosed in Note 17 to the financial statements. As previously reported, included in the balance are freehold parcels of land owned by the School at valued at Kshs. 783,700,000 which Management indicated that belong to Mombasa and Matuga Campuses. However, the title deeds were not provided for audit review. Further, the fixed assets register maintained by the School for Mombasa and Matuga campuses did not have information detailing the assets' description, cost, date of acquisition, location, and depreciation charge for the year, accumulated depreciation and net book value of the	a.) The school has four parcels of land under Mombasa Campus. One parcel of land has a title and reclassified as leasehold. The other two parcels of land is awaiting title deeds and the fourth parcel has a plot within it that has an ongoing court case. b.) The School land at Matuga was surveyed by National Land Commission (NLC) for the	Director General	Title deed- One parcel resolved. Fixed Assets Register- Resolved

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	assets. In addition, review of documents at Matuga Campus revealed that there were one hundred and thirty-eight (138) illegal allottees on the parcels of land where thirteen (13) have been issued with title deeds and sixty-one (61) has been discharged. In the circumstances, the accuracy, ownership and completeness of the non-current assets balance of Kshs. 9,097,493,901 could not be confirmed.	purpose of processing ownership documents on 24th February, 2025. A report on the survey was provided. c.) The School has a comprehensive Assets Register.		
1. Budgetary Control and Performance	The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs. 2,850,454,723 and Kshs. 2,106,206,849 respectively, resulting to an under-funding of Kshs. 744,247,874 or 26% of the budget. Similarly, the School spent Kshs. 2,262,735,836 against actual receipts of Kshs. 2,106,206,849 resulting to an over-expenditure of Kshs. 156,528,987 or 7% of the actual receipts. The underfunding affected the planned activities of the School and may have impacted negatively on service delivery to the public.	The School experienced budget cuts on recurrent grant leading to reduction in revenue. On the other hand, the School applies accrual basis of accounting and hence the revenue generated and cash collected may not be equal.	Director General	Resolved
2. Long outstanding payables	Disclosed in Note 25 of the financial statements for the year under review is a total of Kshs. 2,047,331,183 related to trade and other payables. An analysis of the aging report indicates that Kshs. 925,718,306, has remained outstanding for over ninety (90) days. However, the School had not developed a clear strategy or actionable plan to address and settle these long-standing obligations.	The School is currently engaging the National Treasury to provide development grant to finance the pending bills for the stalled projects. Further, the School is also engaging the MDACs aggressively to settle the invoices which will subsequently lead to settlement of suppliers	Director General	Un-Resolved

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

Reference no. on the external audit report	Issue/ Observation from the auditor	Management comment	Focal point person to designated to resolve the issue	Status
1.1 Construction of Tuition Block at Baringo Campus	As previously reported, Kenya School of Government (KSG) entered into a contract on 14 July, 2020 for construction of a tuition block at KSG - Baringo campus at a sum of Kshs. 623,474,422. The works were to be completed in one hundred and thirty (130) weeks starting 30 July, 2020 and ending on 29 December, 2022. However, site visit conducted in the month of November, 2024 revealed that no work has been carried out in the year under review and the contractor was not on site. Further, the status of projects completion report in the financial statements indicates that the project was at 22% complete with total expended amount of Kshs. 134,892,648. In addition the contract was extended on 24th June 2024 via Ref No/KSG/HQS/PROC/1/89 as expected to be completed by 25th June 2025.	The School has been allocated funds by the National Treasury and the project is now ongoing.	Director General	Resolved
1.2 Construction of Deputy Director's House at Baringo Campus	The contract for the proposed completion works for the Deputy Director's house at Baringo campus referenced No. KSG/BAR/039/2013-2014 was awarded in 2014 at a sum of Kshs. 4,426,212. According to the contract, the construction was to be completed by September, 2016. However, site visit carried out in the month of November, 2024 revealed that the contractor had abandoned the site in 2017 due to non-payment of certified works valued at Kshs. 2,001,756 as per certificate number 01 of 19 October, 2017. The works done so far have deteriorated and in addition there is an ongoing court case on the same.	The matter is in court. However, the School agreed with the contractor to settle out of court	Director General	Un-Resolved
1.3 Construction of a Convention Centre at Embu Campus	As previously reported, the construction works for the tuition block at KSG-Embu Campus was awarded on 29 June, 2020 at a sum of Kshs. 1,129,696,989. The project was to be completed in one hundred and thirty (130) weeks by 29 December, 2022. During the year under review the contract was revised to 29 December, 2024. However, documentary review and physical verification of the project on 27 November, 2024, revealed that the project was at approximately 50% to completion and the project is incomplete and is significantly behind schedule.	The School has engaged the National Treasury to allocate funds to facilitate construction.	Director General	Un-Resolved

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

Reference no. on the external audit report	Issue/ Observation from the auditor	Management comment	Focal point person to designated to resolve the issue	Status
1.4 Construction of Tuition Block at Matuga Campus	The proposed construction of a tuition block at KSG-Matuga was awarded at a contract price of Kshs. 745,050,231 for a period of one hundred and fifty-six (156) weeks, commencing 07 July, 2020 and ending on 07 July, 2023. During the year under review 30 June, 2024 the contract completion date was extended to February 2025. However, review of the progress report and physical inspection carried out in the month of November, 2024, revealed that though the contractor was on site but the project remains incomplete at 36% to completion and its evident that the project can't be completed within the remaining contract period.	The School has been allocated funds by the National Treasury and the project is now ongoing.	Director General	Resolved
2. Net Pays Below One-Third of Basic Pay	During the year under review, a sampled payroll data revealed that twenty-seven (27) employees were paid a net salary which was less than a third (1/3) of their basic pay. This was in contravention of Section 19(3) of the Employment Act, 2007 which provides that the total amount of deductions which may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages. In the circumstances, Management was in breach of the law.	Staff have been informed to regularise their payslips.	Director General	Resolved
3. Failure to Prepare Car and Mortgage Financial Statements	Note 23 to the financial statements for the financial year ended 30 June, 2024 reflects amounts of Kshs. 134,250,000 and Kshs.11,000,000 relating to staff mortgage loan and car loan funds respectively. However, the entity did not prepare financial statements for the schemes and submit them for audit as required by Salaries and Remuneration Commission Circular Ref. No: SRC/ADM/CIR/1/13 Vol. III (128) dated 17th December, 2014 on Car Loan and Mortgage Schemes for State Officers and Other Public Officers of Government of Kenya. The circular guided that each Government agency/ organ will administer and manage the schemes internally and the same shall be subjected to the annual audit of Government. In addition, Section 81. (1) of the Public Finance management Act, 2012 states that at the end of each financial year, the accounting officer for a national government entity shall prepare financial statements in respect of the entity.	The Financial statements were submitted to the Office of the Auditor General for audit	Director General	Resolved

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

Reference no. on the external audit report	Issue/ Observation from the auditor	Management comment	Focal point person to designated to resolve the issue	Status
1. Long Outstanding Receivables	The statement of financial position reflects receivables from exchange and non-exchange transactions balance of Kshs.1,804,350,561 as disclosed in Note 22 to the financial statements. This balance includes trade debtors of Kshs.1,759,363,657 after provision Report of the Auditor-General on Kenya School of Government for the year ended 30 June, 2024 6 for bad debts of Kshs.217,450,343, other receivables of Kshs.27,129,085 and staff debtors of Kshs.17,857,819. However, aging analysis for those receivables was not provided for analysis and verification as this was hindered by the system, which only generate balance ledgers without the detailed aging reports. In addition, as previously reported an employee owes the School Kshs.1,042,735 for which Management has not taken any action to recover the outstanding amount. In the circumstance, the effectiveness of internal controls in place for the management of receivables could not be confirmed.	The School is continuously engaging the MDACs to settle payments.	Director General	Un-resolved
2. Weaknesses in the ERP System used by the School	Review of the ERP System used by the School for financial management and as previously reported revealed several weaknesses as follows: a. The revenue collection starts at the admissions office where proforma invoices are created in the system and submitted to Finance for invoicing. However, the system does not retain the proforma data once submitted, making it difficult to confirm whether all the proforma invoices that were submitted were actually invoiced for revenue recognition. b. Discrepancies were noted between the inventory data held in the system and the count of the physical stock available in the stores. This implies that the system was not automatically updating stock records when a change in stock occurred.i. The revenue collection starts at the admissions office where proforma invoices are created in the system and sent to Finance for invoicing. However, the system does not retain the proforma data once sent, making it difficult to confirm whether all the proforma invoices that were sent were actually invoiced for e-revenue recognition.	The School has engaged a system developer to address the observations	Director General	Resolved

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Reference no. on the external audit report	Issue/ Observation from the auditor	Management comment	Focal point person to designated to resolve the issue	Status
3. Under-Staffing at the Kenya School of Government	Review of the School's staff establishment records revealed that the School had an approved staff establishment of nine-hundred and eighty-eight (988). However, the School had an in post of five hundred and seven (507) staff members resulting in a shortage of four-hundred and eighty-one (481) or 51% members of staff. Under the circumstances, the School may not be able to achieve its objectives. Further, the School should work out the optimal staffing levels taking into account its financial performance.	The School engages Adjunct faculty, temporary staff and casuals to bridge the gap of understaffing.	Director General	Resolved

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Appendix II: Status of Projects Implementation

None of the projects undertaken by the School during the year were funded by donors.

Status of Projects completion

	Project	Total project cost Kshs.	Total expended to date Kshs.	Completion % to date	Budget Kshs.	Actual Kshs	Sources of funds
1	Construction of tuition block- Matuga	745,050,231	235,619,441	32%	100,000,000	100,000,000	G.O.K
2	Construction of tuition block- Baringo	623,518,963	199,221,801	32%	34,000,000	34,000,000	G.O.K
3	Contruction of convention centre- Embu	1,129,695,090	522,380,713	46%	-	-	G.O.K
		2,498,264,284	957,221,954		134,000,000	134,000,000	

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Appendix III: Inter entity Transfers

Break down of Transfers from the Ministry of Public Service and Human Capacity Development			
FY 22/23			
a. Recurrent Grants			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>FY</u>
	4/3/2025	50,000,000	2024/2025
	5/2/2025	50,000,000	2024/2025
	6/10/2025	100,160,684	2024/2025
	Total	200,160,684	
b. Development Grants			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>FY</u>
	23/04/2025	198,000,000.00	2024/2025
	11/4/2025	100,000,000.00	2024/2025
	11/4/2025	34,000,000.00	2024/2025
	30/06/2025	64,000,000.00	2024/2025
	Total	396,000,000	
c. Direct Payments			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>FY</u>
	NONE	-	
	Total	-	
d. Donor Receipts			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>FY</u>
	NONE		
	Total	-	