

REPUBLIC OF KENYA



PARLIAMENT OF KENYA LIBRARY

REPORT

OF

THE AUDITOR-GENERAL

Handwritten scribbles and the number 190 circled in black ink.

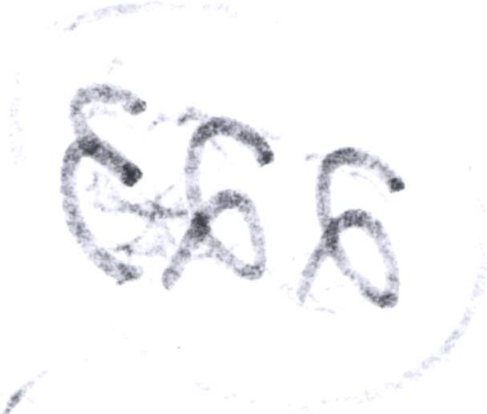
PAPERS LAID	
DATE	17th/02/2026
TABLED BY	Ulegue ON
COMMITTEE	_____
CLERK AT THE TABLE	T. J. Juma

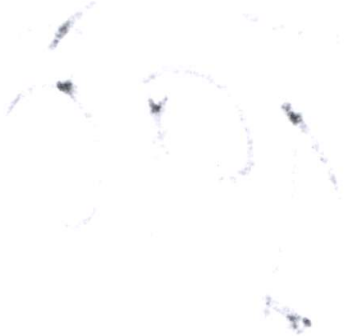
COUNTY ASSEMBLY OF ISIOLO

FOR THE YEAR ENDED
30 JUNE, 2025











ISIOLO COUNTY ASSEMBLY

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL 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)**

Table of Contents	Page
1. Acronyms, Abbreviations and Definition of Key Terms	ii
2. Key Entity Information and Management	iii
3. Governance Statement	vi
4. Foreword by Clerk of the County Assembly	xii
5. Statement of Performance against Predetermined Objectives	xviii
6. Environmental and Sustainability Reporting	xix
7. Management Discussion and Analysis	xx
8. Statement of Management Responsibilities.....	xx
9. Report of the Independent Auditor for the Isiolo County Assembly	xxii
10. Statement of Financial Performance for the year ended 30 June 2025.....	1
11. Statement of Financial Position as at 30 June 2025.....	2
12. Statement of Changes in Net Assets for the year ended 30 June 2025.....	3
13. Statement of Cash Flows for the year ended 30 June 2025	4
14. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025 ..	5
15. Notes to the Financial Statements.....	7
16. Appendix.....	33

I. 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>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>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

Fiduciary Management the key management personnel who had financial responsibility

2. Key Entity Information and Management

(a) Background information

The County Assembly is constituted as per article 177 of the Constitution of Kenya 2010. It is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes 18 Members of County Assembly (MCAs) elected/ nominated to represent members of the public from their respective wards. The MCAs are responsible for making laws for effective performance of the County Government, approving plans and policies, and playing the oversight role over the County Executive.

(b) Key Management Team

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

No.	Designation	Name
1.	Speaker of the County Assembly	-Abdullahi Jaldesa Banticha
2.	Clerk of the County Assembly	- Salad Boru Guracha
3.	Head of Departments	-
4.	Director Finance and Accounting services	RahimaAtikiya Sora
5.	Director Human Resource and Admin	Abubakar Ali Boru
6.	Director ICT and Hansard	Yussuf Mohamed Rashid

(c) Fiduciary Management

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

No.	Designation	Name
1.	Accounting Officer- Clerk	- Salad Boru Guracha
2.	Director Accounting Services	- Issadin Muktar Daud
3.	Finance Director	- Rahima Atikiya Sora
4.	Principal Accountant	- Kalthum Nuna Abdullahi

a) Fiduciary Oversight Arrangements

- **Audit committee activities**

Its mandate is to advise the County Government on institutional risk management and compliance.

- **Finance committee activities**

Its mandate is to investigate, inquire into and report on all matters related to coordination, control and monitoring of the County budget

b) County Assembly Headquarters

P.O. Box 195 – 60300
County Assembly Building
Hospital Road
Isiolo, KENYA

c) County Assembly Contacts

Telephone: (254) 0719574394
E-mail: clerkisiolo@gmail.com.
Website: www.isiolo.go.ke

d) County Assembly Bankers

1. Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

NAIROBI, KENYA

2. Other Commercial Banks

1. Equity Bank Limited

P.O. Box 197

Isiolo

e) Independent Auditor

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

NAIROBI, KENYA

f) Principal Legal Adviser

The Attorney General

State Law Office and Department of Justice

Harambee Avenue

P.O. Box 40112

City Square 00200

NAIROBI, KENYA

3. Governance Statement

a. Background and roles



The County Assembly is constituted by the MCAs of Isiolo county government. It is headed by the Speaker who is elected by the MCAs. The speaker is also the chairperson of the county assembly service board while the county assembly clerk is the secretary. Section 10 (4) of the County Governments Act 2012 provides that a county assembly shall observe the following order of precedence.



- a) The speaker of the county assembly.
- b) The leader of the majority party; and
- c) The leader of the minority party.

The Roles of the county assembly are outlined in Section 8 of the County Governments Act 2012, and they include:

- i. Vet and approve nominees for appointment to county public office as may be provided for in this Act or any other law.
- ii. Perform the roles set out under Article 185 of the Constitution.
- iii. Approve the budget and expenditure of the county government in accordance with Article 207 of the Constitution, and the legislation contemplated in Article 220(2) of the Constitution, guided by Articles 201 and 203 of the Constitution.
- iv. Approve the borrowing by the county government in accordance with Article 212 of the Constitution.
- v. Approve county development planning; and
- vi. Perform any other role as may be set out under the Constitution or legislation.

b. Profiles

NAME	PHOTO	QULIFICATION
<p>1. Salad Boru Guracha- Clerk, County Assembly of Isiolo</p>		<ul style="list-style-type: none"> • Born in 1978 • LL. B (Bachelor of Laws) • Masters in International Relations • Has served as the clerk of the county assembly of Isiolo since the year 2013
<p>2. Abdullahi Jaldesa Banticha- Speaker, County Assembly of Isiolo</p>		<ul style="list-style-type: none"> • Born in 1978 • Bachelor Of Education -Maseno University • He served as CECM Finance and Economic Planning- Isiolo County Government from 2022-June 2025

<p>3. Hon. Diba Abdirashid – Majority Leader</p>		<p>Bachelor Of Commerce (Bcom)</p>
<p>4. Hon. Francisco Hajji Letimalo- Minority Leader</p>		<ul style="list-style-type: none">• Diploma In Social Development-• Dublin Holy Ghost College

c. Sectoral Committees

The mandate of Sectoral Committees is in respect to the subject matter assigned by the Standing Orders and is exercised within the limits contemplated under Part 2 of the Fourth Schedule to the Constitution.

The County Assembly has the following Select and Sectoral committees:

- i. Committee of Powers and Privileges
- ii. Audit Committee
- iii. Public Accounts/Investment Committee
- iv. Budget and Appropriations Committee
- v. Early childhood, Education and vocational training committee
- vi. Ethics, Justice, Legal Affairs Committee
- vii. Health Services Committee
- viii. Liaison Committee

d. Select Committees

Select committees are generally responsible for overseeing the work of county departments and agencies.

i. Committee of Powers and Privileges

There is established committee known as the Committee of Powers and Privileges consisting of the Speaker, who shall be the chairperson of the Committee; and such other members of the county assembly as may be provided in the Standing Orders of the county assembly. The functions of the Committee of Powers and Privileges shall be to inquire into the conduct of a member whose conduct is alleged to constitute a breach of privileges accorded to the county assembly members by any legislation or standing orders and perform such other functions as may be specified by enabling legislation. The committee held 45 meetings in FY 2024/2025. The committee members during FY 2024/2025 were:

Member	Designation	Ward
Hon. Abdullahi Jaldesa Banticha	Chairperson	Speaker
Hon. David Lemantile	Vice Chairperson	Oldonyiro
Hon. Abdinur Jillo	Member	Kinna
Hon. Halima Goole	Member	Cherab
Hon. Abdirashid Ali	Member	Garbatulla

ii. Audit committee

The audit committee was constituted in 1st October 2021. Its mandate is to advise the County Government on institutional risk management and compliance. The committee held three (3) meetings in FY 2024/25. The committee members during FY 2024/25 were:

Member	Designation
Abdia Mohamed	Chairperson
Adan Hatari	Vice-chairperson
Richard Ciira	Member
Hadija Yussuf	Secretary

iii. Public Accounts/Investment Committee

The committee was formed to provide oversight on the County's finances. The committee held quarterly mandatory meetings during the year. Additionally, it also held 15 extra sittings to deal with arising matters. The members who served in the committee during the year were:

Member	Designation	Ward
Hon. Rahima Abdikadir	Chairperson	Nominated
Hon. Fozia Jibril Bore	Vice chairperson	Nominated
Hon. David Waithaka	Member	Bulapesa
Hon. Nicholas Lorot Ewoton	Member	Burat
Hon. Salesio Kiambi	Member	Wabera

iv. Budget and Appropriations Committee

The budget and appropriations committee provides guidance in the budgetary process. It is charged with the budget making process and ensuring that there is public participation in the budget process. The members who served in the committee during the period were:

Member	Designation	Ward
Hon. Abdirashid Ali Diba	Chairperson	Garbatulla
Hon. Rahima Abdikadir	Vice Chairperson	Nominated
Hon. Peter Losu Loyan	Member	Ngaremara
Hon. David Lemantile Lrtisian	Member	Oldonyiro
Hon. Dekha Bonja Halake	Member	Nominated

v. Early childhood, Education and vocational training Committee

The committee provides guidance to all matters relating to pre-primary education, village polytechnics, and home craft centres; special focus on children's rights especially their access to good quality education, security and childcare facilities.

Member	Designation	Ward
Hon. David Waithaka	Chairperson	Bulapesa
Hon. Salesio Kiambi	Vice Chairperson	Wabera
Hon. Rahima Abdikadir	Member	Nominated
Hon. Kamila Warsame	Member	Nominated
Hon. Kelvin Mbuthia	Member	Nominated

e. Communication with all Stakeholders

The County is committed to ensuring that all its stakeholders are provided with full and timely information about its programmes and performance. They are also given an opportunity to give feedback. In this regard, the County held an Annual consultative meeting where the different stakeholders were invited for information sharing. This communication is important in ensuring that stakeholder expectations are aligned to the County's service delivery charter.

f. Risk management

- Are there effective arrangements for risk management and internal control?
- Are there formal processes to identify and assess risks?
- Are there formal processes to analyse risks as a basis for how they should be managed?
- Are there formal processes to assess changes in the internal and external environments which could give rise to risks?
- Risks identified and analysed in the period and how they were managed.

Compliance

The entity should identify the relevant laws and regulations that govern 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.

4. Foreword by Clerk of the County Assembly

Below kindly find; Budget performance, Operational performance, Performance of key development projects, comments on value for money, challenges and recommended way forward.

Budget performance			
<p>The total budget for County Assembly of Isiolo for FY 2024/2025 was Kshs. 569,809,817 The county exchequer disbursed to the assembly was a total sum of Kshs 569,809,817. Comprising of Kshs 499,809,818.00 for recurrent and 70,000,000.00 for development. The actual expenditure of the assembly was Kshs 499,809,818.00 of the total budget allocation which comprised of recurrent expenditure of Ksh 499,809,818.00 and development expenditure of Kshs 69,999,999.00</p>			
Operational Performance			
<p>During the period under review the County Assembly approved the following polices and laws for the effective and efficient operations of the County Government and benefit to the locals</p> <p>The County Assembly also approved the following budget policy documents in conformity with the requirement of the Public Finance Management Act, 2012</p>			
S/No	Documents	Date Approved	
1.	The Annual Development Plan, 2024	4 th December, 2023	Ensure linkage of planning and budgeting as emphasized by M-TEF and take aspirations of local in the development planning of the County Government.
2.	The County Budget Review and Outlook Paper	12 th November, 2024	Review budget performance of the previous year to inform planning for the coming year
3.	The County Fiscal Strategy Paper, 2024	11 th April, 2024	Trade off priority between for sectors for funding
4.	The Budget Estimates, 2024/2025	4 th August, 2024	Guide allocation of resources and county Government expenditure for the year while the locals enjoy services delivery.

Sn	COMMITTEES	FUNCTION
1	Agriculture, Livestock, Fisheries & Cooperatives	All matters relating to agriculture, including crop and animal husbandry, livestock sale yards, County abattoirs, plant and animal disease control; veterinary services (excluding regulation of the profession); animal control and welfare, including licensing of dogs and facilities for the accommodation, care and burial of animals; fisheries; and cooperative movement.
2	County Assembly Business Committee	(a) Prepare and, if necessary, from time to time, adjust the County Assembly calendar with the approval of the County Assembly; (b) monitor and oversee the implementation of the County Assembly business and programmes; (c) implement the Standing Orders respecting the scheduling or programming of the business of the County Assembly and the functioning of the Committees of the County Assembly; (d) determine the order in which the reports of Committees shall be debated in the County Assembly; (e) take decisions and issue directives and guidelines to prioritize or postpone any business of the County Assembly acting with the concurrence of the Leader of the Majority Party or the Leader of the Minority Party, as the case may be; and (f) consider such matters as may, from time to time, arise in connection with the business of the County Assembly and shall have and perform such powers and functions as are conferred on and ascribed to it by these Standing Orders or from time to time by the County Assembly.
3	Health Services,	All matters relating to 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, cemeteries, funeral parlours and crematoria and refuse removal, refuse dumps and solid waste disposal.
4	Gender, Culture & Community Services	All matters relating to cultural activities and local heritage with keen interest on gender issues; public entertainment and public amenities, including cinemas, video shows and hiring; libraries, museums; County parks, beaches and recreation facilities; control of drugs and pornography; ensuring and coordinating the participation of communities and locations in governance at the local level and assisting communities and locations to develop the administrative capacity for the effective exercise of

			the functions and powers and participation in governance at the local level regardless of gender.
5	Transport and Public Works		All matters relating to County transport, including County roads, street lighting, traffic and parking, public road transport and ferries and harbours, excluding the regulation of international and national shipping and matters related thereto; County public works and services including storm water management systems in built-up areas; electricity and gas reticulation and energy regulation; firefighting services and disaster management.
6	Trade & Tourism		All matters relating to trade development and regulation including markets, trade licences (excluding regulation of professions), fair trading practices, betting, casinos and other forms of gambling, racing, liquor licensing; and local tourism.
7	Early Childhood Education and Vocational Training		All matters relating to pre-primary education, village polytechnics, home craft centres; special focus on children's rights especially their access to good quality education, security and childcare facilities.
8	Labour and Social Welfare		All matters relating to labour, trade union relations and human resource planning and development; social welfare, youth and sports activities and facilities; and National Youth Service.
9	Lands, Housing and Urban Development		All matters relating to lands, land survey, mapping, boundaries and fencing, housing and human settlement, physical planning and urban development
10	Environment, Natural Resources and Water		All matters relating to the implementation of specific National Government policies on natural resources and environmental conservation including mining, soil and water conservation and forestry, control of air, water and noise pollution, other public nuisances and outdoor advertising; Water for domestic use including sanitation services; and Irrigation.
11	Committee on Appointments		The Committee on Appointments shall consider, for approval by the County Assembly, appointments under Article 179(2) of the Constitution

12	Public Accounts and Investments Committee	<p>examination of the accounts showing the appropriations of the sum voted by the House to meet the public expenditure and of such other accounts laid before the House as the Committee may think fit; and</p> <p>examination of the working of the public investments</p>
13	County Finance, Budget and Appropriations Committee	<p>investigate, inquire into and report on all matters related to coordination, control and monitoring of the County budget;</p> <p>(b) discuss and review the estimates and make recommendations to the County Assembly;</p> <p>(c) examine the County Budget Policy Statement presented to the County Assembly;</p> <p>(d) examine Bills related to the County budget, including Appropriations Bills; and</p> <p>(e) evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays.</p>
14	County Assembly Procedure and Rules Committee	<p>The County Assembly Procedure and Rules Committee shall consider and report on all matters relating to these Standing Orders.</p>
15	Committee on Implementation	<p>The Committee shall scrutinize the resolutions of the County Assembly (including adopted Committee reports), Petitions and the undertakings given by the County Executive Committee and examine –</p> <p>(a) whether or not such decisions and undertakings have been implemented and where implemented, the extent to which they have been implemented; and whether such implementation has taken place within the minimum time necessary; and</p> <p>(b) whether or not legislation passed by the County Assembly has been operationalized and where operationalized, the extent to which such operationalization has taken place within the minimum time necessary.</p>
16	Committee on Delegated County Legislation	<p>The Committee shall consider in respect of any statutory instrument whether it-</p> <p>is in accord with the provisions of the Constitution, the Act pursuant to which it is made or other relevant written law;</p>

		<p>infringes on rights and fundamental freedoms of the public;</p> <p>contains a matter which in the opinion of the Committee should more properly be dealt with in an Act of the County Assembly;</p> <p>contains imposition of taxation;</p> <p>directly or indirectly bars the jurisdiction of the Courts;</p> <p>gives retrospective effect to any of the provisions in respect of which the Constitution or the Act does not expressly give any such power;</p> <p>involves expenditure from the County Revenue Fund or other public revenues;</p> <p>is defective in its drafting or for any reason the form or purport of the statutory instrument calls for any elucidation;</p> <p>appears to make some unusual or unexpected use of the powers conferred by the Constitution or the Act pursuant to which it is made;</p> <p>appears to have had unjustifiable delay in its publication or laying before County Assembly;</p> <p>makes rights, liberties or obligations unduly dependent upon non-reviewable decisions;</p> <p>makes rights, liberties or obligations unduly dependent upon insufficiently defined administrative powers;</p> <p>inappropriately delegates legislative powers;</p> <p>imposes a fine, imprisonment or other penalty without express authority having been provided for in the enabling legislation;</p> <p>appears for any reason to infringe on the rule of law;</p> <p>inadequately subjects the exercise of legislative power to County Assembly scrutiny; and,</p> <p>accords to any other reason that the Committee considers fit to examine.</p>
--	--	--

Performance of key development projects

During FY 2024/2025 the assembly was able to undertake the capital projects which were budgeted. It was expected that the projects will have a positive outcome on service delivery by the county assembly. These development projects include;

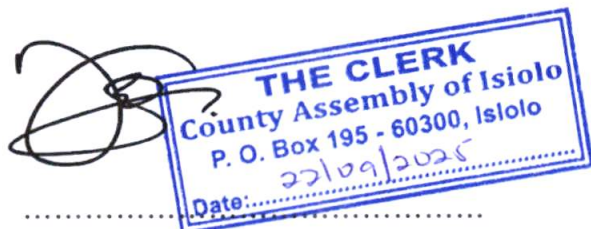
- Construction of county assembly modern chamber

Comment on value-for-money achievements

- The chamber is still under construction but once completed it will undoubtedly improve the discharge of the mandate of the county assembly of Isiolo and enhance public participation in the affairs of county assembly.

Challenges and Recommended Way Forward

- Delay in disbursement of funds from the national treasury
- Limited budget resources vis a vis demand for the resources.



.....

Name: Salad Boru Guracha

Clerk of the County Assembly

5. Statement of Performance against Predetermined Objectives

Strategic development objectives

The key mandate of the County Assembly of Isiolo is legislation, oversight, and representation. To achieve this, the Assembly’s program was documented in terms of objective, key performance indicators, and output. Below is the performance of the Assembly in FY 2024/2025.

Program 1	Strategic Objective	Outcome	Indicator	Performance	Remarks (Explain the reasons underperformance/ Over performance)
Legislation, oversight and representation	Enhanced professional development of MCAs – Provide ongoing professional development of MCAs	Increased ability of MCA in legislation	No of bills passed in the County Assembly	In FY 24 /25 MCAs were trained on <ul style="list-style-type: none"> Efficient and effective review and analysis of budget documents such as ADP, CFSP and estimates The no. bills passed are 2. 	Performance within the range
	Enhanced professional development of MCAs – Review standing orders	Review standing orders	% increase in efficient Assembly operation	County Assembly of Isiolo standing orders were reviewed, amendment proposed and adopted by relevant committee awaiting county assembly approval	Performance within the range

6. Environmental and Sustainability Reporting

a) Sustainability strategy and profile

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

b) Environmental performance

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

c) Employee welfare

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

d) Marketplace practices-

The organisation should outline its efforts to:

a) Responsible Supply chain and supplier relations-

Explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

b) Responsible ethical practices-

Corruption free environment

c) Stewardship of goods and services

Outline efforts to safeguard the rights and interests of its citizens

e) Community Engagements

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

7. Management Discussion and Analysis

Compliance with Statutory Requirements

Throughout the period, the County Assembly remained committed to fulfilling its statutory obligations, particularly in financial reporting, procurement, and legislative operations. Compliance with regulations from oversight authorities, including the Senate Public Accounts Committee, underscores the Assembly's adherence to ethical governance. Measures were taken to improve financial reporting accuracy and ensure transparency, addressing historical audit issues and enhancing accountability in spending and procurement.

Major Risks Facing the Organisation

The County Assembly faces significant risks, mainly driven by budget constraints and exchequer delays. Delays in fund disbursement have led to slowed progress on key projects and other operational plans. Budget shortfalls have strained resources designated for salaries, operational expenses, and critical programs, creating a challenge in maintaining service continuity.

8. Statement of Management Responsibilities

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

The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly financial statements, which give a true and fair view of the state of affairs of the County Assembly for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the county assembly; (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 Assembly; (v) Selecting and applying appropriate accounting policies; and (iv) Making accounting estimates that are reasonable in the circumstances.

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


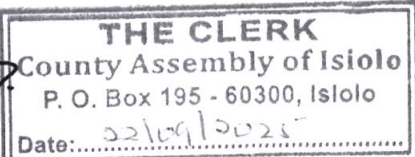
The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

The Clerk confirms that the County Assembly has complied fully with applicable Government Regulations and the terms of external financing covenants, and that the County Assembly 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 Clerk confirms that the County Assembly'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 Assembly's financial statements were approved and signed by the Clerk for on 22/09/2025.

.....
Clerk of County Assembly

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF ISIOLO 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 Assembly of Isiolo set out on pages 1 to 34, which comprise of the statement of financial

position as at 30 June, 2025, and the statement of statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts, for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of County Assembly of Isiolo as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis (including the transitional provisions permitted under IPSAS 33) and comply with the County Governments Act, 2012, the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

Basis for Qualified Opinion

1. Unsupported Expenditure on Use of Goods and Services

1.1 Other Operating Expenses

The statement of financial performance and Note 8 to the financial statements reflect use of goods and services expenditure of Kshs.148,344,600, which includes other operating expenses of Kshs.42,894,000. Included in this balance was a payment of Kshs.600,000 whose supporting documents including work tickets, payment schedules, procurement files, store records, and appropriate authority were not provided for audit review.

In the circumstances, the accuracy and completeness of use of goods and services amount of Kshs.42,894,000 could not be confirmed.

1.2 Domestic Travel and Subsistence Expenditure

The statement of financial performance and Note 8 to the financial statements reflect use of goods and services balance amounting to Kshs.148,344,600, which includes an amount of Kshs.53,287,000 on domestic travel and subsistence expenses, and other transportation costs. However, the following anomalies were noted:

1.2.1 Unsupported Domestic Travel and Subsistence

The use of goods and services expenditure of Kshs.148,344,600 includes domestic travel and subsistence expenses of Kshs.53,287,000. However, IFMIS payments indicated a total of Kshs.29,287,780 paid in respect of daily subsistence allowance but was all paid directly to the bank. The resultant variance of Kshs.23,999,220 between the payments and the reported expenditure was not reconciled or explained. Further, the payments to the bank were not supported by beneficiary details including officers' names, approved travel authorizations, itineraries, or imprest warrants.

1.2.2 Retreat Expenses for Members of Sectoral Committees

Included in domestic travel and subsistence, and other transportation costs were payments totalling Kshs.4,496,400 incurred on daily subsistence allowances to Members of Sectoral Committees for a retreat and for scrutiny of the County Review & Outlook Paper 2024-2025. However, the attendance registers to confirm that the members participated in the activities and the number of days paid for were not provided for audit review.

Further, an additional amount of Kshs.2,444,400 was incurred on daily subsistence allowances to Members of Sectoral Committees accompanied by Assembly staff in Meru for four (4) days, from 3 December to 6 December, 2024 for scrutiny of the County Review & Outlook Paper 2024-2025. However, the Committee report and the deliberations of the meeting were not provided for audit review.

1.2.3 Retreat Expenses for Members of County Assembly

The domestic travel and subsistence and other transportation costs include an amount of Kshs.2,052,000 incurred for the Members of the County Assembly retreat to deliberate on the calendar and house business sessions, in Nanyuki. However, evidence in form of venue details where the retreat took place, attendance registers, evidence of procurement of conference facility and back-to-office reports were not provided for audit.

In the circumstances, the accuracy of domestic travel expenditure amounting to Kshs. 53,287,000 could not be confirmed.

2. Unsupported Cash Payments to Isiolo County Assembly Account

Review of IFMIS payment records revealed that the County Assembly processed payments totaling Kshs.106,693,211 to its own accounts, comprising Kshs.33,032,500 to the County Assembly of Isiolo account and Kshs.5,300,000 to the Isiolo County Assembly Development account. However, no supporting documentation, including invoices, approvals, schedules, or expenditure breakdowns, was provided to show the activities undertaken or the beneficiaries of the payments. Further, the accounting treatment for these payments have not been explained.

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

3. Unreconciled Payment of Staff Salaries

The statement of financial performance and Note 7 to the financial statements reflect compensation of employees amount of Kshs.405,922,104. Analysis of the payroll data revealed that the County Assembly paid an amount of Kshs.28,653,220 for nine (9) months' salary from July, 2024 to April, 2025 for fifty-four (54) Members of the County Assembly and staff outside the IPPD System. However, no explanation was given why these salaries were not processed through the IPPD system. Further, it was not explained why the fifty-four (54) officers were not allocated payroll numbers for ease of identification and computation of statutory dues.

In addition, analysis of IFMIS payments transfers to salary account showed that a total of Kshs.342,227,500 was transferred to the salaries account while the reported expenditure on salaries amount to Kshs.405,922,104, resulting to an unreconciled and unexplained variance of Kshs.63,694,604.

In the circumstances, the accuracy of compensation of employees amount of Kshs.405,922,104 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Assembly of Isiolo 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.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year's Audit Issues

In the prior year's audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the County Assembly of Isiolo in the year 2024/2025 revealed that the matters remained unresolved as shown in **Appendix 1**.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with Law on Staff Composition

1.1 Lack of Staff Ethnic Diversity

Review of the human resource records revealed that the County Assembly had a staff workforce of two hundred and five (205), out of whom one hundred and twenty-five (125), or 61% are from the dominant ethnic community. This is contrary to the requirements of Section 7(2) of the National Cohesion and Integration Act, 2008, which stipulates that no public establishment shall have more than one-third of its staff from the same ethnic community.

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

1.2 People Living with Disabilities

Review of payroll data revealed that the County Assembly of Isiolo had two hundred and five (205) members of staff, out of whom two (2), or 0.01% were people living with disabilities. This is contrary to Section 13 of the Persons with Disabilities Act, 2003 which states that the Council shall endeavor to secure the reservation of five (5%) percent of all casual emergency and contractual positions in employment in the public and private Sectors for persons with disabilities.

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

2. Late Submission of Financial Statements to The Auditor-General

During the year under review, the County Assembly's Management failed to submit the financial statements for the financial year 2024/2025 to the Auditor-General by the statutory deadline date of 31 August, 2025. The financial statements were submitted on 23 October, 2025. This was contrary to The National Treasury and Economic Planning Circular Ref No. AG/88 Vol.VII(41) dated 4 December, 2024.

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

3. Irregular Payment of Allowances to Members of County Assembly

The statement of financial performance and Note 8 to the financial statements reflect use of goods and services amount of Kshs.148,344,60, which includes an amount of Kshs.53,287,000 in respect to domestic travel and subsistence and other transportation costs. Payments totalling Kshs.5,670,000 were incurred on per diem allowances for Members of the County Assembly and staff for the end-of-year party for four (4) days held at a hotel which was approximately 10 km from the Isiolo County Assembly offices. This was contrary to the Salaries Remuneration Commission Circular dated 7 August, 2023 on payment of daily subsistence allowance which states that payment of daily subsistence allowance shall not be payable for a location within a radius of 50 km of the affected duty station of the respective officers. Further, attendance registers to confirm that the members participated in the activities for the days paid were not provided for audit review.

In the circumstances, Management was in breach of the law and the regularity of the expenditure could not be confirmed.

4. Unsupported Staff Medical Insurance

The statement of financial performance and Note 8 to the financial statements reflect use of goods and services expense of Kshs.148,344,600, which includes insurance costs of Kshs.12,325,782, where an amount of Kshs.12,000,000 was incurred on provision of medical insurance cover for Members of the County Assembly and staff. However, the insurance policy document was not provided for audit review and, therefore, the cover terms and conditions including the number of staff covered, limits and exclusions of the policy could not be confirmed. Further, the total contractual premium amount of Kshs.22,141,560 was not paid in full and in advance, contrary to Section 156(1) of the Insurance Act, 2020, which requires that no insurer shall assume a risk unless and until the full premium payable is received by the insurer.

In the circumstances, the regularity and adequacy of the medical insurance cover for Members of the County Assembly and staff could not be confirmed.

5. Irregular Subscription Fees to County Assemblies Forum

The statement of financial performance and Note 8 to the financial statements reflect use of goods and services expense of Kshs.148,344,600, which includes other operating expenses of Kshs.42,894,000. Included in this balance is an amount of Kshs.1,000,000 paid by the County Assembly in respect of subscription fees to the County Assemblies Forum (CAF). However, CAF does not draw its mandate from the Constitution of Kenya or an Act of Parliament, and as such, no enabling legislation establishing the body nor policies and guidelines enacted by the County Assembly.

In the circumstances, regularity and value for money on the payment could not be confirmed.

6. Delayed Projects Completion

6.1 Stalled County Assembly Ward Offices Projects

The County Assembly of Isiolo engaged various contractors for construction of five (5) Ward Offices where the contracts for Ngaremara and Sericho Wards were signed on 29 June, 2025, Oldonyiro Ward signed on 19 June, 2018 and those for Burat and Wabera Wards signed on 29 June, 2018, at a contract sum of Kshs.4,999,000 each, totalling Kshs.24,995,000. As at 31 March, 2025, a total amount of Kshs.19,386,920 had been paid, leaving an outstanding balance of Kshs.5,608,080. However, the projects did not indicate the expected completion dates and were between 64% to 88% complete. The anomaly was not explained.

In the circumstances, the value for money for the construction of Ward Offices at a total contract sum of Kshs.24,995,000 could not be confirmed.

6.2 Construction of Debating Chamber and Restaurant

During the financial year 2019/2020, a local contractor was awarded the contract for the proposed construction of a debating chamber and restaurant for the County Assembly of Isiolo at a contract sum of Kshs.314,000,768 commencing on 10 July, 2019 for a period of 90 weeks and was to be completed on the 31 March, 2021. However, the contractor requested for a revision of the contract period from 31 March, 2021 to 22 June, 2022, which was an additional sixty-four (64) weeks vide letter reference PW/A/200/VOL.II/154 dated 28 June, 2021.

Review of the payment details for the financial year 2024/2025 revealed that County Assembly paid an amount of Kshs.5,778,693 for the second interim payment for supply, delivery, installation, testing, and commissioning of sanitary fittings, plumbing, drainage, water storage, and fire protection works. However, there was no interim certificate showing the extent and value of work done or what was being paid for. Further, despite the project time extension for completion by May, 2022, it remained incomplete as at the time of audit in October, 2025.

In the circumstances, the value for money for the construction of debating chambers and restaurant at a contract sum of Kshs.314,000,768 could not be confirmed.

7. Non-Compliance with Law on Fiscal Responsibility on Wage Bill

The statement of financial performance and Note 7 to the financial statements reflect employees' costs of Kshs.405,922,104, representing 71 % of the County Assembly's total revenue of Kshs.569,809,817. This was contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the limit of employees' costs shall not exceed thirty-five (35) percent of the County Government's total revenue.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain

assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Functional Audit Committee

As previously reported, the County Assembly had an Audit Committee appointed on 19 October, 2020 as evidenced by the appointment letters provided for audit review. However, evidence available showed that the committee held only one meeting in the year under review, contrary to Regulation 172(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Committee to meet once in every three months. Further, the Committee did not carry out annual review of the independence, performance, and competency of the Internal Audit Unit. This was contrary to Regulation 159(2) of the Public Finance Management (County Governments) Regulations, 2015, which requires that in each financial year, the Audit Committee to carry out an annual review.

In addition, there was no evidence provided to show that the committee carried out any of its roles and responsibilities in the Audit Charter and as envisaged in Section 2.2(a) of the Gazette Notice No. 2691 on Audit Committee, which requires the audit committee to provide assistance to the accounting officer or governing body and adhere to its roles and responsibilities that are set out in its charter.

In the circumstances, the effectiveness of the Audit Committee in discharging its mandate could not be confirmed.

2. Lack of Internal Audit Arrangements

During the year under review, the Internal Audit Unit prepared an annual work plan which was approved by the Audit Committee and the same included in the County Assembly's budget in line with Regulation 163(2) of Public Finance Management (County Governments) Regulations, 2015. However, there was no internal audit report for the year under review as evidence of adherence to the approved work plan.

In the circumstances, the effectiveness of the internal audit unit to provide an independent appraisal of the County Assembly's operations, internal controls and risk management could not be confirmed.

3. Weaknesses on Information and Communication Technology Controls

During the year under review, the County Assembly did not have in place an approved Information Technology (IT) Strategic Committee, IT strategic plan, IT Steering Committee, or IT Security Policy. Further, review of the ICT Data Centre room revealed lack of smoke detectors, fire suppression systems, environmental monitoring system to monitor humidity and temperature and closed-circuit television (CCTV) system. This was contrary to Regulation 110(3)(d) of the Public Finance Management (County Governments) Regulations, 2015, which provides that users of the system under this regulation shall not do anything that damages, restricts, jeopardizes, impairs, or undermines the performance, usability, reliability, confidentiality, or accessibility of any digital information system, programme, or other stored information/data.

In addition, Chapter 2 of the Isiolo County Assembly ICT Policy stipulates that the ICT Department shall be responsible for maintaining a current inventory of the hardware and software to be used by the County Assembly. However, evidence of such an inventory was not provided for audit review.

In the circumstances, the reliability and effectiveness of the County Assembly's Information Technology internal controls could not be confirmed.

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

Responsibilities of 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 Assembly's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements

comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the County Assembly'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

16 December, 2025

Report of the Auditor-General on County Assembly of Isiolo for the year ended 30 June, 2025


Appendix 1 Unresolved Prior Year's Audit Issues

S/No	Audit Issue
1.	Unreconciled Variance Between the Payroll and Financial Statement Amounts
2.	Misclassified Expenditure
3	Irregular Payment of Special Salary Allowances
4	Unsupported Responsibility Allowances
5	Non-compliance with Public Sector Accounting Standards Board (PSASB) Reporting Requirements
6	Anomalies in Performance Information
7	Non-Compliance with the Law on Staff Ethnic Composition
8	Failure to Effect the New NSSF Rates
9	Un-remitted Statutory Deductions
10	Manual Payment of Staff Salaries
11	Employment of Partisan Staff above the Approved Ceiling
12	Payment of Subsistence Allowance within 50km Radius
13	Failure to Submit Monthly Bank Reconciliation Statements
14	Delayed Completion of the Construction of Debating Chamber and Restaurant
15	Lack of an Information Technology Steering Committee
16	Lack of a Functional and Effective Audit Committee
17	Ineffective Internal Audit Arrangements

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


Description	Notes	FY 2024/2025
		Kshs
Revenue from non-exchange transactions		
Transfers from CRF	6	569,809,817
Other income		-
Total revenue		569,809,817
Expenses		
Employee costs	7	405,922,104
Use of goods and services	8	148,344,600
Transfers to other Government Entities	9	-
Depreciation and amortization expense	10	19,503,926
Total expenses		573,770,629
Net Surplus/Deficit		(3,960,813)

The Financial Statements set out on pages 1 to 10 were signed by:


THE CLERK
 County Assembly of Isiolo
 P. O. Box 195 - 60300, Isiolo
 Date: 22/09/2025

Name: Salad Boru Guracha

Clerk of The County Assembly

PRINCIPAL ACCOUNTANT
 County Assembly of Isiolo
 P. O. Box 195 - 60300, Isiolo
 Date: 22/09/2025


Name: Kalthum Nuna Abdullahi

Principal Accountant

ICPAK M/No ...29827.....


(Faint, illegible stamp)

(Faint, illegible stamp)


11. Statement of Financial Position as at 30 June 2025

Description	Notes	FY 2024/2025	Opening Statement
		Kshs	1 st July 2024 Kshs
Assets			
Current Assets			
Cash and Cash equivalents	11	283,235	18,815
Current portion of investments	12	-	-
Total Current Assets		283,235	18,815
Non-Current Assets			
Property, Plant and Equipment	13	539,687,817	25,959, 941
Total Non- Current Assets		539,687,817	25,959, 941
Total Assets (A)		539,971,052	25,978,756
Liabilities			
Current Liabilities			
Trade and Other Payables	14	99,140,893	87,663,162
Refundable deposits and prepayments	15	-	-
Total Current Liabilities		99,140,893	87,663,162
Total Liabilities (B)		99,140,893	87,663,162
Net Assets (A-B)		440,830,160	(61,684,406)
Represented by:			
Reserves		-	-
Accumulated Surplus		(73,041,608)	(61,684,406)
Capital Fund		-	-
Net Assets		(73,041,608)	(61,684,406)

The financial statements set out on pages 1 to 10 were signed by:


THE CLERK
 County Assembly of Isiolo
 P. O. Box 195 - 60300, Isiolo
 Date:.....

Name: Salad Boru Guracha
 Clerk of The County
 Assembly


PRINCIPAL ACCOUNTANT
 County Assembly of Isiolo
 P. O. Box 195 - 60300, Isiolo
 Date:.....

Name: Kalthum Anna Abdullahi
 Principal Accountant

ICPAK M/No ...29827.....

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

Description	Accumulated Surplus	Total
As at 30th June 2024 (cash basis)	18,815.0	18,815.0
Adjustments: (to recognize assets and liabilities)		-
Assets		
Liabilities	(69,099,610)	(69,099,610)
As at July 1, 2024	(69,080,795)	(69,080,795)
Surplus/ deficit for the period	(3,960,813)	(3,960,813)
Returns to CRF		-
Additions during the period		-
Other changes (specify)		-
As at 30 June, 2025	(73,041,608)	(73,041,608)

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

Description	Notes	FY 2024/2025
		Kshs
Cash flows from operating activities		
Receipts		
Transfers from CRF		569,809,817
Miscellaneous Revenue		-
Other income		
Total receipts		569,809,817
Payments		
Employee costs		405,922,104
Use of goods and services		148,344,600
Finance costs		-
Total payments		554,266,704
Net cash flows from/(used in) operating activities		15,543,113
Cash flows from investing activities		
Purchase of PPE		(15,278,693)
Net cash flows from/(used in) investing activities		(15,278,693)
Cash flows from financing activities		
Returns to CRF		-
Net cash flows from financing Activities		-
Net increase/(decrease) in cash & Cash equivalents		264,420
Cash and cash equivalents as at Period Start		18,815
Cash and cash equivalents as at Period End		283,235

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

Revenue/expenditure item	Original budget A	Adjustments B	Final budget C=(a+b)	Actual on comparable basis D	Budget utilization difference E=(c-d)	% of utilization F=d/c * 100
Revenues						
Transfers from CRF	625,240,773	(55,389,302)	569,851,471	569,809,817	41,654	99.99
Total revenues	625,240,773	(55,389,302)	569,851,471	569,809,817	41,654	
Expenses						
Employee costs	264,673,202	51,912,709	316,585,911	399,089,595	(82,503,684)	126.06
Use of goods and services	253,876,191	(84,742,011)	169,134,180	148,344,600	20,789,580	87.81
Social Benefits	12,131,380	2,000,000	14,131,380	6,832,508	7,298,872	48.05
Total	530,680,773	(30,829,302)	499,851,471	554,266,704	(54,415,233)	
Capital items						
Acquisition of PPE	94,560,000	(24,560,000)	70,000,000	15,278,693	54,721,307	21.83
Total expenses Development	94,560,000	(24,560,000)	70,000,000	15,278,693	54,721,307	
Total Expenses	625,240,773	(55,389,302)	569,851,471	569,545,397	306,074	
Surplus/ deficit	-	-	-	264,420		

Isiolo County Assembly
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	264,420
1	Opening cash & Cash equivalent	18,815
	Closing Cash and Cash Equivalent as per the statement of Cash flows	283,235

Budget Notes

1. *There is over expenditure on compensation of employees by 26% due to ward staff employed ward level*
2. *There is under utilization of goods and services by 13% due to late exchequer disbursements*
3. *There is underutilization of social benefits by 52% due to late exchequer disbursements*

15. Notes to the Financial Statements

1. General Information

Isiolo county assembly is established by and derives its authority and accountability from The Constitution of Kenya 2010. The Entity is domiciled in Kenya and its principal activities are legislation, representation and oversight.

2. Statement of Compliance and Basis of Preparation

Statement of compliance

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

Guiding note during the transition period:

Isiolo county assembly has opted to take advantage of the transitional provisions under IPSAS 33 and therefore these Annual Financial Statements of the 1st financial year are transitional financial statements. Therefore, assets and inventories have not been recognised as the county assembly has taken advantage of the transitional provisions outlined in IPSAS 33.

These financial statements were authorised for issue by the accounting officer on22/092025

Basis of Preparation

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

Reporting period

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

Notes to the financial statements

Critical accounting judgements

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

Recognition of revenue

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

Recognition of non-exchange expenses and liabilities

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

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

Purpose and nature of financial instruments

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

Climate change obligations

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

Physical assets

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

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

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

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

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

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

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>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. 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

Notes to the Financial Statements (Continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2024/25 was approved by the County Assembly on 4th August, 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 **6,705,054,704** on 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.

Notes to the Financial Statements (Continued)

Budget information (continued)

The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial cash flows has been presented on page 4 these financial statements.

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

Notes to the Financial Statements (Continued)

d) 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.

e) 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

Notes to the Financial Statements (Continued)

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

f) 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.

g) 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.

h) 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

Notes to the Financial Statements (Continued)

accounting rules have no impact on the Company's financial statements. (Amend as appropriate). A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

i. Financial assets

Classification of financial assets

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

Notes to the Financial Statements (Continued)

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

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. 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).

Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

i) 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 *Assembly*.

j) 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.

k) 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.

l) Contingent assets

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

m) 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.

n) Employee benefits

Retirement benefit plans

The Isiolo County Assembly 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.

o) Foreign currency transactions

Notes to the Financial Statements (Continued)

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.

p) 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.

q) Related parties

The Isiolo County Assembly 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 Assembly, or vice versa. Members of key management are regarded as related parties and comprise the Speaker of the county assembly and, Clerk of the county Assembly, Directors and senior managers.

r) Service concession arrangements.

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

s) 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.

t) 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.

u) 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 Assembly'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 Assembly 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 Assembly. 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 County Assembly.
- 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. 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 (Continued)

6. Transfers from CRF

Nature of Transfer	Amount recognized to Statement of financial performance.	Amount deferred under deferred income.	Total transfers FY 2024/2025
	Kshs	Kshs	Kshs
Recurrent	499,809,818	-	499,809,818
Development	69,999,999	-	69,999,999
Special purpose transfers	-	-	-
Total	569,809,817	-	569,809,817

Notes to the Financial Statements (Continued)

7. Employee Costs

Description	FY 2024/2025
	Kshs
Basic salaries of permanent employees	399,089,595
Basic wages of temporary employees	
Personal allowances – part of salary	
Pension and other social security contributions	
Employer contributions to compulsory national social security schemes	
Employer contributions to compulsory national health insurance schemes	
Other social benefit schemes	
Government Gratuity and Retirement Benefits	6,832,508
Employee costs	405,922,104

8. Use of Goods and Services

Description	<i>FY 2024/2025</i>
	Kshs
Utilities, Supplies and Services	200,000
Communication, Supplies and Services	
Domestic Travel and Subsistence, and Other Transportation Costs	53,287,000
Printing , Advertising and Information Supplies and Services	1,670,690
Rentals of Produced Assets	21,373,966
Hospitality Supplies and Servi	16,091,724
Insurance Costs	12,325,782
Fuel Oil and Lubricants	500,000
Other Operating Expenses	42,894,000
Bank Charges	1,439
Total	148,344,600

10. Depreciation and Amortization Expense

Description	<i>Period ended</i>
	<i>Jun-25</i>
	Kshs
Property, plant and equipment	19,503,925
Intangible assets	-
Investment property carried at cost	-
Total	19,503,925

11. Cash and Cash Equivalents

Description	FY 2024/2025	Opening Statement
	Kshs	1 st July 2024
Recurrent Accounts	32,171	18,815
Development Account	251,065	
Deposits Account		
Special Purpose Accounts		
Other operating commercial accounts (<i>Specify</i>)		
Total	283,235	18,815

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

Financial Institution	Account number	FY 2024/2025	Opening Statement
		Kshs	1 st July 2024
Recurrent Accounts			
CBK00001	1000195738	32,171	17,376
Development Accounts			
CBK00002	1000195746	251,065	-
Equity operation account	0410261437860		1,439
Cash on Hand			
Total		283,235	18,815

13. Property, Plant and Equipment

Cost	Land	Buildings	Motor Vehicles	Infrastructure assets	Furniture and fittings	Computers & ICT Equipment	Other Plant & Equipment	Work in progress	Service concession assets	Total
Depreciation Rate		2%	17%	3%	12.50%	33.30%	10%			
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1 st July 2024		460,195,790	44,380,396	37,967,158		25,241,920		14,778,693		567,785,264
Additions						500,000		14,778,693		15,278,693
Disposals										-
As At 30 Jun 2025	-	460,195,790	44,380,396	37,967,158		500,000	25,241,920	14,778,693	-	583,063,957
Depreciation And Impairment										
Opening Bal as 1 st July 2024	-	9,203,916	7,398,212	4,745,895	-	-	2,524,192	-	-	23,872,215
Depreciation	-	9,019,837	6,164,930	4,152,658	-	166,500	-	-	-	19,503,925
Disposals										-
Impairment										-
As At 30 Jun 2025	-	18,223,753	13,563,142	8,898,553	-	166,500	2,524,192	-	-	43,376,140
Net Book Values										
Opening Bal as at 1 st July 2024	-	450,991,874	36,982,184	33,221,263	-	-	22,717,728	-	-	543,913,049
As At 30 Jun, 2025	-	441,972,037	30,817,254	29,068,605	-	333,500	22,717,728	14,778,693	-	539,687,817

Notes to the Financial Statements (Continued)

14. Trade and Other Payables

Description	2024/2025	Opening Statement
	Kshs	1 st July 2024 Kshs
Trade payables on use of goods	15,017,538	13,917,539
Trade payables on supply of services	32,973,886	27,297,077
Trade payables on PPE acquisitions	51,149,469	18,563,552
Payments received in advance		
Employee payables		27,884,995
Third-party payments		
Other payables		
Total trade and other payables	99,140,893	87,663,162

11. Cash Generated from Operations

	FY 2024/2025
Surplus for the year before tax	(3,960,813)
Adjusted for:	
Depreciation	19,503,926
Non-cash grants received	
Impairment	
Gains and losses on disposal of assets	
Working capital adjustments	
Increase in inventory	-
Increase in receivables	-
Increase in deferred income	-
Increase in payables	
Increase in payments received in advance	-
Net cash flow from operating activities	15,543,113

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

Notes to the Financial Statements (Continued)

12. Financial Risk Management

The Assembly's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Assembly'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 Assembly'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	-	-	-	-

(NB: The totals column should tie to the individual elements of credit risk disclosed in the Entity's statement of financial position)

Notes to the Financial Statements (Continued)

Financial Risk Management

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

ii) Liquidity risk management

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

Financial Risk Management

iii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Assembly'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 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 Assembly 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 Assembly 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.

13. Events after the Reporting Period

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

14. Ultimate and Holding Entity

The Entity ultimate parent is the Government of Kenya.

15. Currency

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

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

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 / Resolved) / Not Resolved	Timeframe: (Put a date when you expect the issue to be resolved)
1	Unreconciled Variance between Payroll and Financial Statement Amounts		Not Resolved	
2	Misclassified Expenditure		Not Resolved	
3	Irregular Payment of Special House allowance		Not Resolved	
4	Unsupported Responsibility Allowance		Not Resolved	
1	Non-Compliance with reporting requirements	with PSASB	Not Resolved	
2	Anomalies in performance information		Not Resolved	
3	Non-compliance with law on staff ethnic composition		Not Resolved	
4	Failure to effect new NSSF Rates		Not Resolved	
5	Unremitted Statutory Deductions		Not Resolved	
6	Manual Payment of Staff Salaries		Not Resolved	
7	Employment of Partisan staff above the Approved Ceiling		Not Resolved	
8	Payment of Subsistence Allowance within 50kms radius		Not Resolved	
9	Failure to submit monthly reconciliation statements		Not Resolved	

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

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)
10	Delayed Completion of Construction of Debating Chamber and Restaurant		Not Resolved	
1	Lack of ICT Steering Committee		Not Resolved	
2	Lack of Functional & Effective Audit Committee		Not Resolved	
3	Ineffective Internal Audit Arrangements		Not Resolved	

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”; required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to County Treasury.


 Accounting Officer
THE CLERK
County Assembly of Isiolo
 P.O. Box 195 - 60300, Isiolo
 Date: 22/09/2025

Date 22/09/2025

Appendix II: Projects implemented by

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

Project title	Project Number	Donor	Period/	Donor	Separate donor	Consolidated in these

Status of Projects completion

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

Appendix IV: Transfers from Other Government Entities

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

Appendix VI: Reporting of Climate Relevant Expenditures

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

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

Appendix VII: Disaster Expenditure Reporting Template

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

Appendix VIII: Fixed Asset Register

Asset class	Historical Cost b/f (Kshs)	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs)	Current Year
Land	-	-	-	-	-	-
Buildings and structures	460,195,790	14,778,693	-	-	474,974,453	474,974,453
Transport equipment	44,380,396	-	-	-	44,380,396	44,380,396
Office equipment, furniture and fittings	37,967,158	-	-	-	37,967,158	37,967,158
ICT Equipment	-	500,000	-	-	500,000	500,000
Machinery and Equipment	25,241,920	-	-	-	25,241,920	25,241,920
Biological assets	-	-	-	-	-	-
Infrastructure Assets- Roads, Rails	-	-	-	-	-	-
Heritage and cultural assets	-	-	-	-	-	-
Intangible assets	7,000,000	-	-	-	7,000,000	7,000,000
Work in Progress	-	-	-	-	-	-
Total	574,785,264	15,278,693	-	-	590,063,927	590,063,927