

REPUBLIC OF KENYA



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

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NANDI COUNTY EXECUTIVE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30th June 2025

Transitional Financial Statements prepared in accordance with the Accrual Basis of Accounting Method Under International Public Sector Accounting Standards (IPSAS)

OFFICE OF THE AUDITOR GENERAL
ELDORET REGIONAL OFFICE

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NANDI COUNTY EXECUTIVE

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

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1. Acronyms, Abbreviations and Definition of Key Terms

A. Acronyms and Abbreviations

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

B. Definition of Key Terms

Key Management team County Executive's day-to-day management

Fiduciary Management key management personnel who held office during the year

Fiduciary Oversight Arrangements key fiduciary oversight bodies at the County

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2. Key County Information and Management

a) Background information

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

No.	Department	Major Responsibility
1.	Finance and Economic Planning	Management of County Treasury and Planning
2.	Agriculture and Livestock and Fisheries	Overseeing County Agriculture, animal husbandry and Fish farming
3.	Health & Sanitation	
4.	Administration ,public service and ICT	Providing people centred with timely and user friendly human resources services to the general public
5.	Trade, Tourism, Industrialization and Enterprise development	To provide friendly business environment
6.	Sports, Youth Affairs, Culture, Gender and Social welfare	To promote culture and talent through marketing and training of youths through sports and youth programmes
7.	Transport, Public works and Infrastructure Development	To develop and maintain roads and storm water drainage and improve road network in Nandi county.
8.	Land, Physical, Planning, Housing , Water, Environment, Natural Resources and Climate Change	To minimize and mitigate adverse environmental and social impact
9.	Education, and Vocational Training	To provide, promote and coordinate Quality education training and research.

b) Key Management team

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

No.	Designation	Name
1.	Office of the Governor	H.E. Stephen Kipyego Sang
2.	Head of Departments	H.E. Dr. Yulita Cheruiyot
3.	County Attorney	Mr. Amos Magut
4.		-

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c) Fiduciary Management

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

No.	Designation	Name
1.	CECM, Finance and Economic Planning	CPA Alfred Lagat
2.	C.O Finance & Economic Planning	CPA Prisca Jepchirchir
3.	C.O ICT	Mr. Jonathan Miso
4.	C.O Heath And Sanitation	Mr. Fredrick Kiptum
5.	C.O Agriculture	Mr. Paul Sanga
6.	C.O Trade, Tourism, Industrialization and Enterprise Development.	CPA. Carolyn Lagat
7.	C.O Sports, Youth Affairs,Culture,Gender And Social welfare	Mr. Joseph Kipchumba cheruiyot
8.	C.O Education and Vocational Training	Mr. Beatrice Chemurgor
9.	C.O Land, Physical, Planning, Housing, Water, Environment, Natural Resources and Climate Change	Mr. Jonah Kipruto Biwott
10.	C.O Transport, Public Works and Infrastructure Development.	Mr. David Koech

d) Fiduciary Oversight Arrangements

The key fiduciary oversight bodies at the County for the year ended 30th June 2025 were:

1. County Assembly of Nandi.
2. Senate Public Accounts Committee
3. Senate Public investment committee.
4. Senate Devolution and Intergovernmental Relations Committee

Some of the fiduciary activities undertaken during the financial year included the review of the audit report of the financial year 2021/2022 by PIC and PAC committee.

e) County Executive Headquarters

County Government
of Nandi,
P.O. Box 802 –
30300,
Kapsabet, Kenya.

NANDI COUNTY EXECUTIVE

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

f) County Executive Contacts

Telephone: (254) 053 525 2355,

E-mail:

info@nandi.go.ke

Website:

www.nandi.go.ke.

g) County Executive Bankers

1. Central Bank of Kenya Haile Selassie Avenue

P.O. Box 60000 City

Square 00200,

Nairobi, Kenya.

2. Cooperative Bank

P.O. Box 19828 – 00100,

Nairobi, Kenya.

3. Equity Bank

P.O. Box 75104–00200,

Nairobi, Kenya.

4. KCB

P.O. Box 48400–00100,

GPO Nairobi.

5. Family bank

P.O. Box 74145–00200,

Nairobi.Kenya

h) Independent Auditor

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084 –

GPO 00100 ,Nairobi,

Kenya.

i) Principal Legal Advisor

The Attorney General,

State Law office & Department of Justice,

Harambee Avenue,

P.O Box 40112,

Nairobi, Kenya.

j) Office of the County Attorney

County Government of Nandi,

P.O. Box 802 – 30300,

Kapsabet, Kenya.

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3. Governance Statement



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

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



The County Executive

The County Executive team during the financial year consisted of:

a) KEY MANAGEMENT

	<p>H.E. Stephen Kipyego Sang – Governor</p> <p>H.E. Stephen Kipyego Sang was elected as the second Governor of Nandi County on 25th Aug 2022. The governor was elected on an agenda of transforming Nandi County, improving the County’s roads, boosting agriculture output, improving the health sector and uplifting the people of Nandi County from poverty. It’s these key pillars that the government of H.E. Stephen Kipyego Sang has been working on since coming into power.</p> <p>Governor Sang holds a Bachelor of Law Degree from the University of Nairobi and postgraduate Diploma from Kenya School Of Law. Before his election as the governor, he served as the Senator for Nandi County for one term.</p>
<p>H.E. Dr. Yulita Cheruiyot – Deputy Governor and AG. CECM, Health Services and sanitation</p> <p>H.E. Dr. Yulita Cheruiyot was elected as the second Deputy Governor of Nandi County on 25th Aug 2022. Before her election as the Deputy Governor, she served as a Senior lecturer at the University of Eldoret. She has also held various top management positions in different institutions among them chairperson of the Disability Mainstreaming Committee at the University of Eldoret</p> <p>The Deputy Governor has a passion for PWLDs and the less fortunate whom she has been championing for their empowerment.</p>	

	<p>DR.FRANCIS SANG</p> <p>Dr. Francis Kipkemboi Sang, is a distinguished individual currently serving as the County Secretary and Head of County Public Service at the county government of Nandi. Education is a cornerstone of Dr. Sang's background, holding a PhD in Educational Management and Policy Studies from Moi University. His academic journey also includes a master's degree in educational administration, a bachelor's degree in education with a focus on Mathematics and Economics, and a postgraduate diploma in education management. Furthermore, he boasts a prestigious Certificate in Corporate Governance from South Africa, showcasing his commitment to excellence in governance.</p>
	<p>CPA Alfred Lagat -CECM, Finance and Economic Planning.</p> <p>CPA Alfred Lagat was appointed as the CECM CECM, Finance and Economic Planning on 7th April 2025. Before his appointment . Before his appointment CPA Alfred Lagat was serving as the CECM Land, Physical Plann, Water, Environment, Natural Resources and Climate Change.</p> <p>CPA Alfred Lagat has worked as a Senior Associate in Deloitte and Touché. He also worked as an Assistant Finance Manager at Diamond Trust Bank. He was previously the lead consultant for Tullon Consulting Ltd. CPA Alfred holds a Bachelor Of Commerce (Finance). He is also a Certified Public Accountant of Kenya (CPAK).</p>
	<p>Dr. Benard Kiplimo Lagat - CECM, Agriculture and Cooperative Development</p> <p>Dr. Benard Kiplimo Lagat was appointed the CECM Agriculture and cooperative Development on 24th November 2022Dr. Benard Kiplimo Lagat is a Development Economist with over ten years' experience in consultancy research and training in both Public and Private sectors.</p> <p>He was initially a senior Lecturer and the postgraduate Chairman in the department of Economic, School of Business and Economics at Moi University teaching both postgraduate and undergraduate students.</p> <p>Dr. Lagat was initially in-charge of Trade.</p>

	<p>Mr. Isiah Kiplagat Keter - CECM, Trade, Tourism Industrialization and Enterprise development</p> <p>Mr. Isiah Keter was appointed as the CECM, Trade, Tourism Industrialization and Enterprise development on 24th November 2022. Before his appointment Mr. Keter was serving in CECM Administration, public service and ICT</p> <p>Mr. Keter holds a Bachelor of Commerce (Accounting option) from Egerton University.</p> <p>Mr. Isiah Keter was appointed as the CECM, Administration, public service and ICT on 24th November 2022. Before his appointment Mr. Keter was serving in Municipality of Kapsabet as the acting municipal manager. Keter has worked as an Executive Administrator in Governor's office.</p> <p>Mr. Keter holds a Bachelor of Commerce (Accounting option) from Egerton University.</p>
<p>Hilary Serem - CECM, Land, Physical Planning, Housing, Water, Environment, Natural Resources and Climate Change</p> <p>Mr Serem was appointed as the CECM, Land, Physical Planning, Housing, Water, Environment, Natural Resources and Climate Change on 7th April 2025. Before his appointment Seremt was serving as the CECM Finance and Economic Planning.</p> <p>Mr. Serem has worked in different capacities including Relationship Manager in Groups & Investment Program, Micro Credit Office-Group lending in Co-operative Bank of Kenya,</p> <p>Mr. Serem has been involved in management and leadership skills has a Member of County Assembly, Treasurer-Nandi County Sacco, Member, Board Management-Kapsigilai Girls Secondary School.</p> <p>Mr. Serem holds Bachelor of Business Management (Accounting option)</p>	



Ms. Scolastica Tuwei –AG. CECM, Education, And Vocational Training

Mrs. Scolastica J. Tuwei was appointed as a CECM, Education, And Vocational Training on 24th November 2022. She holds a Master’s degree in Education from Kisii University and a Bachelor of Education, Arts, from Moi University. Before her appointment Scolastica Tuwei was serving as the Chief Officer in the department of Education.

She is dynamic and goal-oriented person with self-determination focused on quality and products that meet organizational set objective, having worked at Kisii University as an Administrator during her Masters degree program.

Tuwei, in her career path, has been awarded several awards including marketing and corporate social responsibility at Kisii University, and officiated the Nandi County music festival, Rift Valley Regional music festival official, Nakuru Region music Festival and the Eldoret campus cultural Day at Kisii University.

She also facilitated the Woman Empowerment and enhancement training, Pastors enhancement Training program at Kisii University.

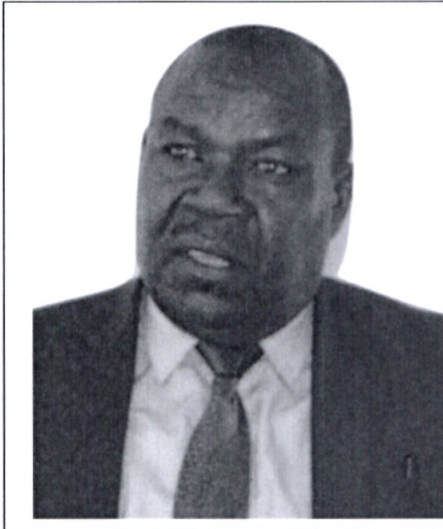
She is a woman Empowerment Specialist for Kericho and Kisumu Counties.



Ms. Rose Kenda Eboso Angira- CECM, Sports, Youth Affairs, Culture, Gender and Social welfare

Ms. Rose Kenda Eboso Angira was appointed the CECM, sports,youth affairs,culture,gender and social welfare

On 19th March 2023. Rose has served in various educational institutions as high school principal, she holds a master’s degree in leadership and policy from Moi university and an undergraduate degree in education (BED-Science).



DR. PHILEMON KIPTOO BURETI - CECM, Trade, Tourism Industrialization and Enterprise development

Dr. Philemon Kiptoo Bureti was appointed as a CECM, Administration, public service and ICT on 24th November 2022. Before his appointment Dr. Bureti was serving as CECM, Trade, Tourism Industrialization and Enterprise development. Dr. Bureti had served in a dynamic academician and administrator with 10 years in Teaching, Research and Administration at the University, 10 years as an Accountant in the Army and 10 years as a Finance Officer in the Kenyan Ordinance and Factories Corporation.

He holds a MBA in strategic management-GLUK, BBM-Accounting option-GLUK, DPHIL in Religious Studies-Southern Evangelical Seminary (USA), MA in Strategic Leadership-Luther Rice University, CPA-KASNEB and ACNC-KASNEB.

- b) Nandi County has a unit that deals with county citizen engagement, participation and civic education. Nandi County Public Participation and Civic Education Act of 2021. The objectives and purpose of the act is to give effect to establish platforms for public participation in the governance of Nandi County. The act also gives principles that guide public participation activities in the county.

Nandi County Public Participation Act part (IV) 22 AND 23 coordinate public participation activities in the county as provided by the guidelines in the act. Public participation activities that are conducted across the County include the following:

- During formation of committees such as PMC, Project identification committees.
- During Budget processes
- The input of citizens during CIDP and ADPS
- Formation of policies and Bills
- Part (v) 31 and 31 of the act provide for petitions to the County Government or any it's organs or agencies

Second schedules (S.13(2) of public participation guidelines are provided for In all civic engagements, they guide all the processes S public participation to take place.

- c) Safeguards against unethical conduct and corruption.

The County Government of Nandi in collaboration with Ethics and Anti-Corruption Commission (EACC) undertook a Corruption Risk Assessment a Report presented on the findings into the systems, policies, procedures and practices of the County Executive of Nandi. The report made recommendations on how to strengthen systems of control in order to prevent corruption in the County Executive Programmes. The process of implementation of the recommendations is in progress and Ethics and Anti-Corruption Commission has developed Guidelines that provide a Standardized approach in the establishment, composition and operationalization of the Corruption Prevention Committees (CPCs) in Public Entities. As a County the Guidelines are being implemented.

- d) Engagement of the county assembly

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The county government of Nandi engages the county assembly of Nandi on regular basis through its committee. All bills sponsored by county Executive are always forwarded to the county assembly for subsequent enactment into laws

The county assembly is also consulted through the budget process

The county executive report to the Senate all the county audited reports are submitted to the senate on annual basis through Public Accounts Committee where the county government is required and clarify all the pending audit issues

During g the year under review there was a good working relationship between the county assembly and the senate.

e) Risk management

The County Government of Nandi recognizes that commitment to risk management contributes to the creation of sustainable value and increases the quality-of-service delivery to the County Government residents. County public servants, stakeholders as well as assets, obligations and ability to deliver on its mandate are constantly affected by risks. However, the County Government recognizes that risk can be both positive and negative.

The County Government of Nandi accepts its legal, moral and fiduciary duties in making informed decisions about how best to control and minimize the downside of risk, whilst still maximizing opportunity and benefiting from positive risks. The County Government of Nandi will ensure that the County Executive Committee, County Public Servants and County Government Agencies understand their responsibilities to identify and manage risks.

The Governor commits the County Government to a process of risk management that is aligned to the principles of good corporate governance as supported by the International Professional Practices Framework (IPPF), The Private Sector Corporation for Governance Trust (PSCGT) Code, The Commonwealth Association for Corporation Governance (CACG) Code, the Organization for Economic Corporation and Development (OECD) Code, the Calpers Code, the Cardbury Code, the Kings Code, Chapter Six of the *Constitution of Kenya (2010)* and the Mwangozo Code of Governance for State Corporations, 2015.

The County Government recognizes that risk management is an integral part of responsible management and therefore adopts a comprehensive approach to the management of risk. The features of this approach are outlined in the County Government's risk management strategy. All County Government operations and processes are subject to the risk management strategy.

The County Government departments will integrate risk management into their operations, decision-making processes and performance management reporting activities. Further, it will recognize all the environmental aspects relevant to the stakeholders. The County Government departments and agencies, operations and processes will work together in a consistent and integrated manner, with the overall objective of reducing risk to the acceptable risk appetite

The Accounting Officers are responsible to their relevant Departments and Agencies in the development and implementation of risk management processes, specific to their departments operations and County Government's needs.

This Risk Management Policy confirms the County Government's commitment to systematically identify, assess and manage risks which may prevent the achievement of strategic goals and

Risk management process

The County Government's risk identification is based on assessing the risks and intervening factors that can derail the attainment of the set County Government's objectives in an economical, efficient and effective way. The identification process is based on identifying the key risks, the likelihood of the risks occurring and the impact on the set County Government objectives should the risks occur. Risk assessment is based on qualifying and quantifying the consequence level should the risks occur. Risk management is based on identifying mitigation measures that would best assure the cost-effective attainment of the stated County Government's objectives under unfavourable circumstances.

The County Government is exposed to ten broad types of risk. The first four of these risks are derived from the COSO framework namely:

- a) **Strategic** – Risks that are associated with achieving the strategic objectives of the operating departments and agencies and the County Government as a whole.
- b) **Financial** – Risks that are associated with the financial health and sustainability of departmental and the County Government's programmes.
- c) **Compliance** – Risks that are associated with Officers of the County Government complying with all statutory and regulatory requirements governing their work.
- d) **Operational** – Risks that are associated with the day-to-day operations, projects, or programmes deviating from and not achieving the short, medium and long term County Government's goals.

Other additional types of risk include:

- a) **Leadership** – Risks that are associated with senior management (the County Executive Committee (CEC), Chief Officers (COs) and Directors) in the County Government acting in the best interest of the County Government at all times.
- b) **Hazards** – Risks that are associated with the safety and health of the County Government's working environment and acts or omissions of county public servants.
- c) **Reputation** – Risks that are associated with acts or omissions of county public servants, putting the County Government to disrepute.
- d) **External** – Risks that are associated with the impact of other County Governments' acts or omissions, National Government's acts or omissions, regional markets impact, global markets impact or technological impact on the County Government.
- e) **Fraud and Corruption**- The risk that a perpetrator commits an act using deception or acts contrary to the interest of the County Government and abuses position of trust in order to achieve personal gain.
- f) **Information Security**-The potential that a given threat will exploit vulnerability to cause loss or damage to an information asset.

4. Forward by the CECM Finance and Economic Planning

It is my pleasure to present the Financial Statements for the County Government of Nandi for the year ended 30th June 2025. The financial statements present the financial performance of the County Government over the six months.

The promulgation of the Constitution of Kenya, 2010 under Chapter 11 ushered Kenya into new system of governance, replacing the centralized system with a devolved system of governance.

The devolved system of governance consists of the National Government and 47 County Governments.

I. Functions of the County Government

The county Government shall be responsible for any function assigned to it under the constitution or by an act of parliament; a county government shall be responsible for:

- a. County legislation in accordance with Article 185 of the constitution.
- b. Exercise executive functions in accordance with Article 183 of the constitution.
- c. Functions provided for in Article 186 and assigned in the fourth schedule of the constitution.
- d. Any other function that may be transferred to County governments from the National government under Article 187 of the constitution.
- e. Any function agreed upon with other County governments under Article 182 of the constitution and.
- f. Establishment and staffing of its public service as contemplated under Article 235 of the constitution

II. Financing of the County Governments

Article 202 of the Constitution of Kenya provides that revenue raised nationally shall be shared equitably among the National Government and the County Governments. Each County Government's equitable share of revenue raised nationally, is determined yearly through the County Allocation of Revenue Act (CARA). The revenue sharing formula is developed by the Commission on Revenue Allocation and approved by Parliament in accordance with Article 217 of the Constitution.

The County also finances its operations through own generated revenues. These are revenues collected within the County. The key local revenue streams for Nandi County comprises of Single Business Permits (SBP), Revenue from public health and medical services, Vehicle Parking Fees, Kiborgok tea Estate proceeds, House and stall Rents, Cess, Plot Rents, Agriculture, Market/Trade Centre fees, Slaughterhouses Administration cost, Sewerage and water, Cattle dips/veterinary and other small varied sources.

Public sector struggles to respond to the countless demands placed on them. in addition to the complexity of managing county government budget constraints

which forms a major risk. To mitigate against budget constraints an average local collection forecast was considered by involving all the stakeholders in budget planning and preparation process through public participation.

The Fourth Schedule of the Constitution contains information on the devolved services in Kenya. It stipulates the division of functions between the national and the county governments in Kenya. The devolved functions in Kenya performed by county governments are as follows.

- a. Agriculture, including crop and animal husbandry, livestock sale yards, county abattoirs (slaughterhouses), plant and animal disease control, and fisheries.
- b. County health services, including, in particular – county health facilities and pharmacies, ambulance services, promotion of primary health care, licensing and control of undertakings that sell food to the public, veterinary services (excluding regulation of the profession which is a national government function), cemeteries, funeral parlors and crematoria, and refuse removal, refuse dumps and solid waste disposal.
- c. Control of air pollution, noise pollution, other public nuisances, and outdoor advertising.
- d. Cultural activities, public entertainment and public amenities, including – betting, casinos and other forms of gambling, racing, liquor licensing, cinemas, video shows and hiring, libraries, museums, sports and cultural activities and facilities, and county parks, beaches and recreation facilities.

The County continues to explore new and innovative ways of increasing its own source revenue collections.

III. Expenses

The total expenditure for the year amounted to **Ksh. 8,543,918,859.16** comprising of recurrent expenditure amounting to Kshs. **7,189,294,163** and development expenditure amounting to Kshs. **1,354,624,696**

IV. County flagship projects and how they have been achieved.

In pursuit of addressing the needs of the people of Nandi and spurring economic growth, the County Government of Nandi through public participation in the development of the CIDP 2023- 2027, came up with strategies that culminated into various programmes and projects. This led to identification of six flagship projects meant to have a significant impact on the livelihood of the people and also stimulate the realization of various programmes in the CIDP II. The four flagship projects namely: New hospital complex with mother and baby unit at Kapsabet County Referral Hospital; Nandi Cooperative Creameries in Kabiyet (Milk processing Plant); Eliud Kipchoge Modern Athletic Training Camp in Kapsabet and Nandi Textile and Apparel Unit in Mosoriot (NATEX). Coffee milling factory at songhor soba ward, Avocado processing plant at Olesos ward and Kapsabet Fresh Produce Market at Kapsabet ward.

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The flagship projects are capital intensive in nature hence are multiyear funded through the County Budgets.

1. County Government Flagship projects completed in FY 2024/2025



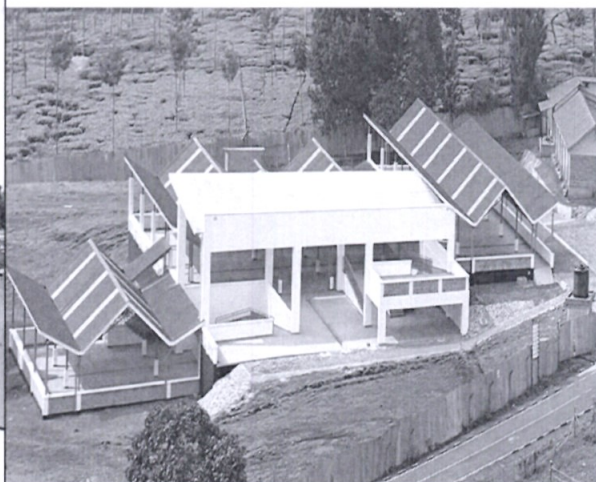
AVOCADO PROCESSING PLANT



MOTHER AND BABY HOSPITAL AT KAPSABET



NANDI TEXTILE AND APPAREL UNIT IN MOSORIOT



KAPSABET FRESH PRODUCE MARKET

V. Cash Flows

In the FY 2024/2025, there was delayed disbursement of funds as compared to the previous financial year. Most of the disbursements came towards end of quarter. The cash and cash equivalents increased from **Kshs. 214,152,871** as at 30th June 2024 to **Kshs. 233,833,767** As at 30th June 2025.

Accounts Receivables

During the period ended 30th June 2025.the County Government of Nandi realised 82.8 % in total revenue, this was majorly attributed to delayed disbursement by the national treasury

Pending Bills

The total pending bills as at the end of the year was **Ksh 782,535,628** The focus as a County is to settle bills as soon as they fall due. In every budget cycle, we ensure that part of the allocations is towards settlement of pending financial obligations.

Fixed Assets

Nandi County Government has made significant investments in fixed assets since its inception in the year 2013. Additionally, we inherited some assets from the defunct local authorities. A newly developed asset management unit is operational and currently the unit is in the process of consolidating all county assets, which is intended to be finalized in FY 2024/2025. The unit has among other things incorporated physical verification of all assets, valuation of assets and maintenance of assets register.

I take this opportunity to thank H.E. the Governor and the Deputy Governor for their continued support. I also want to thank my colleagues, the County Executive Committee Members in charge of all the other departments, for their teamwork and having worked tirelessly to ensure that County Government of Nandi delivers.

I thank all staff in the entire County Government for their continued commitment and dedication through hard work in delivering services to the people of Nandi County and ensuring that Nandi County remains the source of


.....
CECM Finance and Economic Planning
County Government of Nandi



5. Statement of Performance against County Predetermined Objectives

Introduction

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

Strategic development objectives

The County's 2023-2027 CIDP has identified seven key strategic development objectives. Broadly, these objectives have been identified through a participatory process that reviewed the development priorities of the Governor's Manifesto, the National Government's "Big Four", NIUPLAN, SDGs and the MTP III.

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

The key development objectives of the Nandi County's 2023-2027 CIDP are to:

- a) Provide quality physical infrastructure in the County
- b) Provision of maternal and child health services.
- c) Improved livestock breed.
- d) Expansion of ECDE infrastructure.
- e) Construction and upgrading of sports facilities within the county.
- f) Establishment of resource centres at community level.
- g) Increased access to safe and clean water

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

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

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Department	Objective	Outcome	Indicator	Performance
Public Works, Roads & Transport	To develop and maintain roads and storm water drainage to global standards to improve road network in Nandi county.	Increased efficient transportation of people, Goods and services	70% of motorable and passable roads within the city	In FY 24/25 we increased motorable and passable roads by 45%(2,830 Km of roads were maintained during the financial year)
Health Services	To reduce incidences of child birth death	Reduction of child birth related complications	60% reduction of child birth death	In FY 24/25 we reduced incidences of child birth death from 26/1000 in FY22/23 to 22/1000 in FY 24/25
Agriculture	To Improve livestock breeds to enhance Agricultural productivity.	Improvement of livestock breed	70% Improvement of livestock breed	In FY 24/25 we improved livestock breed by 45%
Trade, Tourism, investment and industrialization	To provide friendly business environment	More trading and Tourism	73% business attraction	In FY 24/25 we attracted new businessmen and women by 32%
Finance and Economic Planning	To ensure prudent public financial management	More value for money	80% transparency in public funds	In FY FY 24/25 we ensured that there was over 50% transparency and accountability of public funds.
Sports, Youth affairs, Culture and Social Welfare	To promote culture and talent through marketing and training of youths through sports and youth programmes.	More cultural activities and talents identified	78% local tourist attraction and 75% talent identification	In FY FY 24/25 we attracted new local tourist by 14% and identified new talents by 30%
Land Environment & Natural Resources	To minimize and mitigate adverse environmental and social impact.	Pollution free environment	70% clean working environment	In FY FY 24/25 we ensured more clean working environment
Education, Research and	To provide, promote and coordinate	Quality education for	82% school turn out	In FY FY 24/25 we attracted more pre-school by 14%

NANDI COUNTY EXECUTIVE

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

Department	Objective	Outcome	Indicator	Performance
Vocational Training	Quality education training and research.	pre-school education		
Administration, Public Services and E-Government	Providing people centered, timely and user friendly human resources services to the general public	Reformed public service	79% public service	In FY FY 24/25 we increased public service satisfaction by 25%

6. Environmental and Sustainability Reporting

a) Sustainability strategy and profile

In the financial year 2024-2025 the county leadership had to strike a balance between politics and service provision to the public, value for money remains to be our key objective.

The County Government of Nandi has advocated for all the stakeholders i.e. Constituencies and County officials to work together in promoting participatory and inclusive governance and accountability.

The strategy has been achieved through public participation in planning for budget making process.

b) Environmental performance

When the County treasury provide departments with finance to invest in projects such as building a road, providing people with water the aim is to ensure that the people and the environment are protected from potential adverse impacts. This is done through policies that identify, avoid, and minimize harm to people and the environment. These policies requires department to address certain environmental and social risks in order to receive further support for investment projects from experience including environmental and social considerations into project design and implementation to improve development outcomes.

Safeguard Policies

The current environmental and social policies are known as the "Safeguard Policies," the mechanism for addressing environmental and social issues in our project design, implementation and operation, and they provide a framework for consultation with communities and for public disclosure. Examples of these requirements include conducting environmental and social impact assessments, consulting with affected communities about potential project impacts, and restoring the livelihoods of displaced people.

c) Employee welfare

Nandi county government has provided instruction, training and supervision so as to ensure health and safety at work of his workers.

Policies have been put in place to ensure Employment of worker at any machine or in any process that may cause ill health or bodily injury is prohibited unless worker has been fully instructed about the hazards involved and precautions that must be

observed. Worker should be properly trained or required to work under supervision of experienced persons

d) Market place practices-

To ensure responsible competition practices, the County Government of Nandi has undertaken vigorous training at various sub counties on emerging issues of corruption both touching on county staff and the public.

The Government has ensured that fair competition environment exist for all the residents living in Nandi by eliminating all unethical or illegal business practices.

During the financial year 24/25 there was timely payment to the suppliers. 30% of the total contracts for the year were reserved to groups under AGPO

To maintain ethical marketing, the County Government of Nandi has embarked on ensuring that products of various companies operating within the county are not only benefiting consumers but also socially responsible and environmentally suitable.

To safeguard customer rights and interest, the County Government of Nandi has adopted weight & measures to ensure that majority of products sold to the public meet the required quantity and quality.

e) Community Engagements

Measures Established for PWDs

- i. The County Government of Nandi in partnership with Eldoret Textile Manufacturing Company Ltd trained registered groups for Persons Living with Disabilities to produce face masks that was bought back and marketed to the public by the Company. The benefits from sales were shared among the members of the respective groups to assist cushion their livelihoods during the pandemic.
- ii. Received and distributed a consignment of food items to cushion severely vulnerable households against hunger during this pandemic in partnership with the Church of Jesus Christ for the Latter-Day Saints. Priority was given to beneficiaries from households of Persons Living with Disabilities.
- iii. Partnered with Kenya Society for Blind to distribute white canes for the Visually Impaired (VIs) together with packages of basic food items to support and improve their livelihood during the pandemic. The consignment of food donated to as an accompaniment to be distributed together with white canes to the visually impaired comprised of rice, Beans, sugar, green grams, bar of soap and salt.
- iv. Signed MOUs with the following Bodies; Kenya Society for the Blind, King of Christ ambassadors, Partners for Care and Bethany Kids to facilitate donation of various types of Assistive Devices including wheel chairs, special seats for Disabled children, mobility carts, crutches and white canes.

1. EMPOWERMENT OF WOMEN AND PWDS GROUPS

- i. The empowerment of the registered groups of women and PWDs began in financial year 2017/ 2018 targeting only women and persons with disabilities registered groups. Since the financial year 2018/2019, 296 empowerment kits have been issued. seven groups were empowered per ward whereby five groups were issued with sewing machines and two groups issued with complete sets of saloon kits; however, priority was given to PWDs groups, in this case all 26 groups of PWDs.
- ii. Regular public awareness & sensitization at the community at the sub-county level on registration of persons with disabilities and capacity building of youth and women groups to access devolved funds and resource mobilization.

2. PWD MAINSTREAMING

- i) On yearly basis the sector has been collaborating with various partners on assistive devices to enable PWDs move from one destiny to another and manage their day-to-day chores with minimal assistance, from the year 2018 the sector has issued wheelchairs mobility carts and crutches to over one thousand five hundred (**1500**) PWDs, this was achieved after conducting a comprehensive medical assessment across the county wards. Currently we have issued 1500 wheelchairs and special seats, 240 white canes, and 20 crutches and walking frames, 80 amputees (lower limbs)
- ii) In the last quarter we have been able to undertake this activity in Mosoriot Health center, Masan Health Center and Chemokonja- Kiptuiya ward were assessed and registered.
- iii) Informed the public during these activities the availability of the new generation NCPWD cards
- iv) We have sensitized the PWD county staff to register in order to qualify for PWDs guide allowances and get tax exemption certificates this activity was undertaken by NCPWD regional office.
- v) We have trained 4 staff members on sign language in order to improve service delivery to the persons with hearing impairment.
- vi) Collaborated with the National Council for Persons Living with Disabilities and the Kapsabet School for the deaf in planning and celebrating International Week for Deaf Awareness this is done yearly.
- vii) In collaboration with SDA western field undertook sensitization programme targeting 1000 PWDs from across north rift, western and Nyanza regions
- viii) Formulation of the Nandi County Disability mainstreaming Policy is ongoing and we have been able to do stakeholder engagement
- ix) Established a liaison office for PWD

3. GENDER MAINSTREAMING.

- i. We have partnered with NOREB through Nandi Rural Women Peace link to develop the Nandi County Gender Action plan, which we have been able to launch in this quarter.
- ii. In bid to fight SGBV and create awareness we have done mentorship programs in all the sub-counties targeting the youth in school and youth out of school we have achieved

- these through incorporation of sporting activities to undertake outreach programs in this quarter.
- iii. Collection of girl child voices and prospective establishment of a Safe Space and a rescue centre for victims of Gender Based Violence in Nandi.
 - iv. Ongoing formulation of the Nandi County Gender Mainstreaming Policy guiding the CGN and its partners to allocate resources for mainstreaming gender issues and promote in partnership with FAO
 - v. Organized and Facilitated capacity building workshops in Kabwareng Ward and Kaptel/Kamoiwo ward on Girl and boy child empowerment on pertinent topics such as Sex & Gender Based Violence, reproductive health, menstrual hygiene, teenage pregnancies, drug and substance abuse etc.
 - vi. Create linkages with the department of health GBV clinic.

5 YEARLY CHRISTMAS PACK FOR VULNERABLE HOUSEHOLDS, CHILDREN HOMES, SPECIAL SCHOOLS & CORRECTIONAL INSTITUTIONS

- i. The sector's main goal is to provide care and support to vulnerable members of the community. It is integral in coordinating socio-economic development interventions and programs, enhancing social protection mechanisms and championing advocacy and capacity building initiatives especially for vulnerable members of the community including and not limited to women, children and Persons Living with Disabilities across the County.
- ii. Promotion and inclusion of vulnerable groups especially women and Persons Living with disabilities in all spheres of development cannot be overemphasized during county public participation fora.
- iii. Mobilize its resources for acquisition of a package of the annual Christmas gifts to celebrate with the vulnerable. We recognize the significant input of the County leadership in designing policies, programs and initiating responsive and sustainable interventions targeting to improve livelihoods.

1. CONSTRUCTION OF THE NANDI PWDS EMPOWERMENT CENTRE

Based on the lessons learnt during issuance of the empowerment kits, it was established that most of the PWDs had not gone through any form of technical training apart from a few who had not practiced on what they had trained on, the sector wrote a proposal and the construction of the Centre is complete and equipped only waiting to be launched.

2. COMMUNITY SENSITIZATION ON ENVIRONMENT AND NATURAL RESOURCES

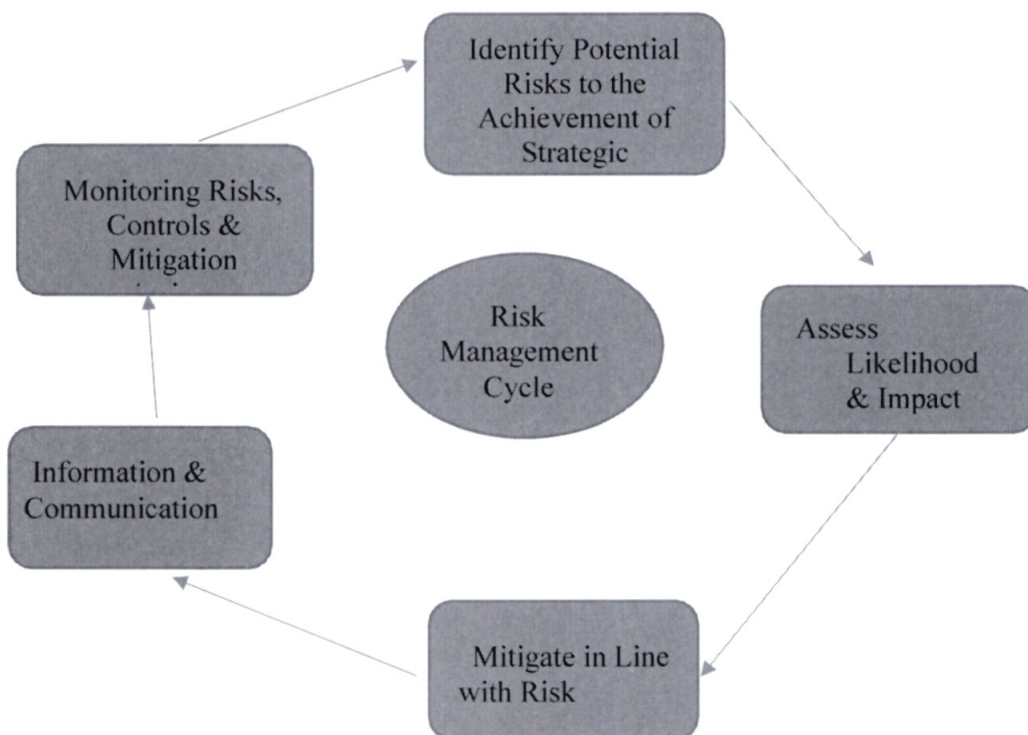
The sector in collaboration FAO manage to conduct training of youths out schools on the proper management of natural resources, reproductive health and land ownership for women. Were it not for COVID 19 the program was to be cascaded to ward level particularly on environmental issues. Two groups were formed per sub-county to help disseminate information to the ward level

3. OBSERVATION OF IMPORTANT INTERNATIONAL DAYS

The sector has been in the forefront in supporting and facilitating celebrations of following distinct days on yearly basis.

1. International women's day
2. International PWDs day
3. White cane day
4. Day of the African child
5. Albinism day
6. 16 days of GBV activism.
7. Deaf Awareness week
8. World Cancer Day

7. Management Discussion and Analysis



Management will identify potential events that, if they occur, will affect the County Government and determine whether they represent opportunities or whether they might adversely affect the County Government's ability to successfully implement strategy and achieve objectives. Events with negative impact represent risks, which require management's assessment and response. Events with positive impact represent opportunities, which management channels

NANDI COUNTY EXECUTIVE

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back into the strategy and objective setting processes. When identifying events, management considers a variety of internal and external factors that may give rise to risks and opportunities, in the context of the full scope of the County Government processes.

Risk assessment allows the County Government to consider the extent to which potential events will have an impact on achievement of objectives. Management assesses events from two perspectives, **likelihood** and **impact**, and normally uses a combination of qualitative and quantitative methods. The positive and negative impacts of potential events will be examined, individually or by category, across the County Government. Risks are assessed on both an inherent and a residual basis.

In the process of prioritizing risks, the County Government will use a risk tool table of a three-by-three matrix that will allow assigning a risk to one of the nine cells based on a qualitative assessment of its relative **impact** (high, medium or low) and the **likelihood** of its occurrence (high, medium or low).

Risk Matrix

LIKELIHOOD OF OCCURRENCE	HIGH	LH	MH	HH
	MEDIUM	LM	MM	HM
	LOW	LL	MH	HL
		LOW	MEDIUM	HIGH

RELATIVE IMPACT

KEY

Green - Low: Rating shall be between **0.01 - 0.33**

Yellow – Moderate/Medium: Rating shall be between **0.34 - 0.67**

Red - High: Rating shall be between **0.68 - 1.0**

The risks prioritization cells shall be defined as follows:

Low Impact-Low Probability (LI-LP)

Risks that will be characterized as both low impact and low likelihood of occurrence will be essentially negligible and will be eliminated from active consideration.

Low Impact-High Probability (LI-HP)

An event that is very likely to occur and has a low probability of failure will not have significant consequences of failure for the County Government and will be recorded on the risk register.

Medium Impact-Medium Probability (MI-MP)

An event that is has average probability of occurrence and has a moderate probability of failure, will not have significant consequences of failure for the County Government and it will be recorded on the risk register.

High Impact-Medium Probability (HI-MP)

An event that is very likely to occur and has a high probability of failure, will have significant consequences of failure for the County Government and this risk will be recorded on the risk register.

High Impact-High Probability (HI-HP)

Risks that are characterized as both high impact and high likelihood of occurrence will often cause the County Government programs to be terminated, or to fail if they are continued in spite of the risks. These risks will be recorded in the risk register and escalated to the County Executive for deliberation.

Low Impact-High Probability (LI-HP)

Low-impact, high-probability risks will be those largely due to uncertainties about a number of elements that may be minor risks individually but that in the aggregate could amount to a significant risk.

High Impact-Low Probability (HI-LP)-

High-impact, low-probability events are rare occurrences, and therefore it is very difficult to assign probabilities to them based on historical records. Data do not exist and so subjective estimates of probabilities will be necessary.

RISK RESPONSE

Having assessed relevant risks, management will determine how it will respond. In considering its response, management will assess the effect on risk likelihood and impact, as well as cost and benefit, selecting a response that bring residual risk within desired risk tolerance. Management will identify any opportunities that might be available, and take the County Government-wide, or portfolio view of risk and determine whether overall residual risk will be within the County Government's risk appetite. The response will take the form of:

NANDI COUNTY EXECUTIVE

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

- i). **Avoidance** – An activity may be terminated if it is out of appetite and deemed too risky. Choosing avoidance suggests management has not been able to identify a response that would reduce the risk to an acceptable level of severity.
- ii). **Reduction** – Mitigating action is taken to reduce the likelihood and/or potential impact of the risk to bring the risk within appetite. This typically involves implementation of controls, and for material risks may also require institutional or process changes.
- iii). **Sharing/Transferring** – Mitigating action is taken to reduce the likelihood and/or potential impact of the risk by sharing elements of the risk. Outsourcing to third-party specialists or service providers, for instance, may share execution and implementation risks (but not fully the reputational impacts). Similarly, the financial impact of some risks may be mitigated by insurance.
- iv). **Acceptance** – Risk is accepted without the need for any further mitigating measures. This applies when risk is within appetite but sometimes also when a risk is out of appetite but there is no feasible mitigation. Acceptance of risks that are out of appetite requires appropriate Accounting Officer approval and for material risks is escalated to the County Executive Committee.
- v). **Pursue** – Provided a risk is within appetite, or there is a clearly agreed path to meet appetite, an increased level of risk may be pursued to achieve strategic objectives and/or improve performance. A decision by the Accounting Officer to increase risk where it is already out of appetite will be escalated to the County Executive Committee.
- f) Appointment operation and membership of the audit committee and its charter.

The Audit committee Chairperson and members were appointment through competitive recruitment process by the public service Board on 29th July 2024 as per the gazette notice 9624 and 9625 respectively.

Chair: Isack Kipkemboi Koros

Member: Nicholas Kipkurui Kiget

Member: Celestine Jeruto Rono

Member: Ednah Jebichii

Member: Veronicah Muthoki Makau

Member: Leonard Kibet

- g) **Compliance**
The entity should identify the laws and regulations that governs it and disclose its compliance to these laws. There should also be a disclosure whether reports emanating from such compliance are prepared and discussed at the relevant levels or other government offices.
- h) Any other Governance issue include committees that the county may need to disclose.

8. Statement of Management Responsibilities

Sections 163,164 and 165 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the County Treasury shall prepare financial statements of each County Government entity, receiver of revenue and consolidated financial statements for all County Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board. (PSA&SB)

The County Executive Committee (CEC) member for Finance and Economic planning of the County Government is responsible for the preparation and presentation of the County Executive's financial statements, which give a true and fair view of the state of affairs of the County Executive for and as at the end of the financial year ending June 30, 2022. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the county Executive; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the county Executive; (v) Selecting and applying appropriate accounting policies; and (iv) Making accounting estimates that are reasonable in the circumstances.

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

NANDI COUNTY EXECUTIVE

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

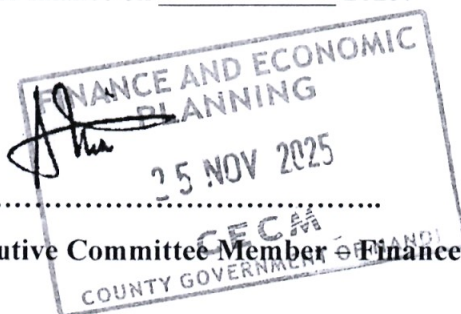
The CEC member for finance further confirms the completeness of the accounting records maintained for the County Executive which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

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

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

Approval of the financial statements

The County Executive's financial statements were approved and signed by the CEC member for finance on _____ 2025.



.....
County Executive Committee Member Finance and Economic Planning

REPUBLIC OF KENYA

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying transitional IPSAS financial statements of County Executive of Nandi set out on pages 1 to 57, which comprise 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 effects of the matters discussed in the Basis of Qualified Opinion section of my report, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of the County Executive of Nandi as at 30 June, 2025, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) including the transitional provisions permitted under IPSAS 33 and comply with the Public Finance Management Act, 2012, County Executive of Nandi Act, 2018 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

Basis for Qualified Opinion

1. Inaccuracies of the Financial Statements

The statement of financial position reflects trade and other payables balance of Kshs.782,535,628 as disclosed in Note 32 to the financial statements. However, cash generated from operations at Note 40 to the financial statement reflects increase in payables of Kshs.504,314,597 resulting to unreconciled variance of Kshs.278,221,031.

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

2. Unsupported Refundable Deposits and Prepayments

The statement of financial position reflects Nil balance in respect of refundable deposits and prepayments as disclosed in Note 33 to the financial statements. However, the supporting schedule reflects Kshs.62,967,159 resulting in an unreconciled variance of Kshs.62,967,159.

In addition, it was revealed that that the County Executive operated deposits and retention bank account at the Central Bank of Kenya with Nil balance as disclosed in Note 21 to the financial statements. The account was intended to hold deposit monies for payments to various suppliers and contractors. However, the cashbook and bank reconciliation statements for the account were not provided for audit verification.

In the circumstances, the accuracy, completeness, and validity of the nil deposits and retentions balance reported in the financial statements could not be confirmed.

3. Misstatement of Property, Plant and Equipment

The statement of financial position reflects property, plant, and equipment balance Kshs.1,168,875,445 as disclosed in Note 26 to the financial statements. However, the asset register in support of the reported balance was not provided for verification contrary to regulation 136(1) of the Public Finance Management (County Government) regulations, 2015 which requires that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

In the circumstances, the completeness and accuracy of property, plant and equipment balance of Kshs.1,168,875,445 could not be confirmed.

4. Unaccounted for Domestic Travel and Subsistence Expense

The statement of financial performance reflects use of goods and services amount of Kshs.2, 635,125,855 as disclosed in Note 10 to the financial statements. Included in the amount is Kshs.236,588,798 which relates to domestic travel and subsistence expenses. However, supporting documents for the expenditure of Kshs.2,944,230 were not provided for audit.

In the circumstances, the accuracy and completeness of domestic travel amount of Kshs.236,588,798 not be confirmed.

5. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables balance Kshs.782,535,628 as disclosed in Note 32 to the financial statements. However, examination of the ageing analysis revealed that a total of Kshs.193,227,263, Kshs.145,328,500 and Kshs.108,852,915 had been outstanding for 1-2 years, 2-3 years and over 3 years respectively all totaling to Kshs.447,408,678. In addition, records provided revealed that the balance was not supported with creditor's movement schedule.

In the circumstances, the accuracy, existence, and completeness of the long outstanding trade and other payables balance of Kshs.447,408,678 could not be confirmed.

6. Variances in Amounts Between Payroll and Employee Costs

The statement of financial performance reflects employee costs amount of Kshs.3,372,701,751 as disclosed in Note 9 to the financial statements. However, re-casting of payroll records revealed total employee costs of Kshs.2,833,070,772 resulting to unreconciled variance of Kshs.539,630,979.

In the circumstances, the accuracy and completeness of the employees' costs amount of Kshs.3, 372,701,751 could not be confirmed.

7. Lack of Land Ownership Documents

The statement of financial position reflects property, plant and equipment balance of Kshs.1,168,875,445 as disclosed in Note 26 to the financial statements. Included in the balance is Kshs.6,471,121 in respect of land. Review of the documents revealed that the amount was incurred for purchasing two parcels of land for Kshs.550,000 and Kshs.5,921,120 respectively. However, no documentary evidence was provided to show successful registration of the parcels of land in favor of the County Government. This was contrary to the National Treasury circular No.5 of 2024 which requires all Accounting Officers of public entities to prioritize acquisition of title deeds for public land. Further, the parcels of land purchased were not demarcated hence it was not possible to differentiate the actual portion purchased by the County Government.

In the circumstances, ownership of land valued at Kshs.6,471,121 could not be confirmed.

8. Unsupported Subsidized Vocational Training Centers Support Grant

The statement of financial performance reflects other grants and subsidies amount of Kshs.351,034,826 as disclosed in Note 13 to the financial statements. Included in the balance is Kshs.13,310,000 in respect of transfers to vocational training centers. However, supporting documents including acknowledgement for received funds from the beneficiary Institutions were not provided for audit confirmation.

In the circumstances, accuracy and completeness of transfers to vocational training centers could not be confirmed.

9. Inaccuracies in Transfers from the County Revenue Fund

Note 6 to the financial statements reflects transfers from County Revenue Fund totaling Kshs.7,599,066,478, that is made up of recurrent account of Kshs.6,439,545,543 and development account of Kshs.1,159,520,935. However, the financial statements of County Revenue Fund reflect transfers to the County Government amount of Kshs.7,733,771,378 resulting to unexplained variance of Kshs.134,704,900

In the circumstances, the accuracy and completeness transfers from County Revenue Fund amount of Kshs.7,599,066,478 could not be confirmed.

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

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final budgeted receipts and actual receipts on a comparable basis of Kshs.9,186,409,526 and Kshs.7,813,219,349 respectively, resulting to revenue shortfall of Kshs.1,373,190,177 or 15% of the budget. Similarly, the County Executive spent Kshs.7,579,385,582 against final receipts of Kshs.7,813,219,349 resulting to under-expenditure of Kshs.291,698,866 or 3% of the actual expenditure.

The receipts shortfall and under expenditure impacted negatively on the delivery of services to the residents of Nandi County.

2. Undisclosed Contingent Liabilities

The statement of financial position reflects Nil balance as contingent liabilities as disclosed in Note 44 to the financial statements. However, examination of contingent liabilities records disclosed that the Nandi Executive is exposed to substantial potential obligations and litigations estimated at Kshs.5,390,422 arising from claims lodged by contractors and suppliers for works performed and goods and services supplied over the last ten years. Although the claimants assert that the amounts are due and payable, the County Executive disputes the validity of these claims and, as a result, did not recognize or disclose them in the financial statements for the year ended 30 June 2025. However, the absence of disclosure of these long-outstanding and potentially litigious claims is inconsistent with the requirements of the applicable financial reporting framework, which mandates the reporting of material contingent liabilities where the likelihood of outflow cannot be ruled out. The County remains exposed to significant financial and legal risks should the disputed claims be upheld.

In the circumstances, the completeness and accuracy of the disclosed nil balance for contingent liabilities could not be confirmed..

My opinion is not modified in respect of this matter.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under report on Financial Statements, Report on Lawfulness and Effectiveness in the Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status of implementation of the issues during the audit, revealed that the issues remained unresolved as indicated in **Appendix I**

Other Information

Management is responsible for the Other Information set out on page iii to xxix which comprise of Key County Information and Management, Governance Statement, Forward

by the CECM Finance and Economic Planning, Statement of Performance against County Predetermined Objectives, Environmental and Sustainability Reporting, Management Discussions and Analysis and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN 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 the Lawfulness and Effectiveness in 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. Unsustainable Wage Bill

The statement of financial performance reflects employee costs amount of Kshs.3,372,701,751 as disclosed in Note 9 to the financial statements. This is equivalent to 44% of the reported revenue of Kshs.6,439,545,543 which is in excess of the threshold of 35% prescribed in Regulation 25(1)(b) of the Public Finance Management Act (County Government) Regulations, 2015 which requires that the limit set for the County Government's expenditure on wages and benefits for its public officers pursuant to Section 107(2) of the Act shall not exceed thirty-five percent (35%) of the County Government's total revenue. In addition, there was no evidence that the County Executive Committee Member for Finance and Economic Planning tabled a bill in the County Assembly to control the wage bill.

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

2. Failure to Observe Ethnic Balance in Staff Composition

The statement of financial performance and Note 9 to the financial statements reflects employee costs of Kshs.3,372,701,751. Review of payroll records revealed that the

County Executive had a total of two thousand nine hundred and seventy (2970) employees out of which one thousand eight hundred and fifty-nine (1,859) or approximately 62.5% were from the dominant community. This is contrary to Section 7(2) of National Cohesion and Integration Act, 2008 which requires that no public establishment shall have more than one third of its staff from the dominant ethnic community.

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

3. Failure to Comply with the One Third Rule on Basic Pay

Review of the monthly payrolls revealed that two hundred and one (201) employees received a net pay of less than one-third of their basic salary. This was contrary to the provisions of Section 19(3) of the Employment Act, 2007, which states that the total deductions made by an employer from an employee's wages shall not exceed two-thirds of such wages at any one time.

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

4. Prolonged Acting Positions

Management paid three (3) members of staff an acting allowance for a duration exceeding six (6) months totaling Kshs.1,302,641. This was contrary to Section C.14(1) of the Public Service Commission, Human Resource Policies and Procedures Manual May, 2016 which states that when an officer is eligible for appointment to a higher post and is called upon to act in that post pending advertisement of the post, he is eligible for payment of acting allowance at the rate of twenty percent (20%) of his substantive basic salary. Acting allowance will not be payable to an officer for more than six (6) months.

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

5. Payment of Salaries Outside Human Resource Integrated System (HRIS)

The statement of financial performance reflects employee costs amount of Kshs.3,372,701,751 as disclosed in Note 9 to the financial statements. However, review of records revealed that County Executive uses both HRIS and manual excel sheet in processing of payroll. The total employee costs paid outside HRIS was Kshs.155,541,525 made up of manual payroll of Kshs.85,202,776 and casual payroll of Kshs.70,338,749.

This was contrary to Section 1.5.1 of The Treasury Guidelines through the Financial Accounting Recording and Reporting manual which requires that each County Government department is responsible for populating the IPPD with the information contained in these documents, issuing each appointee with a unique payroll number from the system, and providing the appointee with a letter of appointment.

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

6. Unexplained Redundances

Review of payroll records revealed a significant reduction in staff numbers from four thousand eight hundred and eighty-four (4,884) in the month of September, 2024 to two thousand nine hundred and ninety-nine (2,999) in the month of October, 2024 resulting to a variance of one thousand eight hundred and eighty-five (1,885) staff. Management attributed the reduction to dismissals and terminations. However, the dismissal records accounted for one thousand eight hundred and sixty-three (1,863) staff, leaving an - unexplained variance of twenty-two (22) staff whose employment status could not be determined. In addition, there was no documentary evidence presented to confirm the reasons for dismissal, the due process followed, or whether the affected staff were issued with certificates of service as required.

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

7. Irregular Contributions to Council of Governors

The statement of financial performance reflects use of goods and services amount of Kshs.2,635,125,855 as disclosed in Note 10 to the financial statements. Included in the amount is Kshs.210,102,962 in respect of other operating expenses including bank charges. However, other operating expense which includes Kshs.5,000,000 paid to Council of Governors as contribution contrary to Section 37 of Intergovernmental Relations Act, 2012 which states that the operational expenses in respect of the structures and institutions established in this Act shall be provided for in the annual estimates of the revenue and expenditure of the National Government.

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

8. Irregular Engagement of Legal Services

The statement of financial performance reflects use of goods and services expenses amount of Kshs.2,635,125,855 as disclosed in Note 10 to the financial statements. Included in the amount is Kshs.369,696,231 in respect of specialized materials and services which includes an expenditure of Kshs.41,972,940 relating to legal costs payable to ten (10) private law firms. Examination of expenditure records revealed that the engagement of the external legal services was not approved by the County Executive Committee contrary to Section 16(1) of the Office of the County Attorney Act, 2020 which provides that a department or public entity established within a County Executive shall not engage the services of a consultant to render any legal services relating to the functions of the County Attorney without the approval of the County Executive Committee.

In addition, procurement of the legal consultants was not competitively sourced since the law firms were directly picked from the list of registered prequalified legal firms and there was no evidence that all listed firms were given an equal opportunity. This is contrary to Section 95(3) of the Public Procurement and Asset Disposal Act, 2015, which provides that a procuring entity shall invite tenders from only the approved persons who have been pre-qualified.

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

9. Unutilized Office Furniture for Governor's Office

The statement of financial position reflects property, plant and equipment balance of Kshs.1,168,875,445 as disclosed in Note 26 to the financial statements. Included in the balance are additions during the year amounting to Kshs.1,350,873,095. The additions include Kshs.165,416,310 relating to supply of furniture and fittings to the Governor's office. However, furniture and fittings supplied had not been put into use one year after the delivery, citing non completion of the construction of the County offices.

In addition, Inspection and Acceptance Committee report was not provided for review. It was therefore not possible to confirm whether the furniture were actually procured and delivered.

In the circumstances, value for money could not be confirmed.

10. Irregularities in the Procurement of Fuel and Lubricants

The statement of financial performance reflects use of goods and services of Kshs.2,635,125,855 as disclosed in Note 10 to the financial statements. Included in the amount is Kshs.114, 554,330 in respect of fuel, oil and lubricants expenses. Review of payment records revealed that the County Executive entered into a framework agreement for supply and delivery of fuel and lubricants with seven (7) local firms. However, during the year , only four (4) firms supplied fuel and lubricants to the County Executive. Out of the four (4) firms or 90 % of the total fuel was supplied by only two (2) suppliers contrary to Regulation 101(2) of the Public Procurement and Asset Disposal Act Regulations, 2020 which requires that a procuring entity shall not use a framework agreement in such a way as to prevent, restrict or distort competition. No justification was provided as to why only two suppliers supplied 90% of total fuel and lubricant supplies out of the seven contracted firms.

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

11. Anomalies in Road Maintenance Expenses

The statement of financial performance reflects use of goods and services amount of Kshs.2,635,125,855 as disclosed in Note 10 to the financial statements. Included in the amount is Kshs.651,135,344 in respect of routine maintenance of roads which included Kshs.10,160,828 incurred on hiring of selected road maintenance equipment. However, review of expenditure records revealed the following anomalies:

- i. There were no need assessment reports showing the equipment required for every road works for each of the roads.
- ii. Detailed scope of work to be carried out in each of the roads and their estimated cost (work plan) was not provided for review.

- iii. There was no information indicating the number of kilometers done. Instead, the supporting documents only indicated the specific roads done and not the length or kilometers repaired.
- iv. There were no daily machine utilization sheets showing the daily machine hours worked and the out-put achieved.
- v. There were no measurement sheets to show how the billing for road maintenance work was done to commensurate the number of hours the equipment hired. Further, there were no completion certificates.
- vi. Records of all County machineries and the planned and actual road works performed by the department through force account (in house) including scope of works planned and achieved were not provided for verification to confirm that the equipment did not do similar works contracted.
- vii. The department of roads does not maintain an inventory of public roads under the County Government specifying the roads in respect of road names and length by surface (Km) and their conditions including any records of works done on the roads.

In the circumstances, Management was in breach of the law and value for money for hire of equipment could not be confirmed.

12. Unsupported Construction of Boreholes

The statement of financial position reflects property plant and equipment amount of Kshs.1,168,875,445 as disclosed in Note 26 to the financial statements. Included in the amount is Kshs.282,556,506 in respect of infrastructure. which includes Kshs.18,993,190 incurred on the construction of boreholes. However, the expenditure was not supported by detailed design reports, hydro-geological test survey and environmental impact assessment reports for drilling of a borehole and land ownership documentation of the land on which the boreholes were constructed. In addition, the permit from the Water Resource Authority (WRA), and water quality testing reports indicating whether the parameters levels are within the recommended water quality standards set by WRA were not provided for audit.

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

13. Delayed Construction of County Aggregated Industrial Park

The statement of financial performance reflects other grants and subsidies amount of Kshs.351,034,826 as disclosed in Note 13 to the financial statements. Included in the amount is Kshs.77,751,287 in respect to County Aggregation Industrial Park (CAIP). However, review of contract agreement revealed that the County Executive contracted a local company to construct the Park at a contract sum of Kshs.520,003,128 with effect from 15 August, 2023. The award was made after the first advertised tender was non-responsive prompting a re-tender where five (5) firms submitted their tenders. However, the following anomalies were noted;

- i) The project was jointly funded by the National Government and the County Government. However, the level of funding that was to be provided by each Government was not clear since no agreements or commitment between the two levels of Government was provided for audit.
- ii) No documentation was provided indicating that detailed feasibility study was conducted before commencement of the project including an environmental impact assessment.
- iii) Ownership of the land could not be confirmed as ownership documents were not provided for review.
- iv) Performance bond document expired on 26 February, 2024 and had not been renewed which exposes the project to possibility of loss should the contractor fail to deliver the project as per the contract terms.
- v) Project steering Committee was constituted on 19 May, 2023 to steer the Industrial Park project for a term of six (6) months. However, the terms of the Committee had not been extended despite the project having gone beyond the 6 months duration.
- vi) The Contractor did a request for variation of works on sub- structure excavation depth and backfill depth of 1.2m to 2.7m at an additional cost of Kshs.39,547,500 or (7.6%) which was approved vide a professional opinion dated 27 October, 2023, resulting to a new contract price of Kshs.559,550,628. However, the contract variation was done before lapse of one year contrary to Section 139 (3) of the Public Procurement and Asset Disposal Act, 2015 which states that no contract price shall be varied upwards within twelve months from the date of the signing of the contract.

The project completion date was expected to be on 15 August 2025. However, physical inspection conducted in the month of November, 2025 revealed that the work had stalled three (3) months to completion date, in May, 2025 at 30% completion level. Further, the contractor was not on site.

In the circumstances, value for money for the project could not be confirmed.

14. Stalled Completion Works at Kapsengere Hospital Phase II

The County Executive entered into contract with a local contractor for the proposed completion works of Kapsengere Hospital (Phase II) in Terik Ward at a contract sum of Kshs.9,954,900 on 5 May, 2019. The contract duration was for three (3) months effective from the date of the agreement and was expected to end by 5 July, 2019. However, review of documents provided and physical verification revealed that no payments had been made despite a budgetary allocation of Kshs.3,954,900 and Kshs.9,954,900 having been made in the financial year 2023-2024 and 2024-2025 respectively.

Physical verification conducted in the Month of June, 2025 revealed that the project was tendered and handed over to a new contractor and site handed on 10 June, 2025. However, the tender document and contract agreement for the new engagement was not provided for audit verification. Demolition of the defective ram was in progress and works not done including the ablution block, outpatient division building, site fencing.

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

15. Delayed Completion Works Phase II - Chepterwai Sub-County Hospital

Review of records revealed that the County Executive entered into contract with a local contractor for proposed completion works at Chepterwai Sub-County Hospital phase II on 31 March, 2022 at a contract sum of Kshs.41,538,221 for a contract duration of twenty-four (24) months effective from the date of the agreement and was expected to end by 31 March, 2024. In the year under review, no budget allocation was made.

Physical verification in October 2025 revealed that the contractor was not on site and the proposed works had not been completed and the project was behind schedule.

In the circumstances, value for money may not be ascertained.

16. Unsupported Payment for Breach of Contract - Nandi Textile Company

The County Executive and a contractor signed an addendum contract dated 24 April 2019, on the 8 June, 2023 in respect to the construction of textile training and production plant at a contract sum of Kshs.29,111,050. At the time of audit, works certified and paid was Kshs.27,116,606 leaving unpaid balances of Kshs.1,994,444 and Kshs.2,235,716 as per certificate No (1-3). However, the contractor demanded Kshs.11,203,577 due to breach of contract and on 8 May 2025 a private advocate was paid Kshs.15,894,845.85 on behalf of the contractor. However, the details for payment of Kshs.15,894,845 were not provided for review.

In the circumstances, the value for money on the payment of Kshs.15,894,845 could not be confirmed.

17. Procurement Exceeding Threshold for Request for Quotation Method

Review of procurement records revealed that a supplier was awarded a contract to supply ten (10) motorcycles at a total cost of Kshs.4,844,735 through the Request for Quotation method. The contract value exceeded the maximum allowable threshold of Kshs.3,000,000 for Request for Quotation, contrary to Regulation 106(5) of the Public Procurement and Asset Disposal Regulations, 2020.

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

18. Non-Operationalization of the Nandi Youth Service

The County Government established the Nandi County Youth Service Act, 2019 for the operationalization of the Nandi Youth Service whose function was to train the youth to serve the county and employ its members to undertake tasks on the devolved functions. However, at the time of audit in November 2025 the service was not operational and no explanation has been provided for failure to operationalize Nandi Youth Service.

In the circumstance, the management is in breach of law

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Trainings Conducted without Training Needs Assessment

The statement of financial performance reflects use of goods and services amount of Kshs.2,635,125,855 as disclosed in Note 10 to the financial statements. Included in the balance is Kshs.15,536,702 in respect of training expenses. However, the amount was not supported by training needs assessment (TNA), training plans, departmental skills inventory records, courses approval and selection criteria contrary to Human Resource Policies and Procedures Manual for the Public Service May, 2016. In addition, it was not clear how the officers were nominated for the respective trainings without evidence of training projections based on the training needs assessment. Further, Management did not prepare quarterly returns on trainings that took place during the year and gauge their effectiveness.

In the circumstances, effectiveness of the training could be confirmed.

2. Weaknesses in Inventory Management

The statement of financial performance reflects transfer to other government entities amount of Kshs.648,434,082 as disclosed in Note 11 to the financial statements. Included in the amount is Kshs.444,420,479 in respect of health departments in kind contributions to health facilities in-form of pharmaceuticals and non-pharmaceuticals. However, physical verification to selected Referral and Sub - County hospitals revealed significant weaknesses in inventory management. The health facilities lacked proper inventory management systems and relied on manual processes for receiving and managing drugs

and non-pharmaceutical supplies. In addition, the process flow-from receipts of drugs, transfer to the pharmacy, and eventual issuance to patients was not documented. This affected the ability to verify accountability, completeness, and authorization of the medical supplies.

In the circumstances, the effectiveness of internal controls over stock management could not be confirmed.

3. Failure to Maintain an Updated Imprest Register

Examination of imprest registers revealed that the registers were not consistently updated with details relating to the date of imprest issuance and surrender.

In the circumstances, the effectiveness of internal controls over the management of imprest could not be confirmed.

4. Understaffing in the Internal Audit Department

Review of the operations of the County Executive revealed that the Internal Audit Unit had an approved staff establishment of ten (10) positions. However, audit examination noted that no substantive staff had been deployed to carry out the internal audit function. This was contrary to Section 155(1)(a) of the Public Finance Management Act, 2012, which requires a County Government entity to ensure compliance with the Act and to establish appropriate arrangements for conducting internal audit in accordance with guidelines issued by the Public Sector Accounting Standards Board.

In the circumstances, the effectiveness of internal controls over the operations of the County Executive could not be confirmed.

5. Failure to Provide Approved Internal Audit Plans

Review of the documents revealed that there were no approved internal audit plans contrary to regulation 163.(1)(a)(b) of the Public Finance Management (County Government) Regulations, 2015 which states that Internal audit planning shall be carried out on the basis of risk assessment and shall be set out in a three (3) -year strategic plan, on the basis of which an annual internal audit activity plan shall be developed. Risk based audit assessment strategic plan. (2) The annual work plan developed in paragraph (1) shall be submitted to the Audit Committee by 15th February each financial year; and approved by the Audit Committee and shared with the Accounting Officer of that entity, in sufficient time for inclusion in the budget of that entity.

In the circumstances, the effectiveness, risk assessment and management of the internal audit could not be confirmed.

6. Weakness in Management of Fixed Assets

Review of Fixed Assets Management System revealed the following anomalies:

6.1 Lack of Assets Register

Review of records revealed that the assets register provided was incomplete and did not capture all assets owned by the County Executive. Several categories within the register were left blank with no corresponding data. This was contrary to Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015, which requires the Accounting Officer to maintain an accurate and complete register of assets under his or her control or possession.

6.1.1 Failure to Tag Assets

Audit inspection revealed that the County Executive's assets were not tagged to facilitate proper identification and tracking. In addition, Management had not established policies and procedures on asset management, contrary to Section 132(2) of the Public Finance Management (County Governments) Regulations, 2015, which requires the Accounting Officer to ensure that both electronic and manual processes and procedures are in place for the effective, efficient, economical, and transparent use of the County Government entity's assets.

6.1.2 Non-Disposal of Obsolete and Unserviceable Assets

Audit inspection revealed that several defective and unserviceable motor vehicles had been grounded for a long time. However, Management did not provide an explanation for failure to board and earmark these unserviceable motor vehicles and transport equipment for disposal. This was contrary to Section 163(1) of the Public Procurement and Asset Disposal Act, 2015 which states that an accounting officer shall establish a disposal committee as and when prescribed for the purpose of disposal.

In the circumstances, the effectiveness of internal controls over asset management could not be confirmed.

7. Absence of Inventory Management System

Physical verification and review of store records revealed that the County Executive did not have an inventory management and control system capable of providing real-time information on the location, condition, movement, and reorder levels of stores. Instead, stores records were maintained manually, making it difficult to ascertain the completeness, accuracy, and accountability of inventory transactions.

In the circumstances, the effectiveness of internal controls on inventory management could not be confirmed.

8. Lack of a Risk Management Policy

Review of documents revealed that Management had not developed a risk management policy. In addition, no risk assessment was carried out during the year under review. This

was contrary to Regulation 158(1) of the Public Finance Management (County Government) Regulations, 2015, which requires the Accounting Officer to ensure that the County Government entity develops risk management strategies, including fraud prevention mechanisms, and establishes a system of risk management and internal control that supports robust business operations.

In the circumstances, the effectiveness of risk management system in the County Executive could not be confirmed.

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

Responsibilities of the Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The ISSAIs requires 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

03 December, 2025

Appendix I: Unresolved Prior Year Matters 2023-2024

No.	Unresolved Prior Year Issue
	Report on Financial Statements
1	Presentation, Accuracy and Completeness of Financial Statements
1.1	Presentation of the Financial Statements
1.2	Inaccuracies in Financial Statements
2.	Payment of Un-Reconciled Salary Arrears
3.	Unsupported Transfers to Youth Operation Account
4.	Cash and Cash Equivalents
5.	Voided Expenses Payments and Purchase Orders in IFMIS
6.	Outstanding Imprests as per Imprest Register
7.	Unsubmitted Financial Statements for Level-Four Hospitals
	Emphasis of Matter
1.	Budgetary Control and Performance
2.	Unexplained Variances with Prior Year Comparative Amounts
	Report on Lawfulness and effectiveness in the use of Public Resources
1.	Compensation of Employees
1.1	Employee with no personal files
1.2	Employees on payroll beyond retirement age
1.3	Irregular Appointment and Promotion of Senior Officers
1.4	Unprocedural Hiring of Casual Workers
1.5	Staff Being Paid in Both IPPD and Manual Payrolls
1.6	Payment of Salaries Outside IPPD
1.7	Failure to Provide IPPD Payroll for the Month of September, 2023
1.8	Un- Authorized Payment of Allowances in Integrated Payroll and Personnel Database (IPPD)
1.9	Un- Authorized Payment of Hardship Allowance
1.10	Non-Remittance of Payroll Deductions
1.11	Irregular Payment of Emergency Call Allowance
1.12	Payment of Monthly Salary to Administration Police Officers
1.13	Failure to comply with One Third Rule on Basic Pay
1.14	Failure to Confirm to Ethnic Balance in the Staff Composition
2	Use of Goods and Services
2.1	Foreign Travel Expenses on Caucus Meetings
2.2	Failure to Remit National Industrial Training Authority (NITA) Training Levy
2.3	Car Hire Services
2.4	Irregular Subscriptions to Council of Governors
2.5	Outsourcing of Legal Services
2.6	Procurement of Fuel and Lubricants

2.7	Ineligible Expenditure Under Kenya Informal Settlement Improvement Project (KISIP 2)
3	Acquisition of Assets
3.1	Construction of Nandi County Aggregation and Industrial Park
3.2	Delayed Completion of Construction of Avocado Aggregation Centre
3.3	Proposed Construction of Perimeter Wall and External Works for the New Governor's Office
3.4	Construction of the Nandi Co-operative Creameries Kabiyet Phase iii
3.5	Proposed Construction of the Modern Athletic Training Camp in Kapsabet
3.6	Stalled Proposed Completion Works at Kapsengere Hospital Phase ii
3.7	Construction of Kobujoi Sub-County Hospital
3.8	Construction of Mother and Child Hospital (MCH) at County Referral
3.9	Construction of the Governor's Office Building-Nandi County Headquarters
3.10	Variation of Contract for the Proposed Construction at a Fresh Produce Market at Jua Kali Area, Kapsabet Town
3.11	Delayed Completion Works Phase ii for Chepterwai Sub-County Hospital
3.12	Delayed Operationalization of Kenya Devolution Support Project (KDSP) Funded Coffee Mill Project
3.13	Delayed Operationalization of Nandi County Textile and Apparel Unit
4	Fuel Expenses on Road Works by County Machinery
5	Unconfirmed Purchase of Office Furniture and General Equipment
6.	Roads Projects Verification
	Report on Effectiveness of Internal Controls, Risk Management and Governance
1.	Management of County Assets
2.	Failure to Develop Organizational Chart
3.	Weak Controls in Processing of Payments
4.	Payment of Pending Bills Not Previously Disclosed
5.	Lack of Independent Internal Audit Function
6.	Timing of Audit Committee Meetings
7.	Lack of Management Commitment to the Internal Audit Charter.

NANDI COUNTY EXECUTIVE

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

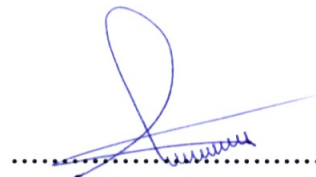
10. Statement of Financial Performance for the Year ended 30th June, 2025

	Notes	2024-2025
		Kshs
Revenue from non-exchange transactions		
Transfers from CRF	6	6,439,545,543
Miscellaneous Revenue	7	-
Total		6,439,545,543
Revenue from exchange transactions		
Other income	8	-
Total revenue		6,439,545,543
Expenses		
Employee costs	9	3,372,701,751
Use of goods and services	10	2,635,125,855
Transfers to other Government Entities	11	648,434,082
Depreciation and amortization expense	12	181,997,650
Other Grants and Subsidies	13	351,034,826
Finance costs	14	-
Social Benefits	15	-
Total expenses		7,189,294,163
Gain/(loss) on sale of assets	16	-
Gain/Loss on Foreign Exchange	17	-
Gain/Loss on fair value of investments	18	-
Impairment loss	19	-
Surplus/Deficit for the year		(749,748,620)
Taxation	20	-
Net Surplus/Deficit		(749,748,620)

The Financial Statements set out on pages 1 to 7 were signed by:



.....
Name: CPA Prisca Jepchirchir
Chief Officer –Finance & Economic Planning
ICPAK M/No 11360



.....
Name: CPA Mark Too
Head of Financial
Reporting Unit
ICPAK M/No 8010

NANDI COUNTY EXECUTIVE

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

11. Statement of Financial Position as at 30th June 2025

	Notes	2024-2025	Opening Statement 1 st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	21	233,833,767	214,152,871
Receivables from Exchange Transactions	22	-	-
Receivables from Non-Exchange Transactions	23	-	-
Inventories	24	-	-
Current portion of investments	25	-	-
Total Current Assets		233,833,767	214,152,871
Non-Current Assets			
Receivables from Exchange Transactions	22(b)	-	-
Non- Current portion of investments	25	-	-
Property, Plant and Equipment	26	1,168,875,445	-
Intangible Assets	27	3,751,601	-
Investment Property	28	-	-
Right-of-use assets	29	-	-
Biological Assets	30	-	-
Tangible Natural Resources	31	-	-
Total Non- Current Assets		1,172,627,047	-
Total Assets (A)		1,406,460,814	214,152,871
Liabilities			
Current Liabilities			
Trade and Other Payables	32	782,535,628	-
Refundable Deposits and Prepayments	33	-	-
Current Provision	34	-	-
Lease Liabilities	35	-	-
Deferred Income	36	-	-
Employee Benefit Obligation	37	-	-
Current Portion of Borrowings	38	-	-
Total Current Liabilities		782,535,628	-

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

	Notes	2024-2025	Opening Statement 1 st July 2024
		Kshs	Kshs
Non-Current Liabilities			
Non-Current Provisions	34	-	-
Lease Liabilities	35	-	-
Deferred Income	36	-	-
Non-Current Employee Benefit Obligation	37	-	-
Borrowings – Non-Current Portion	38	-	-
Service Concession Liability	39	-	-
Total Non- Current Liabilities		-	-
Total Liabilities (B)		782,535,628	-
Net Assets(A-B)		623,925,186	214,152,871
Represented By:			
Reserves		-	-
Accumulated Surplus		(535,595,749)	214,152,871
Capital Fund		1,159,520,935	-
Net Assets		623,925,186	214,152,871

The financial statements set out on pages 1 to 7 were signed by:



.....
Name: CPA Prisca Jepchirchir
Chief Officer –Finance &
Economic Planning.
ICPAK M/No 11360



.....
Name: CPA Mark Too
Head of Financial Reporting Unit
ICPAK M/No 8010

NANDI COUNTY EXECUTIVE

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

12. Statement of Changes in Net Assets for the Year ended 30th June, 2025

	Accumulated Surplus	Reserves	Capital Fund	Total
As at 30th June 2024	214,152,871	-	-	214,152,871
Adjustments: (to recognize assets and liabilities)	-	-	-	-
As at July 1, 2024	214,152,871	-	-	214,152,871
Surplus/ deficit for the period	(749,748,620)	-	-	(749,748,620)
Returns to CRF	-	-	-	-
Additions during the period	-	-	1,159,520,935	1,159,520,935
As at 30 June, 2025	(535,595,749)	-	1,159,520,935	623,925,186

NANDI COUNTY EXECUTIVE*Annual Report and Financial Statements for the year ended June 30, 2025***13. Statement of Cash Flows for the Year ended 30th June 2025**

		2024-2025
	Notes	Kshs
Cash flows from operating activities		
Receipts		
Transfers from CRF		6,439,545,543
Miscellaneous Revenue		-
Other income		-
Total receipts		6,439,545,543
Payments		
Employee costs		3,372,701,751
Use of goods and services		2,213,732,735
Transfers to other Government Entities		565,512,601
Other Grants and Subsidies		351,034,826
Finance costs		-
Inventory		-
Total payments		6,502,981,913
Net cash flows from/(used in) operating activities	40	(63,436,370)
Cash flows from investing activities		
Purchase of PPE		(1,072,652,068)
Purchase Intangible assets		(3,751,601)
Proceeds from sale of PPE		
Purchase of Biological Assets		-
Purchase of investments		-
Sale of investments		-
Net cash flows from/(used in) investing activities		(1,076,403,669)
Cash flows from financing activities		
Transfer from CRF-Development		1,159,520,935
Returns to CRF		-
Proceeds from borrowings		-
Repayment of borrowings		-
Net cash flows from financing Activities		-
Net increase/(decrease) in cash & Cash equivalents		19,680,896
Cash and cash equivalents at 1 Jul 2024	21	214,152,871
Cash and cash equivalents at 30 Jun2025	21	233,833,767

NANDI COUNTY EXECUTIVE

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

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

Revenue/expense item	Original budget	Ad jus tm ent s	Final budget	Actual on comparable basis	Budget utilization difference	% of utilization
	A	B	C=(a+b)	D	E=(c-d)	F=d/c *100
Revenues						
Opening balance	595,000,000	-	595,000,000	214,152,871	380,847,129	36.0
Transfers from CRF	8,591,409,526		8,591,409,526	7,599,066,478	992,343,048	88.4
Miscellaneous Revenue	-		-	-	-	-
Other income	-		-	-	-	-
Total revenues	9,186,409,526	-	9,186,409,526	7,813,219,349	1,373,190,177	85.1
Expenses						
Employee costs	3,659,776,584		3,659,776,584	3,372,701,751	287,074,833	92.2
Use of goods and services	1,382,912,661		1,382,912,661	2,213,732,735	(830,820,074)	160.1
Transfers to other Government Entities	613,478,733		613,478,733	565,512,601	47,966,133	92.2
Other Grants and Subsidies	607,491,971		607,491,971	351,034,826	256,457,144	57.8
Finance costs			-	-	-	-
Inventory	107,753,038		107,753,038	-	107,753,038	-
Total	6,371,412,987	-	6,371,412,987	6,502,981,913	(131,568,926)	102.1
Capital items						
Acquisition of PPE	2,792,931,186		2,792,931,186	1,072,652,068	1,720,279,119	38.4
Acquisition of Intangible assets	22,065,353		22,065,353	3,751,601	18,313,751	17.0
Purchase of investments			-	-	-	-
Repayment of borrowings			-	-	-	-
Total expenses Development	2,814,996,539		2,814,996,539	1,076,403,669	1,738,592,870	38.2
Total Expenses	9,186,409,526		9,186,409,526	7,579,385,582	1,607,023,944	82.5
Surplus/ deficit	0	-	0	233,833,767		

i. An underutilization of 61.6% under development budget was occasioned by the re classification of spot improvement of roads under development to routine maintenance of roads which is a recurrent expenditure. Also supply of ECD materials was reclassified from construction of building to routine maintenance of building.

NANDI COUNTY EXECUTIVE

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

Reconciliation table

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	233,833,767
1	Reason for differences	-
2	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	233,833,767

NANDI COUNTY EXECUTIVE

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

15. Notes to the Financial Statements

1. General Information

The County is established by and derives its authority and accountability from The Constitution of Kenya 2010. The County is domiciled in Kenya and its activities are service delivery to the citizens.

2. Statement of Compliance and Basis of Preparation

Statement of compliance

The financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and with the International Public Sector Accounting Standards (IPSAS). The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS), or the entity has taken advantage of the transitional provisions under IPSAS 33 and therefore these 1st years financial statements are transitional financial statements and the following elements of the financial statements have not been recognised as the entity has taken advantage of the transition provisions outlined in IPSAS 33. (entity to state the transitional provisions it has applied and the steps being towards full compliance with IPSAS Accrual).

These financial statements were authorised for issue by the accounting officer on 30th Aug 2025

Basis of Preparation

These financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period. These transitional financial statements have been prepared on an accrual basis unless otherwise specified (for example, the Statement of Cash Flows). Under an accrual basis, revenues are recognised when rights to assets are earned or levied rather than when cash is received, and expenses are recognised when obligations are incurred rather than when they are settled. The following balances have been disclosed on a transitional basis:

- i. Payables-exclusive mapping of payables to be done.
- ii. Inventory-not captured because sock take not done at year end
- iii. Fixed asset-valuation to be completed in subsequent period
- iv. Revenue recognition-certain grants that had not been received have not been recognized because rights to earning have not been apparent

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Entity. The accounting policies adopted have been consistently applied to all the years presented.

Reporting period

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

NANDI COUNTY EXECUTIVE

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

Critical accounting judgements

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

Recognition of revenue

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

Recognition of non-exchange expenses and liabilities

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

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

Purpose and nature of financial instruments

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

Climate change obligations

Kenya's current National Determined Contribution (NDC) to deliver on the goals of the Paris Agreement sets a headline target of a 32 per cent emission reduction by 2030 relative to the

NANDI COUNTY EXECUTIVE

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

business-as-usual scenario of 143 MtCO₂eq. Entities commitment to climate change action does not constitute a present obligation on the balance sheet but are disclosed separately.

Physical assets

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

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
Measurement	<p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

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

Standard	Effective date and impact:
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

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

Standard	Effective date and impact:
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

iii) Early adoption of standards

the entity has taken advantage of the transitional provisions under IPSAS 33 and therefore these 1st/ years financial statements are transitional financial statements and the following elements of the financial statements have not been recognised as the entity has taken advantage of the transition provisions outlined in IPSAS 33.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2024/25 was approved by the County Assembly on 29th June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional appropriations of **Kshs. 1,425,934,990** on

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

the 2024/25 budget following the governing body's approval. The Entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements.

Budget information (continued)

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

c) Investment property

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

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All

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

other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Property, plant and equipment are depreciated at the following rate:

Asset Class	Rate
Buildings	10%
Motor Vehicles, Including Motorcycles	10%
Infrastructure	20%
Furniture and fittings	12.5%
Computers And Related Equipment	33.3%
Plant And Machinery	10%
equipment	10%

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e) Right of use asset

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

f) Tangible Natural Resources

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

Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as

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

finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

g) Intangible assets

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

h) Research and development costs

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

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

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

i) Financial instruments

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

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i. Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Trade and other receivables

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

Fair value through surplus or deficit

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

Impairment

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

ii. Financial liabilities

Classification

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

NANDI COUNTY EXECUTIVE

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

j) Inventories

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

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

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

k) Provisions

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

l) Contingent liabilities

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

m) Contingent assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service

NANDI COUNTY EXECUTIVE

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

potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

n) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. (*Entity to state the reserves maintained and appropriate policies adopted*).

o) Changes in accounting policies and estimates

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

p) Employee benefits

Retirement benefit plans

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

q) Foreign currency transactions

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

r) Borrowing costs

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

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s) Related parties

Nandi County 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 County or vice versa. Members of key management are regarded as related parties and comprise the Governor, Deputy governor, County Secretary, County Executive Committee Members and Chief Officers, Speaker of the county assembly and, Clerk of the county Assembly, Directors and senior managers

t) Service concession arrangements.

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

u) Cash and cash equivalents

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

v) Comparative figures

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

w) Subsequent events

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

NANDI COUNTY EXECUTIVE

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual value

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

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

Provisions

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

NANDI COUNTY EXECUTIVE*Annual Report and Financial Statements for the year ended June 30, 2025***6. Transfers from CRF**

Nature of Transfer	Amount recognized to Statement of financial performance. Kshs	Amount recognized to statement of changes in net assets Kshs	Total transfers Current FY
			Kshs
Recurrent	6,091,381,867	-	6,091,381,867
Development	-	1,159,520,935	1,159,520,935
Special purpose transfers	348,163,676	-	348,163,676
Total	6,439,545,543	-	7,599,066,478

7. Miscellaneous Revenue

Nature of Revenue	2024-2025
	Kshs
In kind grants and donations	-
Revenues not classified anywhere else	-
Total	-

8. Other Incomes

Description	2024-2025
	Kshs
Insurance recoveries	-
Sale of tender documents	-
Services concession income	-
Other incomes not specified elsewhere	-
Total other income	-

9. Employee Costs

Description	2024-2025
	Kshs
Basic salaries of permanent employees	3,302,344,001
Basic wages of temporary employees	26,228,750
Personal allowances paid as part of salary	-
Personal allowances paid as reimbursements	-
Personal allowances provided in kind	-
Pension and other social security contributions	32,500,261
Compulsory national social security schemes	10,399,760
Compulsory national health insurance schemes	-
Social benefit schemes outside government	-
Other personnel payments(gratuity on contract)	1,228,978
Employee costs	3,372,701,751

NANDI COUNTY EXECUTIVE**Annual Report and Financial Statements for the year ended June 30, 2025**

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10. Use of Goods and Services

Description	FY 2024-2025
	Kshs
Utilities, supplies and services	59,856,388
Communication, supplies and services	14,325,511
Domestic travel and subsistence	236,588,798
Foreign travel and subsistence	4,519,711
Printing, advertising, and information supplies & services	54,003,208
Rentals of produced assets	1,110,689
Training expenses	15,536,702
Hospitality supplies and services	259,983,528
Insurance costs	184,817,422
Specialized materials and services	369,696,231
Other operating expenses including bank Charges	210,102,962
Office and general supplies and services	204,979,442
Fuel Oil and Lubricants	114,554,330
Routine maintenance – vehicles and other transport equipment	75,675,953
Routine maintenance – Building	126,438,156
Routine maintenance – Roads	651,135,344
Routine maintenance – other assets	51,801,481
Others (specify)	-
Total	2,635,125,855

11. Transfers to Other Government Entities

Description	FY 2024-2025
	Kshs
Transfers to KANAWASCO- In kind	30,200,000
Transfers to self-reporting projects:NACEF	90,000,000
Transfers to car loan and mortgage schemes	-
Others :Kaimosi revenue fund and NATEX	12,000,000
Transfers to Kaimosi ATC- In kind	71,813,603
Health department-In kind	444,420,479
Total	648,434,082

NANDI COUNTY EXECUTIVE*Annual Report and Financial Statements for the year ended June 30, 2025***12. Depreciation and Amortization Expense**

Description	FY 2024-2025
	Kshs
Property, plant and equipment	181,997,650
Intangible assets	-
Investment property carried at cost	-
Total	181,997,650

13. Other Grants and Subsidies

Description	FY 2024-2025
	Kshs
Nandi County Aggreg & Industr Park	77,751,287
Primary Healthcare	17,074,750
Locally Led Climate Programm (Flocca)	-
Road Maintainance Levy Fund	-
Nandi County Value Chain Development Project	156,507,585
Nandi County Ke Informal Settle Imp	21,525,935
K-Wash	4,900,000
Nandi County Ke Devolut Support Programme	-
Nandi County Second Ke Devolut Support Programme	16,603,589
Kdsp Operation	3,621,750
Nandi County Nutrition International Support Account-Spa	4,231,719
Nandi County Nutrition International Support Account-Operation	3,130,199
Nandi County Nat Agri Ru Inc Growth	21,330,805
Nandi County Health Operation	11,047,208
Vocational Training Centres	13,310,000
Total	351,034,826

14. Finance Costs

Description	FY 2024-2025
	Kshs
Interest Payments on Guaranteed Debt Taken over by Govt	-
Interest on Domestic Borrowings (Non-Govt)	-
Interest on Borrowings from Other Government Units	-
Interest on bank overdrafts	-
Interest on loans from commercial banks	-
Total finance costs	-

15. Social Benefits

Description	FY 2024-2025
	Kshs
Transfers to the elderly	-
Transfers to orphans	-

NANDI COUNTY EXECUTIVE

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

Transfers to the physically challenged	-
Add any other category	-
Total social benefit expenses	-

16. Gain/Loss on Sale of Assets

Description	FY 2024-2025
	Kshs
Property, plant and equipment	-
Intangible assets	-
Other assets not capitalised	-
Total gain on sale of assets	-

17. Gain/Loss on Foreign Exchange

Description	FY 2024-2025
	Kshs
Gain or loss on foreign exchange transactions	-
Gain or loss on balances in foreign exchanges	-
Total	-

18. Gain/Loss on Fair Value Investments

Description	FY 2024-2025
	Kshs
Investments at Fair Value	-
Total Gain	-

19. Impairment Loss

Description	FY 2024-2025
	Kshs
Property, Plant and Equipment	-
Intangible Assets	-
Total Impairment Loss	-

NANDI COUNTY EXECUTIVE

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

20. Taxation

Description	FY 2024-2025
	Kshs
Current income tax charge	-
Tax charged on rental income	-
Tax charged on interest income	-
Original and reversal of temporary differences	-
Income tax expense reported in the statement of financial performance	-

21. Cash and Cash Equivalents

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Recurrent Account	7,905	-
Development Account	297,724	-
Deposits Account	-	-
Special Purpose Accounts	229,863,865	72,477,162
Other operating commercial accounts	3,664,274	141,675,708
Total	233,833,767	214,152,870

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

Financial Institution	Account number	FY 2024-2025	Opening Statement 1 st July 2024
		Kshs	Kshs
NANDI COUNTY RECURRENT A/C NO.	1000170719	7,904.70	-
NANDI COUNTY DEVELOPMENT A/C NO.	1000170678	297,723.85	-
NANDI COUNTY IMPREST A/C KCB	1238877419	-	-
NANDI COUNTY R.M.L A/C NO.	1000250828	426,522.60	426,522.60
NANDI COUNTY A.S.D.S.P SPA	1000369159	-	-
NANDI COUNTY A.S.D.S.P operation	1226115853	-	-
NAGRIP AIC SPA 1000369167 CBK	1000369167	170,129.25	-
Narigp A/C No. KCB	1226530680	-	15,000,933.88
Nandi county village polytechnic project A/c	1000369183	126,649.00	126,649.00
Nandi County SPA - DANIDA	1000546457	1.00	1.00
Nandi County SPA A/C No CBK (World Bank)	1000336471	-	-
Nandi County KDSP A/C No Coop	1141328220500	4,198.65	2,841,405.65
Nandi County KDSP A/C No CBK	1000441388	28,700.00	-
NANDI COUNTY SECOND KE DEVOLUT S P-	1000762427	398,610.65	-

NANDI COUNTY EXECUTIVE

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		FY 2024-2025	<i>Opening Statement 1st July 2024</i>
Financial Institution	Account number	Kshs	Kshs
Nandi County Kenya Urban Institutional Grants A/C No CBK	1000397101	-	-
Nandi County Nutrition International A/C No CBK	10004445138	5,253,091.55	2,635,438.00
Nandi County Youth Service A/C Equity	490280129064	-	-
Nandi County Imprest A/CEquity	490280577012	29,167.35	-
Nandi County Health Operations A/C No Equity	490280544578	13,431.02	388.52
Nandi County Deposit And Retention A/C No. KCB	1257518267	-	-
NANDI COUNTY VALUE CHAIN DEVELOPMENT PROJECT-/C	1000720085	100,545,457.00	-
NANDI COUNTY VALUE CHAIN DEVELOPMENT PROJECT-/	1312410957	154,804.85	141,662,390.15
NANDI COUNTY Aggreg & Industr Park A/C	1000722908	8,961,366.55	34,081,074.60
NANDI COUNTY PRIMARY HEALTH CARE-	1000575287	17,654,750.00	17,364,750.00
NANDI COUNTY NUTRItion International Support account-	1141329975900	33,746.45	13,317.95
LOCALY LED CLIMATE PROGRAMM (FFLOCA) CCRI GRANT-	970035297	-	-
NANDI COUNTY COMMUNITY HEALTH P-	1000743999	-	-
NANDI COUNTY KE INFORMAL SETTLE IMP:	1000737409	96,151,790.00	-
NANDI COUNTY KENYA INFORMAL SETTLEMENTS	97000035400	3,474,065.50	-
NANDI COUNTY KENYA DEVOLUTION SUPPI-	1000441388	-	-
NANDI COUNTY K-WASH ACCOUNT-	1000763809	100,000.00	-
Nandi County Youth Service A/C	1325709719	1,657.50	-
Total		233,833,767	214,152,871

NANDI COUNTY EXECUTIVE

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

Notes to the Financial Statements (Continued)

22. Receivables from Exchange Transactions

Description	FY 2024-2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Total receivables		
Other exchange debtors (<i>Specify</i>)	-	-
Less: impairment allowance	-	-
Total receivables	-	-
a) Current receivables	-	-
b) Non-current receivables	-	-
Total Receivables (a+b)	-	-

i) Ageing analysis for Receivables

Description	FY 2024-2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
	Current FY	% of the total	Opening Balance	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

ii) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment allowance	FY 2024-2025
	Kshs
At the beginning of the year	-
Additional allowance during the year	-
Recovered during the year	-
Written off during the year	-
At the end of the year	-

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Annual Report and Financial Statements for the year ended June 30, 2025
Notes to the Financial Statements (Continued)

23. Receivables from Non-Exchange Transactions

Description	FY 2024-2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Other debtors (non-exchange transactions)	-		-	
Less: impairment allowance	-		-	
Total receivables from non- exchange transactions	-		-	
Ageing Analysis- Receivables from non-exchange transactions	Insert Current FY	% of the total	Opening Balance	% of the total
Less than 1 year	-	%	-	%
Between 1-2 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

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

Description	FY 2024-2025
	Kshs
At the beginning of the year	-
Additional provisions during the year	-
Recovered during the year	-
Written off during the year	-
At the end of the year	-

NANDI COUNTY EXECUTIVE

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

24. Inventories

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

25. Investments

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

d) Movement of Equity Investments

	FY 2024-2025
	Kshs
At the beginning of the year	-
Purchase of investments in the year	-
Sale of investments during the year	-
Increase /(decrease) in fair value of investments	-
At the end of the year	-

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

e) Shareholding in other entities

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

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%	Kshs	Kshs	Opening Statement 1 st July 2024
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

NANDI COUNTY EXECUTIVE

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

26. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Infrastructure assets	Furniture and fittings	Computers & ICT Equipment	Plant And Machinery	Work in progress	Equipments	Total
Depreciation Rate		10%	10%	20%	12.50%	33.30%	10%		10%	
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Balance as 1st July 2024	-	-	-	-	-	-	-	-	-	-
Additions	6,471,121	492,680,211	1,876,250	353,195,632	165,416,310	91,024,003	52,744,890	131,061,113	56,403,566	1,350,873,095
Disposals		-	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-	-	-
As At 30 Jun 2025	6,471,121	492,680,211	1,876,250	353,195,632	165,416,310	91,024,003	52,744,890	131,061,113	56,403,566	1,350,873,095
Depreciation And Impairment										-
Depreciation	-	49,268,021	187,625	70,639,126	20,677,039	30,310,993	5,274,489	-	5,640,357	181,997,650
Disposals	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-	-
As At 30 Jun	6,471,121	443,412,190	1,688,625	282,556,506	144,739,271	60,713,010	47,470,401	131,061,113	50,763,209	1,168,875,445

NANDI COUNTY EXECUTIVE

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

	Land	Buildings	Motor vehicles	Infrastructure assets	Furniture and fittings	Computers & ICT Equipment	Plant And Machinery	Work in progress	Equipments	Total
Depreciation Rate		10%	10%	20%	12.50%	33.30%	10%		10%	
2025										
Net Book Values	6,471,121	443,412,190	1,688,625	282,556,506	144,739,271	60,713,010	47,470,401	131,061,113	50,763,209	1,168,875,445
Opening Bal as at 1st July 2024	-	-	-	-	-	-	-	-	-	-
As At 30 June, 2025	6,471,121	443,412,190	1,688,625	282,556,506	144,739,271	60,713,010	47,470,401	131,061,113	50,763,209	1,168,875,445

NANDI COUNTY EXECUTIVE

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

27. Intangible Assets

Description	2024-2025
	Kshs
Cost/Opening balance at the beginning of the year	-
Additions	3,751,601.40
Disposal	
At end of the year	3,751,601.40
Additions—internal development	-
Disposal	-
At end of the year	3,751,601.40
Amortization and impairment	
At beginning of the year	-
Amortization	
At end of the year	-
Impairment loss	-
At end of the year	-
NBV	3,751,601.40

28. Investment Property

Description	2024-2025
	Kshs
Cost/Opening balance at the beginning of the year	-
Additions	-
Disposal during the year	-
Depreciation	-
Impairment	-
At end of the year	-

NANDI COUNTY EXECUTIVE
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29. Right-of-use assets

	<i>Buildings</i>	<i>Motor vehicles</i>	<i>Plant and equipment</i>	<i>Total</i>
	Kshs	Kshs	Kshs	Kshs
Cost				
As at 1 July 20xx	-	-	-	-
Additions	-	-	-	-
As at June 20xx	-	-	-	-
Accumulated Depreciation				
As at 1 July 20xx	-	-	-	-
Charge for the year	-	-	-	-
As at June 20xx	-	-	-	-
Carrying Amount				
As at June 20xx	-	-	-	-

30. Biological Assets

Description	2024-2025	<i>Opening Statement</i> <i>1st July 2024</i>
	Kshs	Kshs
Tree seedlings	-	-
Specify	-	-
	-	-
Total	-	-

31. Tangible Natural Resources

	<i>Sub- soil assets</i>	<i>Water</i>	<i>Wildlife</i>	<i>Total</i>
	Kshs	Kshs	Kshs	Kshs
Cost				
As at 1 July 20xx	-	-	-	-
Additions	-	-	-	-
As at June 20xx	-	-	-	-
Accumulated Depreciation				
As at 1 July 20xx	-	-	-	-
Charge for the year	-	-	-	-
As at June 20xx	-	-	-	-
Carrying Amount				
As at June 20xx	-	-	-	-

NANDI COUNTY EXECUTIVE

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

32. Trade and Other Payables

Description	2024-2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Trade payables	782,535,628			
Payments received in advance	-		-	
Employee payables	-		-	
Third-party payments;tax	-		-	
Other payables	-		-	
Total trade and other payables	782,535,628			
Ageing analysis: (Trade and other payables)	2024-2025	%	Opening balance	% of the Total
Under one year	335,126,950	43	-	%
1-2 years	193,227,263	25	-	%
2-3 years	145,328,500	19	-	%
Over 3 years	108,852,915	14	-	%
Total (tie to above total)	782,535,628	100	-	

33. Refundable Deposits and Prepayments

Description	2024-2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Customer deposits	-		-	
Prepayments	-		-	
Other deposits	-		-	
Total deposits	-		-	
Ageing analysis: (Refundable deposits)	Current FY	% of the Total	Opening Balance	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-		-	

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

34. Provisions

Description	Leave provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance b/f	-	-	-	-
Additional provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Total provisions year end	-	-	-	-
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-

35. Lease Liabilities

Description	2024-2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Balance at the beginning of the year	-	-
Discount interest on lease liability	-	-
Paid during the year	-	-
At end of the year	-	-

Maturity Analysis

Period	Amount
Year 1	-
Year 2	-
Year 3	-
Year 4	-
Year 5 and onwards	-
Less: unearned Interest	-
	-

Analysed as:

Description	Amount
Current	-
Non- Current	-
Total	-

NANDI COUNTY EXECUTIVE

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36. Deferred Income

Description	2024-2025	Opening Statement 1 st July 2024
	Kshs	Kshs
National Government	-	-
International Funders	-	-
Public Contributions and Donations	-	-
Total Deferred Income	-	-

The deferred income movement is as follows:

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

Analysed as:

Description	Amount
Current	-
Non- Current	-
Total	-

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

37. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	Insert Current FY	Opening Statement 1st July 20xx
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total Employee Benefits Obligation	-	-	-	-	-

	2024-2025	Opening Statement 1st July 2024
Discount Rates	%	%
Future Salary Increases	%	%
Future Pension Increases	%	%
Mortality (Pre- Retirement)	%	%
Mortality (post-retirement)	%	%
Withdrawals	%	%
Ill Health	%	%
Retirement	60 years	60 years

NANDI COUNTY EXECUTIVE*Annual Report and Financial Statements for the year ended June 30, 2025***Recognition of Retirement Benefit Asset/ Liability**

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

	FY 2024-2025	Opening Statement 1st July 2024
Description	Kshs	Kshs
The return on defined plan assets	-	-
Actuarial gains/ losses arising from changes in demographic assumptions	-	-
Actuarial gains/ losses arising from changes in financial assumptions	-	-
Actuarial gains and losses arising from experience adjustments	-	-
Others (specify)	-	-
Adjustments for restrictions on the defined benefit asset	-	-
Remeasurement of the net defined benefit liability (asset)	-	-

b) Amounts recognized in the Statement of Financial Position

	FY 2024-2025	Opening Statement 1st July 2024
Description	Kshs	Kshs
Present value of defined benefit obligations(a)	-	-
Fair value of plan assets(b)	-	-
Funded status(=a-b)	-	-
Restrictions on asset recognised	-	-
Others	-	-
Net asset or liability arising from defined benefit obligation	-	-

The Entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 5,247,680.00 per employee per month. Other than NSSF the Entity also has a defined contribution scheme operated by CPF. Employees contribute % while employers contribute xx% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

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

38. Borrowings

Description	FY 2024-2025
	Kshs
a) External borrowings	
Balance at beginning of the year	-
External borrowings during the year	-
Repayments of during the year	-
Balance at end of the year	-
b) Domestic borrowings	
Balance at beginning of the year	-
Domestic borrowings during the year	-
Repayments during the year	-
Balance at end of the year	-
Balance at end of the period- domestic and External borrowings c = (a+b)	-

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

	FY 2024-2025	Opening Statement 1 st July 2024
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organisation'	-	-
Sterling Pound Denominated Loan From 'Y Organisation'	-	-
Euro Denominated Loan from Z Organisation'	-	-
Domestic Borrowings		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Total /Balance at end of The Year	-	-

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Description	FY 2024-2025	Opening
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

39. Service Concession Arrangements Liability

Description	FY 2024-2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	-	-
Net carrying amount	-	-
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year	-	-

40. Cash Generated from Operations

	FY 2024-2025
	Kshs
Surplus for the year before tax	(749,748,620)
Adjusted for:	
Depreciation	181,997,650
Non-cash grants received	-
Contributed assets	-
Impairment	-
Gains and losses on disposal of assets	-
Contribution to provisions	-
Contribution to impairment allowance	-
Working capital adjustments	
Increase in inventory	-
Increase in receivables	-
Increase in deferred income	-
Increase in payables	504,314,600
Increase in payments received in advance	
Net cash flow from operating activities	(63,436,371)

41. Financial Risk Management

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

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

i) Credit risk

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

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

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2025				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

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Financial Risk Management

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

ii) Liquidity risk management

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

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

	Less than 1	Between 1-3	Over 5	Total
	month	months	months	
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2025				
Trade payables	-	-	782,535,628	782,535,628
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	782,535,628	782,535,628

Financial Risk Management

iii) Market risk

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

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

a) Foreign currency risk

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

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Financial Risk Management

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

Current FY

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

Financial Risk Management

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

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

b) Interest rate risk

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

Management of interest rate risk

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

Financial Risk Management

Sensitivity analysis

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

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with

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significant unobservable components. This hierarchy requires the use of observable market data when available. The *Entity* considers relevant and observable market prices in its valuations where possible.

Financial Risk Management

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

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

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

iv) Capital Risk Management

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

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

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42. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Other related parties include:

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

	<i>Insert Current FY</i>
	Kshs
Transactions with related parties	
a) Sales to related parties	
Others (specify) e.g. interest and bank charges	-
Total	-
B) purchases from related parties	
Purchases of electricity from KPLC	39,971,747
Purchase of water from govt service providers	19,668,781
Rent expenses paid to govt agencies	1,110,689
Training and conference fees paid to govt. Agencies	2,297,540
Others (specify)	-
Total	63,048,757
b) Grants /transfers from the government	
Grants from national govt	-
Grants from county government	-
Donations in kind	-
Total	-
c) Expenses incurred on behalf of related party	
Payments of salaries and wages for xxx employees	-
Payments for goods and services for Kapsabet County Referral Hospital	444,420,479
Payments for goods and services for Kaimosi Agricultural Training Centre	71,813,603
Total	516,234,082
d) Key management compensation	
Compensation to key management	94,380,180
Total	94,380,180

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43. Segment Information

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

44. Contingent Assets and Contingent Liabilities

Contingent Assets

	<i>Insert Current FY</i>
	Kshs
Contingent Assets	
Insurance Reimbursements	-
Assets Arising from Determination Of Court Cases	-
Reimbursable Indemnities and Guarantees	-
Receivables From Other Government Entities	-
Others (Specify)	-
Total	-

(Give details)

Contingent Liabilities

	<i>Insert Current FY</i>
	Kshs
Contingent Liabilities	-
Court Case xx against the Entity	-
Bank Guarantees in Favour of Subsidiary	-
Contingent Liabilities arising from Contracts Including PPPs	-
Others (Specify)	-
Total	-

(Give details)

45. Capital Commitments

Capital Commitments	<i>Insert Current FY</i>
	Kshs
Authorised for	-
Authorised and contracted for	-
Total	-

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)

46. Program for Results (PforR) Disclosure

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

47. Events after the Reporting Period

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

48. Ultimate And Holding Entity

The County ultimate parent is the Government of Kenya.

49. Currency

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

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16. Appendix

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	(a) Presentation of the Financial Statements	The Management will ensure that, going forward, budget execution by programs and sub-programs clearly reflects allocations per vote, and that duplication errors are eliminated.	Resolved	14 Nov 2025
	(b) Headers for financial and non-financial statements are not similar	Going forward, we are committed to ensuring that Headers for financial and non-financial statements are similar	Resolved	2024/2025 financial statements error corrected
	(c) Progress on follow-up of prior year audit recommendations has not been signed	Progress on follow-up of prior year audit recommendations has not been signed	Resolved	2024/2025 financial statements error corrected
	(e) Note numberings for budget execution by programs and non-programs is not consistent.	The numbering system for budget execution under both program and non-program classifications has now been standardized to ensure consistency and alignment across all budgetary components	Resolved	14 Nov 2025
1.2	Inaccuracies in Financial Statements			
	i. Note 20(6)(5) on related party disclosures, on key Management compensation (Governors, CEC members and Chief officers) Reflect NIL Balances in the current year,	i. A comprehensive and distinct disclosure of key management compensation will be appropriately	Resolved	2024/2025 financial statements error corrected

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		reflected in the financial statements of the subsequent financial year		
2.	Payment of Un-reconciled Salary Arrears- the reconciled staff arrears schedule payable in each month, the nature of arrears paid and the period the arrears relate to, was not provided for review	The monthly schedules supporting staff arrears payments, detailing the purpose and amount disbursed each month, have been duly prepared and submitted to the audit office for review	Resolved	14 Nov 2025
3.	Unsupported Transfers to Youth Operation Account- examination of schedules provided in support of the expenditure revealed a transfer to youth fund account of Kshs.10,000,000 which was not supported with payment vouchers and other appropriate authority	MOU, Payment vouchers & Payment schedules for NCYS	Resolved	14 Nov 2025
4.	Cash and Cash Equivalents-the bank certificates of balance Cash book and bank reconciliation statements for Nandi County Primary Health Care Account Balance of Kshs. 17,364,750 and Nandi County Nutrition International Support Account Balance of Kshs 13,318 were not provided for audit verification	Certificates of balances & Bank reconciliation statements	Resolved	14 Nov 2025
5	Voided Expenses Payments and Purchase Orders in IFMIS	The voided transactions arose due to delays in the disbursement of funds. Specifically, these transactions were initiated in anticipation of receiving all expected disbursements before the end of the financial year	Resolved	14 Nov 2025
6.	Outstanding Imprest as per Imprest Register	register is now fully updated and accurate	resolved	14 Nov 2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
7.	Unsubmitted Financial Statements for Level-Four Hospitals	Going forward, they will submit their financial statements as required.	resolved	2024/2025 financial statements submitted

Guidance Notes:

.....


Accounting Officer

Date 25/11/2025

NANDI COUNTY EXECUTIVE**Annual Report and Financial Statements for the year ended June 30, 2025****Appendix II: Projects implemented by Nandi County Executive**

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the	Consolidated in these financial statements (Yes/No)
Construction Of Modern Garage			July 2023 -June		No	Yes
Nandi Agricultural show			July 2023 -June		No	Yes
operationalization of coffee factory			July 2023 -June		No	Yes
Mogobich Hospital PHASE II			July 2023 -June		No	Yes
Operationalization of textile and apparel unit			July 2023 -June		No	Yes
Construction of Kapsabet Funeral Home			July 2023 -June		No	Yes
Operationalization of the milk processing plant			July 2023 -June		No	Yes
Renovation works at Mosoriot			July 2023 -June		No	Yes
LED Screen			July 2023 -June		No	Yes
Supply and Delivery of a Garbage collection compacter truck			July 2023 -June		Yes	No
Establishment of County Industrial Park (National Government			July 2023 -June		No	Yes
Establishment of County Industrial Park (County Government			July 2023 -June		No	Yes
Construction Of Soiyet Cattle Dip			July 2023 -June		No	Yes
Acquisition of waste receptacles-urban centres			July 2023 -June		Yes	No
Kapkerer Ablution Block			July 2023 -June		No	Yes
Gorgor-Kenyor Box			July 2023 -June		No	Yes
Teldet Culverts			July 2023 -June		No	Yes
Nyinyira Box			July 2023 -June		No	Yes
Kabore Culverts			July 2023 -June		No	Yes
Tulon-Kaplonyo Culverts			July 2023 -June		No	Yes

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	July 2023	-June 2023	No	Yes
Singilet Culverts	July 2023	-June 2023	No	Yes
Koiban/Cheplabkei Culverts	July 2023	-June 2023	No	Yes
Kapsabaot/Olmaroroi Culverts	July 2023	-June 2023	No	Yes
Ndalat Culverts	July 2023	-June 2023	No	Yes
Kaptumois Culverts	July 2023	-June 2023	No	Yes
Kugeroniot Culverts	July 2023	-June 2023	No	Yes
Cheptililik Culverts	July 2023	-June 2023	No	Yes
Cheptuingeny Culverts	July 2023	-June 2023	No	Yes
Mogobich Culverts	July 2023	-June 2023	No	Yes

Appendix III: Status of Projects completion

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

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

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Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank	Nature: Recurrent/Development/Others	Total Amount - KES		Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
							Deferred Income	Receivables	Others - must be specific	
CAIP	5-Sep-24	Development	52,631,570							52,631,579
PRIMARY HEALTHCARE	10/07/2025	Recurrent	8,238,750							8,238,750
FLOCCA	17/07/2025	Recurrent	12,083,526							12,083,526
FLOCCA	14/07/2025	Development	13,908,054							13,908,054
KUSP-UIG	04/07/2025	Development	32,309,300							32,309,300
RMLF	18/06/2025	Development	65,154,809							65,154,809
NAVCDP	04/07/2025	Development	100,499,619							100,499,619
KISSIP	04/07/2025	Development	96,151,790							96,151,790
KISSIP	08/07/2025	Development	106,000,000							106,000,000

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Appendix V: Reporting of Climate Relevant Expenditures

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

Appendix VI: Disaster Expenditure Reporting Template

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

NANDI COUNTY EXECUTIVE*Annual Report and Financial Statements for the year ended June 30, 2025***Appendix VII: Fixed Asset Register**

Asset class	Historical cost b/f (KShs)	Additions during the year (KShs)	Disposals during the year (KShs)	Historical cost c/f (KShs)
	2020/2024			2020/2025
Land	541,127,600	6,471,121	-	547,598,721
Buildings and structures	5,384,499,502	492,680,211	-	5,877,179,713
Transport equipment	527,690,249	1,876,250	-	529,566,499
Office equipment, furniture and fittings	179,927,159	165,416,310	-	345,343,469
ICT Equipment, Software and Other ICT Assets	93,594,654	91,024,003	-	184,618,657
Other Machinery and Equipment	502,565,678	109,148,456	-	611,714,134
Heritage and cultural assets	1,412,342,110	-	-	1,412,342,110
biological assets		-		
Intangible assets	94,441,388	-	-	94,441,388
Infrastructure Assets- Roads, Rails	782,470,074	353,195,632	-	1,135,665,706
wip	1,150,716,858	131,061,113	-	1,281,777,971
Total	10,669,375,271	1,350,873,095	-	12,020,248,366