

REPUBLIC OF KENYA




REPUBLIC OF KENYA



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REPORT

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	18 FEB 2026
	DAY. Wednesday
TABLED BY:	Deputy Leader of the Majority Party
CLERK-AT-THE-TABLE:	Irene Nduku

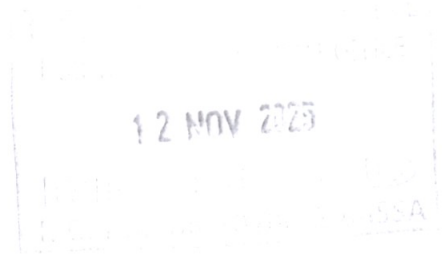
THE AUDITOR-GENERAL

ON

KENYA DEVOLUTION SUPPORT PROGRAM
IDA-7447-KE

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF GARISSA



PROJECT NAME: KENYA DEVOLUTION SUPPORT PROGRAM
IMPLEMENTING ENTITY: COUNTY GOVERNMENT OF GARISSA
PROJECT GRANT/CREDIT NUMBER: IDA-7447-KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

Transitional IPSAS Financial Statements/Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

Kenya Devolution Support Program- Garissa County
Annual Report and Financial Statements for the financial year ended June 30, 2025

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1. Acronyms and Definition of Terms

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
CT	County Treasury
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
Comparative FY	Financial year preceding the current financial year.

2. Project Information and Overall Performance

2.1 Name and registered office

The project's official name is Garissa County Second Kenya Devolution Support Programme (KDSP II)

Objective

The key objective of the project is to strengthen performance and governance of devolved institutions for improved service delivery

Address

Office of the Governor
Along Lamu Road Opposite Young Muslim Academy
Telephone: (254) 0462102604
E-mail: garissacounty@gmail.com
Website: www.garissa.go.ke
Contacts:

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	
Project End Date:	
Project Coordinator:	Mr. James Mukoma Mburu
Project Sponsor:	KDSP II

2.3 Project Overview

County Department	Devolution
Project number	IDA-7447-KE
Strategic goals of the project	<p>The strategic goals of the project are as follows:</p> <ol style="list-style-type: none"> i. Strengthen the capacity of Kenya's county governments—across all 47 counties—to effectively deliver devolved services ii. Manage public resources efficiently iii. Enhance accountability, and deepen citizen participation. In essence, it seeks to consolidate and build upon the gains from KDSP I while addressing remaining gaps in governance and service delivery.
Summary of Project Strategies for achievement of strategic goals	<p>The project management aims to achieve the goals through the following means:</p> <ol style="list-style-type: none"> i. Combines institutional strengthening, sound financial management ii. Professional HR practices iii. Intergovernmental collaboration, citizen accountability, and inclusive planning to achieve its strategic goals.

*Kenya Devolution Support Program- Garissa County
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Other important background information of the project	KDSP II is a national capacity-building program that consolidates devolution gains, strengthens county institutions, and promotes sustainable, accountable, and citizen-driven service delivery in Kenya
Areas that the project was formed to intervene	The project was formed to intervene in the following problems/gaps: (i) Sustainable Financing & Expenditure Management (ii) Intergovernmental Coordination, Institutional Performance & Human Resource Management (iii) Oversight, Participation & Accountability
Project duration	4 Years

Project Information and Overall Performance (Continued)

2.4 Bankers

The following are the bankers for the project:

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000 City Square 00200
NAIROBI, KENYA

2.5 Independent Auditor

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

2.6 Roles and Responsibilities

No.	Names	Title designation	Key qualification	Responsibilities
	James Mukome Mburu	Project Coordinator		
	Rashid Farah	Chief Officer Devolution		
	Abdi Ali Nuriye	Financial Management Officer		
	Mohamed Abdi	KRA 1 Technical Focal Person		

2.7 Funding summary

The Project is for a duration of 4 years from 2024 to 2027 with an approved budget of US\$150 million as highlighted in the table below:



Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of fund	Donor Commitment		Amount received to date (30 th June 2025)		Undrawn balance at year end	
	Donor currency	Kshs	Donor currency Kshs	Kshs	Donor currency Kshs	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A') - (B')
(i) Grant						
KDSP II	0	0	0	0	0	0
	0	0	0	0	0	0
(ii) Counterpart funds	0	0	0	0	0	0
County Government of GARISSA	0	0	0	0	0	0
Total	0	0	0	0	0	0

Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date (30 th June 2025)		Cumulative amount paid to date (30 th June 2025)		Unutilised balance to date (30 th June 2025)	
	<i>Donor currency</i>	<i>Kshs</i>	<i>Donor currency</i>	<i>Kshs</i>	<i>Donor currency</i>	<i>Kshs</i>
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
KDSP II	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Counterpart funds						
County Government of Garissa	0.00	0	0	0	0	0
Total	0.00	0	0	0	0	0

*Kenya Devolution Support Program II- GARISSA County
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

Output	Indicator	Annual Target FY 2024/25	Quarter Two(Q2) Target FY 2024/25	Quarter Two (Q2) Achievement FY 2024/25	Cumulative Achievement FY 2024/25	Remarks on variance
Core governance arrangements to manage public funds and development partner funding, performance monitoring, and legal compliance	Signed participation agreements	Signing of Participation agreement and uploading in the county website	Signed participation agreements	Signed participation agreements	Signed participation agreements	Target achieved
	Prepared and approved work plan, cash plan and budget	Preparation and approval of work plan, cash plan and budget	Prepared and approved work plan, cash plan and budget	Prepared and approved work plan, cash plan and budget	Prepared and approved work plan, cash plan and budget	Target achieved
Oversight and Accountability	Established and approved program management structure CPSC, CPTC, CPIU	Establishment and approval of program management structure CPSC, CPTC, CPIU and	Established and approved program management structure CPSC, CPTC, CPIU	Established and approved program management structure CPSC, CPTC, CPIU	Established and approved program management structure CPSC, CPTC, CPIU	Target achieved
Establish institutional framework for the implementation of KDSP II at the MCG	County Program Implementation Unit Staff trained on Program/Project Management	Training of County Program Implementation Unit Staff on Program/Project Management	County Program Implementation Unit Staff trained on Program/Project Management	County Program Implementation Unit Staff trained on Program/Project Management	County Program Implementation Unit Staff trained on Program/Project Management	Target achieved
	Nominated members for KDSP II Committees CPSC, CPIU, SPMU,	Nomination of members for KDSP II Committees CPSC, CPIU, SPMU,	Nominated members for KDSP II Committees CPSC, CPIU,	Nominated members for KDSP II Committees CPSC, CPIU,	Nominated members for KDSP II Committees CPSC, CPIU, SPMU,	Target achieved

	CTIPTs.	CTIPTs.	SPMU, CTIPTs.	SPMU, CTIPTs.	CTIPTs.	
	Trained County Program Steering Committee (CPSC)	Capacity Building of the County Program Steering Committee (CPSC)	Trained County Program Steering Committee (CPSC)	Trained County Program Steering Committee (CPSC)	Trained County Program Steering Committee (CPSC)	Target achieved
	Trained Building of the County Program Technical Committee	Capacity Building of the County Program Technical Committee	Trained Building of the County Program Technical Committee	Trained Building of the County Program Technical Committee	Trained Building of the County Program Technical Committee	Target achieved

The following challenges were reported during the implementation

- i. Delay in disbursement of funds to implement hampering timely implementation of the programs
- ii. Inadequate training to fully implement the second KDSP
- iii. Slow progress in implementation of the second KDSP

Recommendations

- i. Timely release of funds to fully implement the program
- ii. Train all units as per the work plan to achieve quality results
- iii. Fast track the implementation of the second KDSP for timely delivery the work plan targets.

3. Statement of Performance against Project's Predetermined Objectives

The Government of Kenya has received an International Development Association (IDA) Credit in the amount of EUR140.7 million (US\$150 million equivalent) from the World Bank for implementing the Second Kenya Devolution Support Program (KDSP II) (Credit Number IDA-7447-KE) over a four-year period, starting December 7th, 2023. KDSP II is supporting a sub-set of reforms envisaged under the Government's Devolution Sector Plan.

The Program, whose development objective (DO) is to “strengthen county performance in the financing, management, coordination, and accountability for resources”, supports a series of key interventions (at the input and output levels) that contribute to intermediate outcomes and, in turn, contribute to outcomes. To achieve the DO, the Program is expected to significantly improve outcomes in the participating counties under three key result areas (KRAs) outlined below:

KRA 1: Sustainable Financing and Expenditure Management: This KRA supports efforts towards enhancing financing to and expenditure management by counties.

KRA 2: Intergovernmental Coordination, Institutional Performance, and Human Resource Management. This KRA supports national and county government initiatives towards strengthening intergovernmental coordination, institutional performance, and Human Resource Management (HRM).

KRA 3: Oversight, Participation, and Accountability. KRA 3 will support improvements in oversight, participation, and accountability. The IPF component will support the development of guidelines on project stocktaking, community-led project management committees, and climate change risk screening and preparedness (including assessment of the climate resilience of existing infrastructure assets).

Introduction:

The Program is expected to significantly improve outcomes in the counties participating in the Program under each of the three key results areas (KRAs). The Program supports a series of key interventions (at the input and output levels) that contribute to intermediate outcomes, which in turn contribute to outcomes. The Program is structured around three KRAs to achieve the development objectives, as follows:

- i. KRA 1: Sustainable Financing and Expenditure Management. This KRA will support efforts toward enhancing financing to and expenditure management by counties. In this KRA, the national-level activities entail the development of frameworks and guidelines for county revenue mobilization, policy to support financing for service delivery units, and structures and tools to support counties' institutionalization of shared project management functions, that is, the county Single Project Management Unit (SPMU). The expected outcomes will include improved revenue mobilization agenda (for example, increased revenue collection, enhanced accuracy of fiscal forecasting, and expansion of revenue base), timely communication on releases of conditional grants, automation of the county exchequer requests, and implementation of pending bills action plans.
- ii. KRA 2: Intergovernmental Coordination, Institutional Performance, and Human Resource Management. KRA 2 will support the National Government and county governments

initiatives toward strengthening intergovernmental coordination, institutional performance, and human resource management (HRM). The national-level activities financed through Investment Project Finance (IPF) will support the development of policy and administrative procedures for the operationalization of intergovernmental, intercity, and inter-municipality forums. The IPF will also support the development of guidelines including on county HR and skills audits, model organization structures for customization by counties, and performance management. Disbursement-Linked Indicators (DLIs) under this KRA will target counties implementing recommendations of HR, skills, and payroll audits; aligning county staffing with departmental functions in select sectors; and improving credibility of the payroll.

- iii. KRA 3: Oversight, Participation and Accountability. KRA 3 will support improvements in oversight, participation, and accountability. The IPF component will support the development of guidelines on project stocktaking, community-led project management committees, and climate change risk screening and preparedness (including assessment of the climate resilience of existing infrastructure assets). It will also support the rollout of the county Public Investment Management (PIM) framework. The expected outcomes include the establishment of Program management committees, county compliance with the PIM framework, and the development and operationalization of a county investment dashboard with a citizen feedback interface (which is used to improve public investments). Additionally, it is expected that county assemblies will establish a fiscal bureau to strengthen the role of the legislatures in budget scrutiny and oversight.

Progress on the attainment of strategic development objectives

To implement and cascade 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 to track progress and performance measurement.

4. Environmental and Sustainability Reporting

The Kenya Devolution Support Program II (KDSP II) is a government-led initiative designed to strengthen the capacity of county governments to effectively deliver services to citizens while promoting transparency, accountability, and sustainability in governance. Anchored in the principles of the Constitution of Kenya 2010, KDSP II builds upon the successes and lessons of the first phase, with a deliberate focus on improving service delivery systems, institutional performance, and accountability in devolved units. Its overarching mandate is to equip counties with the tools, resources, and frameworks necessary to manage public affairs in a manner that ensures long-term socio-economic and environmental sustainability.

Central to KDSP II is the recognition that sustainable development is not merely about meeting present needs but also about safeguarding the capacity of future generations to thrive. Sustainability in this context refers to the ability of county governments to continue providing equitable, efficient, and inclusive services to citizens over the long term. This commitment requires a balanced approach that integrates economic, social, and environmental considerations into county planning, budgeting, and implementation frameworks. By mainstreaming sustainability into governance, KDSP II aligns itself with both Kenya Vision 2030 and the United Nations Sustainable Development Goals (SDGs), particularly those relating to environmental conservation, decent work, responsible governance, and inclusive growth.

The program adopts a sustainability strategy that emphasizes resilience, inclusivity, and innovation in public service delivery. It places strong emphasis on institutional capacity-building, fiscal discipline, responsible resource use, and citizen participation. This strategy recognizes that devolution will only deliver lasting results if counties can institutionalize governance systems that prioritize environmental stewardship, fair labor practices, responsible supply chains, ethical governance, and active community engagement. The approach also incorporates international best practices on environmental and sustainability reporting, ensuring that Kenya's counties benchmark their performance against global standards while tailoring strategies to the unique realities of the devolved context.

Environmental and sustainability reporting under KDSP II therefore provides an essential platform for tracking progress, identifying challenges, impacts and promoting accountability in county-level governance. By documenting key initiatives and outcomes, the reporting framework not only

enhances transparency but also builds public trust and confidence in devolution. Moreover, it allows counties to evaluate the long-term impact of their policies and operations on citizens, the environment, and the broader economy.

In pursuit of these objectives, KDSP II's sustainability reporting framework focuses on five key areas of impact:

Sustainability Strategy and Profile – Highlighting the program's long-term sustainability commitments, strategic direction, leadership priorities, and integration of global and national sustainability trends. It reflects on key achievements, lessons learned, and future commitments by county governments.

Environmental Performance – Outlining the environmental policies guiding counties and their agencies, including waste management, biodiversity conservation, pollution reduction, and climate adaptation strategies. This section also addresses successes, shortcomings, and innovations aimed at minimizing negative environmental impacts.

Employee Welfare – Examining the policies and practices guiding human resource management, staff development, gender inclusivity, occupational health and safety, and efforts to create a motivated and productive public service workforce.

Marketplace Practices – Capturing counties' responsible approaches to supply chain management, supplier relations, ethical governance, anti-corruption frameworks, regulatory compliance, and political accountability in line with Kenya's governance standards.

Community Engagements – Documenting counties' social investments and contributions to communities, including education, health, sports, cultural programs, water and sanitation initiatives, and other corporate social responsibility (CSR) activities that strengthen the bond between governments and citizens.

5. Statement of Project Management Responsibilities

Chief Officer for the Devolved unit/County department of office of the governor and the Project Coordinator are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for the financial year ended on June 30, 2025.

This responsibility includes (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the project, (v) Selecting and applying appropriate accounting policies and (v) Making accounting estimates that are reasonable in the circumstances.

The Chief Officer for devolved unit the County Department of office of the governor and the Project Coordinator accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.


The Chief Officer for devolved unit the County Department of office of the governor and the Project Coordinator are of the opinion that the Project's financial statements give a true and fair view of the state of the Project's transactions during the financial year ended June 30, 2025, and of the Project's financial position as at that date. The Principal Secretary/Chief Officer for Devolved unit and the Project Coordinator further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements and the adequacy of the systems of internal financial control.

The Principal Secretary/Chief officer for the Ministry/County Department of and the Project Coordinator confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project Financial Statements

The Project financial statements were approved by the Chief Officer for devolution for the County Department of devolution and the Project Coordinator on

_____ 2025 and signed by:


.....
Name: Rashid Mohamed
Chief Officer


.....
Name: James Mukoma
Project Coordinator


.....
Name: Abdi Ali
Project Accountant
ICPAK Member No:

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
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Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON KENYA DEVOLUTION SUPPORT PROGRAM - IDA-7447-KE FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF GARISSA

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Devolution Support Program - IDA-7447-KE - County Government of Garissa set out on pages 1 to 22, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and

Report of the Auditor-General on Kenya Devolution Support Program - IDA-7447-KE for the year ended 30 June, 2025 - County Government of Garissa

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Devolution Support Program - IDA-7447-KE - County Government of Garissa as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Financing Agreement Credit No.IDA-7447-KE dated 2 February, 2024 between World Bank and Republic of Kenya and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Devolution Support Program - IDA-7447-KE - County Government of Garissa Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Other Information

The Management is responsible for the Other Information set out on page iii to xvi which comprise of Project Information and Overall Performance, Statement of Performance Against Predetermined Objectives, Environmental and Sustainability Reporting and Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Late Submission of Financial Statements

Management submitted the annual financial statements for the year ended 30 June, 2025 on 11 November, 2025, contrary to paragraph 1.8 of the National Treasury Circular Ref. No. AG.3/88 Vol.II(41) issued on 4 December, 2024, which requires all public sector entities, both at the national and county levels, to prepare and submit annual financial statements by 31 August, 2025.

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

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

REPORT ON 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, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by Financing Agreement Credit No. IDA-7447-KE dated 2 February, 2024 between World Bank and Republic of Kenya: I report, based on my audit, that

- i. 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.
- ii. Adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and,
- iii. The Project's financial statements are in agreement with the accounting records and returns.

Basis for Conclusion

The Financing Agreement requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Project's compliance with laws and regulations. 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

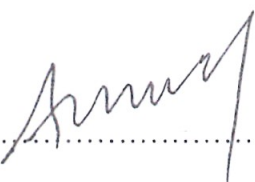
Nairobi

14 November, 2025


7. Statement of Financial Performance for the Year Ended 30th June 2025.

	Notes	2024/2025
		KSS
Revenue		
Transfer from County Government	6	0
Total revenue		0
		0
Expenses		0
Use of goods and services	7	0
Depreciation and amortization expense	8	0
Total expenses		0
		0
Surplus/ (deficit)		0


The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.


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....

Name: Rashid Mohamed
Chief Officer


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..

Name: James Mukoma
Project Coordinator


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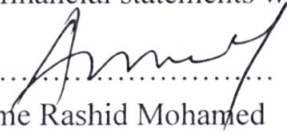
Name: Abdi Ali
Project Accountant
ICPAK Member No:29047

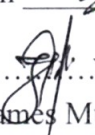
Kenya Devolution Support Program II- Garissa County
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8. Statement of Financial Position as at 30th June 2025

	Note	2024/2025	2023/2024
		KShs	KShs
Assets			
Current Assets			
Cash and Cash equivalents	9	0	0
Receivable	10	0	
Total Current Assets		0	0
		0	
Non-Current Assets		0	
Property, Plant and Equipment	11	0	0
Total Non- Current Assets		0	0
Total Assets (a)		0	0
Liabilities			
Current Liabilities			
Trade and Other Payables		0	0
Total Current Liabilities		0	0
Total Liabilities (b)		0	0
Net Assets (a-b)		0	0
		0	
Represented By:		0	
Accumulated Surplus		0	0
Total Net Assets		0	0

The financial statements were approved on 30/8 2025 and signed by:


Name Rashid Mohamed
Chief Officer


Name James Mukoma
Project Coordinator


Name Abdi Ali
Project Accountant
ICPAK Member No.29047

9. Statement of Changes in Net Assets

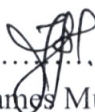
Description	Accumulated Surplus
	Kshs
As at 30 th June 2024 (Cash Basis)	0
Adjustments:	
Asset Recognition	0
Liabilities recognition	(0)
As at 1 st July 2024	0
Surplus/(Deficit) for the year	0
As at 30th June 2025	0

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The financial statements were approved on 30/6 2025 and signed by:



Name Rashid Mohamed
 Chief Officer



Name James Mukoma
 Project Coordinator



Name Abdi Ali
 Project Accountant
 ICPAK Member No.29047

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10. Statement of Cashflow for the year ended 30th June 2025

Description	Note	2024/2025 Kshs
Cashflow from operating activities		
Receipts		
Transfer from County Government		0
Total receipts		0
		0
Payments		0
Use of goods and services		0
Total payments		0
Adjust: Increase in trade receivable		0
Net cash flow from operating activities		0
		0
Cashflow from investing activities		0
Acquisition of non-financial assets		0
		0
Net cash flows from investing activities		0
		0
Cash flow from financing activities		
Net cash flow from financing activities		0
Net increase/Decrease in cash and cash equivalents		0
Cash and cash equivalent at 1 st July 2024	9	0
Cash and cash equivalent at end June 2025	9	0

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11. Statement of Comparison of Budget and Actual Amounts for the Year ended 30th June 2025

Receipts/Payments Item	Original Budget a	Adjustments b	Total Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts						
Transfer from Government entities						
Proceeds from domestic and foreign grants						
Total Receipts						
Payments						
Purchase of goods and services						
Acquisition of non-financial assets						
Total Payments						
Surplus or Deficit						

Budget Reconciliation

Description of Items	Amount in Kshs
Actual Surplus Amounts as per the statement of Budget	0
Closing Cash and Cash Equivalent as per the statement of Cash flows	0

12. Notes to the Financial Statements

1. General Information

The key development objectives of the project's agreement/ plan are to:
the Program is expected to significantly improve outcomes in the counties participating in the Program under each of the three key results areas (KRAs). The Program supports a series of key interventions (at the input and output levels) that contribute to intermediate outcomes, which in turn contribute to outcomes.

2. Statement of Compliance and Basis of Preparation

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

These financial statements were authorized for issue by the accounting officer on 26th August 2025

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.</p> <p>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	<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:</p>

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Standard	Effective date and impact:
Discontinued Operations	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.
IPSAS 45- Property Plant and Equipment	<i>Applicable 1st January 2025</i> 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.
IPSAS 46 Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>

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

Standard	Effective date and impact:
IPSAS 47- Revenue	<i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange

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Standard	Effective date and impact
	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.
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> 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.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

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

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. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

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.

b) Budget information

The original budget for FY 2024/2025 was approved by the County Assembly, 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 to conclude the final budget. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on 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

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. 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

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

Assets are depreciated as follows:

Classification	Rate
Motor Vehicle	12.5%
Computers	33 1/3%
Office Furniture	12.5%
Other Assets	5%
Buildings	2%

d) Leases

Finance leases are leases that transfer substantially the entire 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 to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

e) 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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

f) 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:

- The technical feasibility of completing the asset so that the asset will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- How the asset will generate future economic benefits or service potential

- The availability of resources to complete the asset.
- 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.

g) 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.. 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.

Financial assets

Classification

The entity classifies its financial assets as subsequently measured at amortised 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 an 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.

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.

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.

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

h) Inventories

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

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

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

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

nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Inventories (Continued)

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 Project.

i) Provisions

Provisions are recognized when the Project 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 Project expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The Project 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.

Contingent assets

The Project 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 Project in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

j) Nature and purpose of reserves

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

k) Changes in accounting policies and estimates

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

Notes to the financial statements

l) 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. (

m) Foreign currency transactions

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

n) 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.

o) Related parties

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

Notes to the financial statements

p) Service concession arrangements

The Project 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 Project 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 Project also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

q) 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.

r) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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.

Notes to the financial statements

6. Revenue Transfers

Description	2024/25
	Kshs
Unconditional Transfers	
GoK Counter Part funding	0
Total Unconditional Transfers (a)	0
	0
Conditional Transfers	0
Transfers from Development partners 1	0
Total Conditional Transfers (b)	0
Total Transfers for the Year	0

(Explain the purpose of funding)

a) Details to Revenue Transfers

Name of The Entity Transferring	Amount recognized to Statement of Financial performance	Amount deferred under deferred income.	Amount moved to Capital fund	Total transfers
	Kshs	Kshs	Kshs	Kshs
GOK Funding	0	0	0	0
	0	0	0	0
Total	0	0	0	0

7. Use of Goods and Services

Description	2024/25
	Kshs
Stationery, Printing, advertising, and information supplies	-
Hospitality supplies and services	
Consultancy	
Total	-

8. Depreciation and Amortization expense

Description	
Office Equipment	-
ICT Equipment	
Total	=

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9. Cash and Cash Equivalents

Description	2024/25	1 st July 2024
	Kshs	Kshs
Cash in Bank	0	0
Total Cash and Cash Equivalents	-	0

Project Bank Accounts

Description	2024/25	1 st July 2024
	Kshs	Kshs
Local Currency Accounts		
Central Bank of Kenya [A/c No. 1000763337]	0	0
Total bank account balances	0	0

10. Receivables

Description	Project Current FY	1 st July 2024
	kshs	kshs
Counter Part Funding	0	0
Contractor's Advance payments	0	0
Other Receivables (specify)	0	0
Total Receivables	0	0

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Notes to the financial statements

11. Property, Plant and Equipment

	Office Equipment	ICT Equipment	Total
	Kshs	Kshs	Kshs
Depreciation rate	12.5%	33 1/3%	
As At 1July 2024 (opening balances)	0	0	0
Additions	0	0	0
As at 30 th June 2025	0	0	0
	0	0	0
Depreciation And Impairment	0	0	0
As at 1July 2025	0	0	0
Depreciation charge for the year	0	0	0
As At 30th June 2025	0	0	0
	0	0	0
Net Book Values	0	0	0
As at 1 st July 2024	0	0	0
As at 30 th June 2025	0	0	0

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Notes to the financial statements

12. Cash Generated from Operations

Description	Insert Current F.Y
	Kshs
Surplus/Deficit for the year	0
Adjusted for:	0
Increase in Receivable	0
Net cash flow from operating activities	0

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13. 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 Governments
- ii) Other SCs and SAGAs
- iii) Key management.
- iv) Board of Directors.

Description	2024-2025
Transactions with related parties	
a) Grants /transfers from the government	
Grants from County Governments	0
Total	0

Notes to the financial statements

14. Events after the Reporting Period

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

15. Ultimate And Holding Entity

The Project under the Department of devolution. Its ultimate parent is the County Government of GARISSA.

16. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

Annex 1: Other Support Documents

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30th June 2025
- iii. Board of Survey Report
- iv. GOK IFMIS comparison Trial Balance (*Where applicable*)