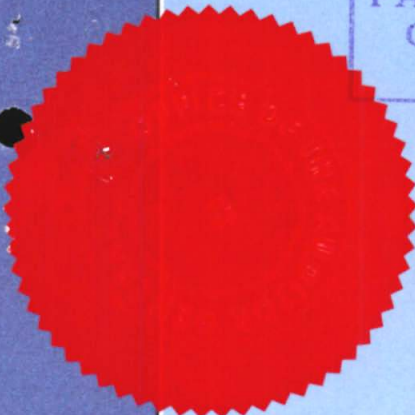


REPUBLIC OF KENYA



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**REPORT
OF
THE AUDITOR-GENERAL
ON
COUNTY ASSEMBLY OF KAKAMEGA
FOR THE YEAR ENDED
30 JUNE, 2025**

PAPERS LAID	
DATE	19/02/2026
TABLED BY	WEDANA OLEKINX
COMMITTEE	
CLERK AT THE TABLE	ABDI RAHMAN

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KAKAMEGA COUNTY ASSEMBLY

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

Transitional International Public Sector Accounting Standards (IPSAS)
Financial Statements

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1. Acronyms, Abbreviations and Definition of Key Terms

A. Acronyms and Abbreviations

<i>ADP</i>	<i>Annual Development Plan</i>
<i>AIE</i>	<i>Authority to Incur Expenditure</i>
<i>CA</i>	<i>County Assembly</i>
<i>CARA</i>	<i>County Allocation of Revenue Act</i>
<i>CBK</i>	<i>Central Bank of Kenya</i>
<i>CECM</i>	<i>County Executive Committee Member</i>
<i>CE</i>	<i>County Executive</i>
<i>CG</i>	<i>County Government</i>
<i>CIDP</i>	<i>County Integrated Development Plan</i>
<i>COG</i>	<i>Council of Governors</i>
<i>CRA</i>	<i>Commission on Revenue Allocation</i>
<i>CRF</i>	<i>County Revenue Fund</i>
<i>CT</i>	<i>County Treasury</i>
<i>IPSAS</i>	<i>International Public Sector Accounting Standards</i>
<i>MCA</i>	<i>Member of County Assembly</i>
<i>OAG</i>	<i>Office of the Auditor General</i>
<i>OCOB</i>	<i>Office of the Controller of Budget</i>
<i>OSR</i>	<i>Own Source Revenue</i>
<i>PFM</i>	<i>Public Finance Management</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>NT</i>	<i>National Treasury</i>
<i>WB</i>	<i>World Bank</i>
<i>KRB</i>	<i>Kenya Roads Board</i>
<i>Kshs</i>	<i>Kenya Shillings</i>
<i>FY</i>	<i>Financial Year</i>
<i>JKUAT</i>	<i>Jomo Kenyatta University of Agriculture and Technology</i>
<i>CASB</i>	<i>County Assembly Service Board</i>
<i>USIU</i>	<i>United States International University</i>
<i>AAPAM</i>	<i>African Association for Public Administration and Management</i>
<i>KCSE</i>	<i>Kenya Certificate of Secondary Education</i>

<i>PTAK</i>	<i>Public Transport Association of Kenya</i>
<i>NDC</i>	<i>National Defence College</i>
<i>KRB</i>	<i>Kenya Roads Board</i>
<i>PPE</i>	<i>Personal Protective Equipment</i>
<i>ECL</i>	<i>Expected Credit Loss</i>
<i>NSSF</i>	<i>National Social Security Fund</i>

B. Definition of Key Terms

Example

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

2. Key Entity Information and Management

(County Assembly)

(a) Background information

The County Assembly is constituted as per the constitution of Kenya 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 90 Members of County Assembly (MCAs) elected to represent members of the public from their respective wards. The MCAs are responsible for making any laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

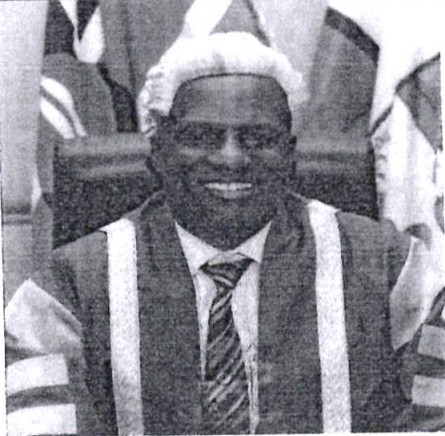

(b) Key Management Team



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

No.	Designation	Name
1.	Speaker of the County Assembly	Hon. James Wanzala Namatsi
2.	Clerk of the County Assembly	Dr. Donald Keya Manyala, Ph.D
	Head of Departments	-
NO.	Departments	Head
1.	Legislative and committee services	Mr. Nicholus Anywa
2.	Human Resource and Administrative Services	Ms. Judith Makokha
3.	Legal Services	Ms. Doreen Wesonga
4.	Public Communications	Mr. Gilbert Ongachi
5.	Hansard	Ms Grace Wekesa
6.	Information Communication and Technology	Mr Peter Mutoka
7.	Research Services & Library	Ms. Susan Adhiambo
7.	Finance and Accounting	CPA. Beatrice Ilavonga
8.	Purchases and Supplies	Mr Ernest Makhulo
9.	Serjeant at Arms	Mr Patrick Litaba

(c) Fiduciary Management

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

Name	Details of qualifications and experience
	<p>Hon. James Wanzala Namatsi is the Speaker of the Third County Assembly of Kakamega, and the chairperson of the County Assembly Service Board (CASB). An alumnus of The Kakamega School (Government African School of Kenya), Hon. Namatsi sat for his 'O' level examinations in 1989 before proceeding to the University of Nairobi (U.o.N) to pursue a Bachelors of Legal Laws (LLB) and graduated in 1995. He then enrolled at the Kenya School of Law where he graduated with a Post Graduate Diploma in Law.</p>
 <p>Hon. Shitiabayi Bernard</p>	<ul style="list-style-type: none"> ● Hon. Shitiabayi is the Deputy Speaker in the Third County Assembly ● He holds a BA in Security Studies and Criminology from Mount Kenya University, a Diploma in Criminology from University of Eldoret and a Certificate in Participatory Rural Appraisal from Egerton University. At the time of his election, Kakamega. He has also served as the chairman at the National Government Constituency Development Fund in Shinyalu (2017-2022) and as a community facilitator at Action Aid Kenya in West Pokot on HIV/AIDs program. He represents Isukha East

	<p>Hon. Maina is a Certified Public Accountant (CPA) with a Degree in Automotive Engineering. He is currently a practicing Auditor with Ondako Maina and Associates since the year 2011.</p> <p>He worked as an Audit Senior (2009 - 2011), Audit Assistant (2006-2008) at GAD WEKESA ASSOCIATES, as an ACCOUNTANT – PAYABLES at Malindi Management Strategy Limited (Hotel) – 2004 to 2006, as a CASHIER/ACCOUNTS CLERK at Kengeles Management Group (Restaurant) – 2002 to 2004, as an ACCOUNTS TRAINEE at Legal Resources Foundation (TRUST) and as ACCOUNTS ASSISTANT at Chapex Kenya Limited (Service centre at JKIA).</p>
	<p>David Athman Ndakwa (MCA KABRAS WEST WARD)</p> <p>He has a Bachelor of Science in Information Science from Moi University (2016), a Diploma in Information Studies from the University of Nairobi and an alumnus of Samitsi Secondary School (1991).</p> <p>Hon. Ndakwa has worked as the Managing Director at Pavement Publishers a renowned printing and publishing firm in Nairobi and Western Kenya.</p>



Dr. Donald Keya Manyala, Ph.D-Clerk

Dr. Manyala, holds a Doctorate (PhD) degree in Governance and Leadership from the Jomo Kenyatta University of Agriculture & Technology (JKUAT), 2021, a Master Degree of Business Administration in Strategic Management (2010) and a Bachelor of Science Degree in Tourism and Travel Management (2007) from United States International University (USIU). He sat for his Kenya Certificate of Secondary Education (KCSE) in 2003 at Musingu School and attended Mukumu Boys Primary School up to 1990. The Clerk is a member and subscribes to two Professional Bodies namely: African Association of Public Administration and Management (AAPAM) and Professional Trainers Association of Kenya (PTAK)

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

No.	Designation	Name
1.	Accounting Officer- Clerk	Dr. Donald Keya Manyala, Ph.D
2.	Director Finance and Accounting Services	CPA.Beatrice ilavonga
3.	Director Legislative, Procedure and committee services	Mr Nicholas Anywa
4.	Director Human Resource and Administration	Ms.Judith Makokha
5	Principal Procurement Officer	Mr Ernest Makhulo

a) Fiduciary Oversight Arrangements

- **Audit committee activities**

The assembly has an audit committee in place which looks at the Internal audit reports and gives recommendations on them.

- **Finance committee activities**

The committee looks at all financial bills brought to the assembly, oversees all matters related to county treasury and revenue.

- **Public Accounts and Investment committee**

Examines reports accounts and workings of the county public investments

- **Budget and Appropriation committee**

It investigates inquire and report on all matters related to coordination control and monitoring of county budget. All committee reports are deliberated in the house for resolutions

b) County Assembly Headquarters

P.O. Box 1470-50100

TEL.0715-521-221.

Vitina Road

KAKAMEGA, KENYA

c) County Assembly Contacts

Telephone: (254) 715521221

E-mail: kakamegacountyassembly@gmail.com

Website: www.kakamega-assembly.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

Cooperative bank of Kenya Kakamega.

Family Bank of Kenya Kakamega

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

g) County Legal Advisor.

County Attorney
County Government of Kakamega
P.O Box 36-50100
Kakamega, Kenya

3. Governance Statement

(The County Assembly)

a. Background and roles

The County Assembly is constituted by the MCAs of Kakamega county Assembly. 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 2012 provides that a county assembly shall observe the following order of precedence.

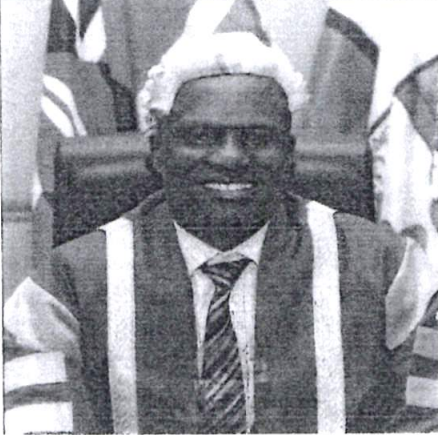
- a) The speaker of the county assembly.
- b) The leader of the majority party; and
- c) The leader of the minority party.

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

- a) Vet and approve nominees for appointment to county public office as may be provided for in this Act or any other law.
- b) Perform the roles set out under Article 185 of the Constitution.
- c) 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.
- d) Approve the borrowing by the county government in accordance with Article 212 of the Constitution.
- e) Approve county development planning; and
- f) Perform any other role as may be set out under the Constitution or legislation.

The County Assembly Executes its mandate, through committees which are broadly classified into two.

b. Profiles

Name	Details of qualifications and experience
	<p>Hon. James Wanzala Namatsi is the Speaker of the Third County Assembly of Kakamega, and the chairperson of the County Assembly Service Board (CASB). An alumnus of The Kakamega School (Government African School of Kenya), Hon. Namatsi sat for his 'O' level examinations in 1989 before proceeding to the University of Nairobi (U.o.N) to pursue a Bachelors of Legal Laws (LLB) and graduated in 1995. He then enrolled at the Kenya School of Law where he graduated with a Post Graduate Diploma in Law.</p>



Hon. Shitiabayi Bernard

- Hon. Shitiabayi is the Deputy Speaker in the Third County Assembly
- He holds a BA in Security Studies and Criminology from Mount Kenya University, a Diploma in Criminology from University of Eldoret and a Certificate in Participatory Rural Appraisal from Egerton University. At the time of his election, Kakamega. He has also served as the chairman at the National Government Constituency Development Fund in Shinyalu (2017-2022) and as a community facilitator at Action Aid Kenya in West Pokot on HIV/AIDS program. He represents Isukha East



Hon. Maina is a Certified Public Accountant (CPA) with a Degree in Automotive Engineering. He is currently a practicing Auditor with Ondako Maina and Associates since the year 2011.

He worked as an Audit Senior (2009 - 2011), Audit Assistant (2006-2008) at GAD WEKESA ASSOCIATES, as an ACCOUNTANT – PAYABLES at Malindi Management Strategy Limited (Hotel) – 2004 to 2006, as a CASHIER/ACCOUNTS CLERK at Kengeles Management Group (Restaurant) – 2002 to 2004, as an ACCOUNTS TRAINEE at Legal Resources Foundation (TRUST) and as ACCOUNTS ASSISTANT at Chapex Kenya Limited (Service centre at JKIA).



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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:

- a) Committee of Powers and Privileges
- b) Audit Committee
- c) Public Accounts/Investment Committee
- d) Budget and Appropriations Committee
- e) Finance 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 meetings in FY 2024/2025. The committee members during FY 2024/2025 were:

Member	Designation	Ward
Hon. James Namatsi	Chairperson	N/A
Hon. Benard Shitiyabayi	Member	Isukha East
Hon. Geoffrey Ondiro Obonyo	Member	Shianda/ Marenyo
Hon. Scholastic Shiraku	Member	Nominated
Hon. Francis Washika Ekutu	Member	East Wanga
Hon. Boniface Akosi	Member	Shinoyi/ Shikomari
Hon. Everlyne Were Shitanda	Member	Nominated
Hon. Cynthia Livoli	Member	Nominated
Hon. Gildon Opati Shioso	Member	Butsotso South

ii. 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 extra sittings to deal with arising matters. The members who served in the committee during the year were:

Member	Designation	Ward
Hon. Kevin Mahelo	Chairperson	Butali / Chelugo
Hon. Pius Barlex	V/Chairperson	Chevaywa
Hon. Titus Kwomah	Member	Chekalini
Hon. Daphniey Lihavi	Member	Nominated
Hon. David Ndakwa	Member	West Kabras
Hon. Philip Maina	Member	Marama Central
Hon. Sebastian Juma Mang'eni	Member	Bunyala West
Hon. Ali Okomba Nyangweso	Member	Mumias Central
Hon. Ann Mulwale	Member	Nominated

iii. 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. Gildon Opati Shioso	Chairperson	Butsotso South
Hon. Geoffrey Ondiro Obonyo	V/Chairperson	Shianda/ Marenyo
Hon. David Ndakwa	Member	West Kabras
Hon. Titus Kwomah	Member	Chekalini
Hon. Doris Matere	Member	Nominated
Hon. Phillip Maina Ondako	Member	Marama Central
Hon. Gladys Malenya Omukongolo	Member	Idakho North
Hon. Benjamin Ochwaya Were	Member	Bunyala Central
Hon. Elphas Shilosio	Member	Murhanda
Hon. Godliver Omondi	Member	Nominated
Hon. Doreen Muyonga	Member	Nominated

iv. Finance Committee

The Finance committee provides guidance for day to day activities. It is charged with the Value for money, Service delivery and ensuring that there is public participation in finance act process. The members who served in the committee during the period were:

Member	Designation	Ward
Hon. Bonface Lubanga Osanga	Chairperson	Khalaba
Hon. Kennedy Sudi Lutilo	V/Chairperson	Sango
Hon. Robert Kundu Makhanu	Member	Kongoni
Hon. Helemina Shikokoti Llanziva	Member	Isukha North
Hon. Collins Sifuna Chapurukha	Member	Nzoia
Hon. Ali Okomba Nyangweso	Member	Mumias Central
Hon. Barlex Pius Juma	Member	Chevaywa
Hon. Ruth Ombayo	Member	Nominated
Hon. Kivishi David	Member	Manda / Shivanga
Hon. Boniface Akosi	Member	Shinoyi/ Shikomari
Hon. Dickson Lovegah	Member	Butsotso East
Hon. Joseph Handman Saya	Member	Kisa Central
Hon. Archeadious Likhako Liyayi	Member	Idakho Central
Hon. Bervelyne Lilian Osiema	Member	Nominated
Hon. Sarah Watsula Netia	Member	Nominated

In addition to the above committees of the County Assembly, the County Assembly has an independent Audit Committee which was constituted to comply with the PFM (County Government) regulations (2015) on the formation of audit committees for all Counties.

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.

The County Assembly also subjected bills through public participation .

ACT PASSED	EXPECTED EFFECIENCY IMPROVEMENT
1. The supplementary budget 2	Realign the budget for proper absorption

f. 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 minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Assembly does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

g. Compliance

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts, and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Notes of these financial statements.

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

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

4. Foreword by the Clerk of the County Assembly

It is my pleasure to present the County Assembly of Kakamega Financial Reports and Statements for the year ended 30th June,2025. The statements present the financial performance of the County Assembly.

The Financial Statements have been prepared in line with the Public Finance Management (PFM) Act, 2012 and are in line with the format prescribed by the Public Sector Accounting Standards Board.

Kakamega County Assembly has 90 Members of County assembly, 60 are elected and 30 nominated. In the Financial period ended 30th June ,2025, the Assembly had a staff establishment of 92 members of staff.

The performance of the Assembly in period ended 30th June ,2025 had so many challenges like late funding and challenges related to the elections. The performance has been explained below:

(i) Budget performance

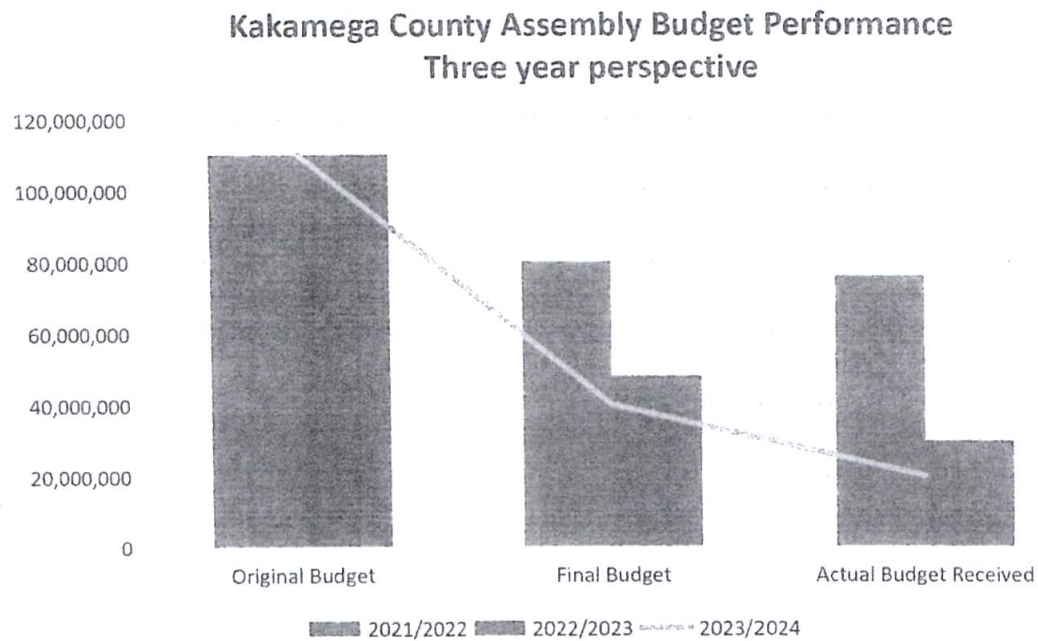
The County assembly had a budget of Kshs **1,500,110,359** .

Over the last three years, the operational and financial performance of the Kakamega County Assembly has been shaped by both internal and external factors influencing our strategies and outcomes. The following is an analysis of the key performance indicators, including original budget versus actual/final budget, and an examination of the challenges encountered and the mitigating measures employed to address these challenges.

Budget Performance: A Three -Year Perspective

The table below shows a three year comparison of the original budget versus final budget and actual budget received over this period:

Year	Original Budget	Actual Budget Received	% of Utilization
2021/2022	1,278,878,607	1,278,878,607	100%
2022/2023	1,257,867,932	1,227,482,154	96%
2023/2024	1,400,821,103	1,309,842,525	94%



As illustrated in the table, it showed a downward trend , primarily driven by delays in exchequer disbursements which fell short of budgeted targets and affected the planned Kakamega County Assembly activities.

(ii) Operational Performance

- a) The County Assembly of Kakamega passed its budget on 25th May 2024.
- b) County Assembly had 25 committees as shown below and as stipulated in the Standing orders.

No.	Committee Name	Success over the period
1.	County Assembly Business Committee	The committee jointly or independently helped to pass the Laws named above.
2.	Committee on Selection	
3.	Liaison Committee	
4.	County Assembly powers, privileges and Immunity Committee	
5.	Committee on Appointments	
6.	County Public Accounts and Investments committee	
7.	County Budget and Appropriations Committee	
8.	County Assembly Procedure and Rules Committee	
9.	Committee on Finance and Economic planning	
10.	Committee on Monitoring and Implementation	

11.	Committee on Delegated County Legislation
12.	County Assembly Broadcasting and library Committee
13.	County Assembly Justice and Legal affairs committee
14.	County Assembly Speaker's Panel Committee
15.	County Assembly Liaison committee
16.	Agriculture, Livestock, Fisheries and Cooperatives Committee
17.	Committee on Health services
18.	Committee on Physical planning, Lands, Housing and Urban areas
19.	Committee on Early Childhood Education and Vocational training
20.	Committee on Labour, Social Services, Culture, Youth and Sports
21.	Committee on Public Service and County Administration
22.	Committee on Environment, Natural Resources, Water and Forestry
23.	Committee on Trade, Tourism and Industrialization
24.	Committee on Transport and Infrastructure
25.	Committee on Ward Development Fund
26.	Facilities

(iii) Performance of key development projects

County Assembly undertook one development project of Hansard Equipment and E-Parliament Infrastructure.

(iv) Comment on value-for-money achievements

In the Financial period ended 30th June 2025 the Assembly had development project. The assembly in all its activities has achieved value for money. Oversight has increased which has indirectly benefited the community through improved infrastructure and medical care and services.

Kakamega County Assembly exists to transform lives. This is our purpose; the driving force behind everything we do. It is what guides us to deliver our strategy, which is founded on Kakamega county assembly pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence.

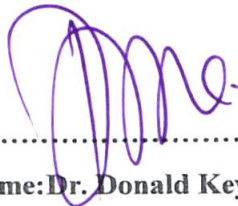
(v) Challenges and Recommended Way Forward

The major challenge the assembly faces is untimely disbursement of funds from the National Treasury. The Assembly has no any other source of revenue to finance its budget and whenever funds are not received or disbursed late, this renders budget utilisation impossible.

The way forward on this challenge is enactment of Laws to allow the assembly receive its exchequer directly from the National treasury and not through the county executive.

The assembly has new management, and we are looking forward to construction of a new Assembly Chamber to create more space for MCAs and members of staff.

The assembly has ensured staff welfare is number one and it has allowed the staff to have a welfare. It has also ensured that all members of staff are on medical scheme.



.....
Name: Dr. Donald Keya Manyala, Ph.D
Clerk of the County Assembly

5. Statement of Performance against Predetermined Objectives

County Assembly

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

Strategic development objectives

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

Program I	Objective	Outcome	Indicator	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 2024/2025 MCA were trained on bill generation and oversight of funds
	Enhanced professional development of MCAs – Review standing orders	Review standing orders	% Increase in efficient Assembly operation	standing orders were reviewed

6. Environmental and Sustainability Reporting

The County Assembly is constituted as per the constitution of Kenya is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. Kakamega County Assembly exists to transform lives. This is our purpose; the driving force behind everything we do. It is what guides us to deliver our strategy, which is founded on Kakamega county assembly pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar.

a) Environmental performance

This is the mother law of all environmental aspects in the Country. From it, there are regulations that have been developed including Wetlands Regulations, Environmental Regulations (EIA/EA), Water Quality Regulations, Controlled Substances, Biodiversity Regulations, Air Quality Regulations, Waste Management Regulations and Noise Regulations. These regulations regulate the various environmental aspects.

The act talks of having a County Environment Action Plan developed which should be adopted by the County Assembly. The purpose of environmental action plans is to co-ordinate and harmonize the environmental policies, plans, programmes and decisions of the national and county governments, as the case may be, in order to-

- i. minimize the duplication of procedures and functions; and promote consistency in the exercise of functions that may affect the environment;
- ii. secure the protection of the environment across the country; and
- iii. Prevent unreasonable actions by any person, state organ or public Municipality in respect of the environment that are prejudicial to the economic or health interests of other counties or the country.

In section 147A, EMCA gives counties the powers to make legislation in respect of all such matters as are necessary or desirable that are required or permitted under the Constitution and EMCA.

• National Environment Policy, 2013

This policy touches on various aspects including:

- Public participation

A coordinated and participatory approach to environmental protection and management will be enhanced to ensure that the relevant government agencies, county governments, private sector, civil society and communities are involved in planning, implementation and decision making processes.

- Climate Change

Strengthen capacity for national and county level institutions to support national climate resilience, low carbon development through integrating climate change into implementation strategies.

- Environmental Monitoring and assessment

Ensure periodic reporting on county and national status of environment.

- Institutional Arrangement

Streamline and strengthen the capacity of environmental institutions at the national and county levels so as to make them more effective and participatory.

The policy also requires that environmental concerns are integrated in all policy, planning and development processes, through strengthening the capacity of environmental institutions at the county levels so as to make them more effective in ensuring compliance and enforcement.

- **County Environmental Management Act, 2019**

It has a number provisions relating to air pollution, noise pollution, public nuisances and waste management. These are key aspects that environmental performance should look at.

- **Draft County Climate Change Policy**

Once enacted, this policy will be key in monitoring, evaluating and reporting climate change adaption and mitigation strategies.

The County's **successes** include development of a number of legislation to guide environmental performance such as Environmental Management Act, 2019 and County Water Act 2019. Through the Environmental Management Act, 2019, the County has been able to resolve a number of complaints ranging from noise pollution, solid waste pollution, and waste water management just to mention a few. Other draft legislation that are crucial include County Natural Resources Management Bill, Climate Change Bill and Climate Change Policy.

Some of the **shortcomings** include:

- Inadequate awareness of the public on the significance of complying with environmental and social safeguards in implementing development projects.
- Extra costs get incurred for stalled and delayed projects and resolving issues that could have been prevented when County projects comply with social and environmental safeguards.

There is a revised draft National Sustainable Waste Management Policy which is a **waste management policy** for the country. The national policy:

- aims at transitioning the waste sector in every county away from low collection rates, illegal dumping and uncontrolled dumpsites to affordable waste collection, recycling and composting, and minimize waste fractions that are finally disposed to a well-engineered and regulated landfill.
- supports the creation of the planning, finance, technical and governance capacities that county governments need to effectively deliver on their mandate under the Constitution of Kenya 2010, to be the lead actors in delivering sustainable waste management services, by providing an enabling policy and regulatory environment to facilitate the counties to effectively deliver waste management services including, facilitating inter-county cooperation under the metropolis approach, financial incentives, research, Some of the **efforts to reduce environmental impact of the county's products** include:
 - Provision of a dumpsite to dump the solid waste emerging from the municipal area of the County. The dumpsite is well maintained to ensure there is a conducive living environment for the surrounding community.
 - Promotion of 3R principle (refuse, reduce and recycle) among the county residents to ensure minimum waste is generated.
 - Plans to incorporate a private investor in developing a county landfill.

b) Employee welfare

The County Assembly of Kakamega is guided by the following policies on human capital management;

- i. Constitution of Kenya (2010).
- ii. Human Resource Policy.
- iii. County Government Act (2012).

During recruitment, the County Assembly ensure that stakeholders/relevant departments are involved by providing their staff needs guided by their staff establishment/organization structure. These staff needs from all departments are consolidated by Human Resource and Administration department and forwarded as the County Assembly staff needs to the County Assembly Service Board (CASB) for recruitment. The board ensures that it sticks not only to the gender rule during hiring process but also considers regional balance as required by law.

The County also ensures continuous and systematic upgrading of county staff skills through training and capacity building based on identified gaps.

Considering the policy on safety and compliance with Occupational Safety and Health Act 2007 (OSHA), the County ensured that all offices have been installed with fire extinguishers, have fire assembly points, have indicative directions to all offices and adhere to Work Injury Benefits Act (WIBA) by compensating employees who get injured while on duty

c) Market place practices

a) Responsible Supply chain and supplier relations-

Using appropriate procurement methods that ensure equity and transparency.

- Use of standard tender documents as guided by Public Procurement Regulatory Authority.
- Supplier development program sensitization and training for special groups.
- Debriefing of unsuccessful bidders to enhance competitiveness and transparency.
- Reporting of contracts awards to relevant authorities and general public
- Procurement based on approved budget and procurement plan.

(i) Treating Suppliers Responsibility by honoring Contract

- Formation of **Contract Implementation teams** for complex projects to monitor projects.
- Consultations and negotiations with suppliers before contract signing especially for complex projects.

(ii) Respecting Payment Practice

- Formation of adhoc Inspection & acceptance Committee to expedite receiving of goods /accepting work to facilitate payment
- Ensuring supporting documents for payment are available on payment vouchers.
- Ensuring necessary approvals are done before payment.

b) Responsible ethical practices-

- i. Conducted an awareness programme to inform consumers on their rights and obligations. This safeguards them against exploitation by fraudulent traders.
- ii. Inspects and investigates consumer complaints with intention to promote fair trade competition
- iii. Instituted legal proceedings arising from consumer rights complaints to remedy the aggrieved parties.
- iv. Monitors trade description applied on goods and services to ensure they are accurate to enable consumers make informed decisions.
- v. Maintains a complaints registers, a suggestion boxes and a customer care desk where issues of anti-corruption are handled.
- vi. Put in place Anti-corruption posters and complies with procurement regulations in all its activities

c) Stewardship of goods and services

- vii. Conducted an awareness programme to inform consumers on their rights and obligations. This safeguards them against exploitation by fraudulent traders.
- viii. Inspects and investigates consumer complaints with intention to promote fair trade competition
- ix. Instituted legal proceedings arising from consumer rights complaints to remedy the aggrieved parties.
- x. Monitors trade description applied on goods and services to ensure they are accurate to enable consumers make informed decisions.

d) Community Engagements

The assembly does not involve directly with the communities but they usually engage the public during public participations. During this engagement the assembly takes views of the community on their priorities in coming up with various legislations.

The County Assembly of Kakamega engages with the community in a structured way through the administrative arm called Community Area Administrators' Office (CAA.s) This is a representation of the Governor's Office at the community level. There is collaboration between the two levels of Governments which helps the County to understand issues affecting its residents' livelihoods and discuss how well to address them. Further, the County ensures that all disaster/ emergency cases in the County have proper interventions.

The County also supports the vulnerable and its citizens through various programs like shelter improvement, donations during Governors christmas tree celebrations, public participation, sporting activities, music and cultural festivals and construction of gender based violence rescue centre

7. Management Discussion and Analysis

a. On the operational and financial performance ;; during the period,

The Kakamega County Assembly received a total of Ksh. 1,307,361,173.

b. Entity's key projects or investments decision implemented or on going,

The Kakamega County Assembly looks forward to take our services to every entitled Member.

c. Assembly's compliance with statutory requirements,

The Assembly has complied with the required statutory requirements

d. Major risks facing the Fund, material arrears in statutory and other financial obligations

The delays in receiving of the funds slowed down planned activities.

e. Any other information considered relevant to the users of the financial statements.

The fund is in operation and is still picking up gradually to reach its potential.

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 Executive/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 Executive; (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.

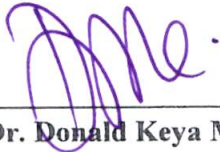
Clerk confirms that the County Assembly has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Assembly funds received during the year under audit were used for the eligible purposes for which they were intended 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.

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

Approval of the financial statements

The County Assembly 's financial statements were approved and signed by the Clerk for finance on 25/08 2025.



Dr. Donald Keya Manyala, Ph.D
CLERK OF THE 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
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF KAKAMEGA 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 Kakamega set out on pages 1 to 43, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance,

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

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 Kakamega 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. Inaccuracy of the Statement of Changes in Net Assets

The statement of changes in net assets reflects net assets negative balance of Kshs.417,260,627 as at 30 June, 2025. However, the statement includes other changes negative balance of Kshs.123,749,955 whose nature has not been explained and has not been supported by documentation.

In the circumstances, the accuracy and completeness of net assets negative balance of Kshs.417,260,627 could not be confirmed.

2. Unsupported Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.685,388,204 as disclosed in Note 16 to the financial statements. However, the following unsatisfactory issues were noted:

- i. The supporting ledgers do not include Local Purchase Orders (LPOs) numbers, Local Service Orders (LSOs) numbers, invoices, delivery notes and fee notes for legal expenses among other details.
- ii. Payables due to a contractor with a balance of Kshs.45,868,169 had been long outstanding as from the year 2015. However, it was supported by a services fee note of Kshs.44,945,310 resulting to an unreconciled variance of Kshs.922,859.
- iii. The County Assemblies Forum was owed a balance of Kshs.15,966,000 which was contrary to Section 37 of the Intergovernmental Relations Act, 2012 which provides that operational expenses in respect of the structures and institutions established in this Act shall be provided for in the annual estimates of the revenue and

expenditure of the National Government. Further, no fee notes from the County Assemblies Forum were provided to ascertain how the balance was arrived at.

iv. The ageing analysis of the payables was not provided for audit review.

In the circumstances, the accuracy and completeness of trade and other payables balance of Kshs.685,388,204 could not be confirmed.

3. Unconfirmed Transfers from County Revenue Fund (CRF)

The statement of financial performance reflects transfers from the CRF amounting to Kshs.1,441,482,620 and as disclosed in Note 6 to the financial statements. However, the County Revenue Fund-County Government of Kakamega financial statements reflects a corresponding transfer to County Assembly of Kakamega amounting to Kshs.1,345,075,910 resulting in an unexplained and unreconciled variance of Kshs.96,406,710.

In the circumstances, the accuracy and completeness of transfers from the CRF amounting to Kshs.1,441,482,620 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 Kakamega Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts (recurrent and development combined) reflects final receipts budget and actual on comparable basis of Kshs.1,500,110,359 and Kshs.1,263,782,976 respectively resulting to an under-funding of Kshs.236,327,383 or 16% of the budget. Similarly, the County Assembly spent Kshs.1,191,152,384 against actual receipts of Kshs.1,263,782,976 resulting to an under-utilization of Kshs.72,630,592.

The under-funding and under-utilization affected the planned activities and may have impacted negative on service delivery to the public.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit of the previous year, several issues were reported under Report on the Financial Statements, the Report on Lawfulness and Effectiveness in the Use of Public Resources and the Report on Effectiveness of Internal Controls, Risk Management and Governance as detailed in **Appendix I**. However, Management has not resolved the issues or given reasons for the delay in resolving the issues.

Other Information

Management is responsible for the Other Information set out on page iii to xxvii 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. Irregular Subscriptions to County Assemblies Forum

The statement of financial performance reflects use of goods and services expenditure amounting to Kshs.700,839,183 which, as disclosed in Note 9 to the financial statements, includes other operating expenses amount of Kshs.144,804,906 out of which, an amount of Kshs.1,965,517 was paid to the County Assemblies Forum (CAF) as subscription fees.

However, policy or law guiding on payment of subscription to such body was not provided for audit review.

In the circumstances, the regularity of payment of Kshs.1,965,517 to County Assemblies Forum could not be confirmed.

2. Non-Compliance with Data Protection Act, 2019

During the year under review, the County Assembly had not demonstrated compliance with the Data Protection Act, 2019 due to the reasons that it did not have a Data Protection Officer (DPO), absence of Data Retention and Disposal Schedule, Weakness in Cross-Border Data Transfer Controls, No Provisions for Data Protection Impact Assessments (DPIA), and absence of Breach Notification Mechanism. This was contrary to Section 3 of the Data Protection Act, 2019 which states 'The object and purpose of this Act is (a) to regulate the processing of personal data; (b) to ensure that the processing of personal data of a data subject is guided by the principles set out in Section 25; (c) to protect the privacy of individuals; (d) to establish the legal and institutional mechanism to protect personal data; and (e) to provide data subjects with rights and remedies to protect their personal data from processing that is not in accordance with this Act.'

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

3. Irregular Procurement of Rental Offices

During the year under audit review, the County Assembly incurred an expenditure of Kshs.3,618,807 on payments of rent for Members of County Assembly (MCAs) ward offices. However, the County Assembly did not have a rent policy which sets out the criteria, and procedures for identifying the rental offices, the building specifications were not prepared and there was no evidence provided for audit to confirm how the potential suppliers were notified on the rental services.

Further, the Request for Quotations (RFQ) register was not maintained to indicate the number of quotations issued and returned for each ward office, all the quotations did not indicate the names, designations and signatures of officers opening and the opening and evaluation minutes were not provided for audit review.

In addition, signed tenancy agreements, letters of notifications of award, acceptance letters and invoices were not provided for audit review and a rent register was not maintained to show payments and outstanding debts.

Physical inspection of ward offices on 03 June, 2025 revealed that Marama Central ward office was housed by Butere Assistant County Commissioner's office. Also, Butso South ward office was housed at Bukura market in a building owned by the County Government of Kakamega, Ministry of Trade and Industrialization. Therefore, payment of rent based on tenancy agreements of October, 2022 are irregular.

This was contrary to Section 149(1)(a) and (b) of the Public Finance Management Act, 2012 which provides that an Accounting Officer is accountable to the County Assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is lawful and authorized, effective, efficient, economical and transparent.

In the circumstances, the regularity of the expenditure amounting to Kshs.3,618,807 could not be confirmed.

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

The statement of financial performance reflects total revenue amounting to Kshs.1,445,932,870 out of which, an amount of Kshs.723,905,975 or 50% was spent on compensation of employees. This was contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015 which stipulates that county government's wages and benefits should not exceed 35% of its total revenue.

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

5. Non-Compliance with the Law on Ethnic Composition

Review of Human Resource Information System (HRIS) and personnel records indicated that the County Assembly had a total of four hundred and fifty-four (454) staff out of which four hundred and fifty (450) or 99.12% of the staff were members of the dominant ethnic community in the county. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which stipulates that all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community.

In the circumstances, Management was in breach of law.

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

REPORT ON 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 Key Policy Documents

During the year under review, the County Assembly operated without a strategic plan, a risk management policy, and a business continuity plan. Further, a risk register for the County Assembly was not maintained.

In the circumstances, the effectiveness of the County Assembly's internal controls and risk management could not be confirmed.

2. Ineffective Internal Audit Function

The staff establishment for County Assembly's was approved on 24 June, 2024. However, during the year under review, the internal audit department had only one staff contrary to the staff establishment which provides for more staff. In addition, the approved annual audit workplan for the financial year 2024/2025 shows eight (8) planned audits which were not carried out.

In the circumstances, the effectiveness of internal audit function could not be confirmed.

3. Failure to Maintain an Updated Fixed Assets Register

During the year under review, the County Assembly lacked an updated fixed assets register prepared in the format prescribed with minimum requirements of identification number or serial number, acquisition date, description of asset, location, class, cost of acquisition, accumulated depreciation, net book value and identification codes with which assets were tagged contrary to Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

In the circumstances, the Management was in breach of the law and the existence of an effective mechanism to safeguard the County Assembly's assets could not be confirmed.

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

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards Accrual Basis and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

03 December, 2025

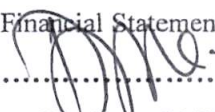
Appendix I: Unresolved Prior Year Audit Matters

S/No.	Financial Year	Title of Audit Issue
1	2023/2024	Unconfirmed Transfers from County Revenue Fund (CRF)
2	2023/2024	Inaccuracy in the Statement of Cash Flows
3	2023/2024	Unconfirmed Training Expenses
4	2023/2024	Unconfirmed Cash and Cash Equivalents Balance
5	2023/2024	Incomplete Budget Execution by Programmes and Sub-Programmes Statement
6	2023/2024	Unconfirmed Pending Staff Payables
7	2023/2024	Unsupported Standing Imprests
8	2023/2024	Unsupported Legal Fees
9	2023/2024	Budgetary Control and Performance
10	2023/2024	Regularity of Human Resources Management Practices
11	2023/2024	Violation of One-Third Basic Salary Rule
12	2023/2024	Noncompliance with Law on Ethnic Composition of Staff
13	2023/2024	Unsupported Employment of Ward Staff
14	2023/2024	Irregular Subscriptions Fees to County Assemblies Forum (CAF)
15	2023/2024	Unaccounted for Bank Loan
16	2023/2024	Unaccounted for Stores
17	2023/2024	Weaknesses in Internal Controls


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

	Notes	FY 2024/2025
		Kshs
Revenue from non-exchange transactions		
Transfers from CRF	6	1,441,482,620
Total		1,441,482,620
Revenue from exchange transactions		
Other income	7	4,450,250
Total revenue		1,445,932,870
Expenses		
Employee costs	8	723,905,975
Use of goods and services	9	700,839,183
Transfers to other Government Entities	10	48,082,678
Depreciation and amortization expense	11	7,583,490
Total expenses		1,480,411,326
Gain/(loss) on sale of assets		-
Surplus/Deficit for the year		(34,478,456)
Taxation		-
Net Surplus/Deficit		(34,478,456)

The Financial Statements set out on pages 1 to 52 were signed by:



Name: Dr. Donald Keya Manyala, Ph.D
Clerk of the Assembly

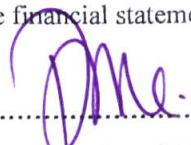



Name: Cpa Beatrice Ilavonga
Director of Finance and Accounting –
County Assembly
ICPAK Member Number:12121

11. Statement of Financial Position as at 30 June 2025

	Notes	FY 2024/2025	Opening Statement 1 st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	12	29,097,193	(2,972,783)
Receivables from Exchange Transactions	13	440,000	173,000
Receivables from Non-Exchange Transactions	14	182,149,894	-
Total Current Assets		211,687,087	(2,799,783)
Non-Current Assets			
Property, Plant and Equipment	15	56,440,490	-
Total Non- Current Assets		56,440,490	-
Total Assets (A)		268,127,577	(2,799,783)
Liabilities			
Current Liabilities			
Trade and Other Payables	16	685,388,204	256,232,434
Current Portion of Borrowings		-	-
Total Current Liabilities		685,388,204	256,232,434
Non-Current Liabilities			
Non-Current Provisions		-	-
Total Non- Current Liabilities		-	256,232,434
Total Liabilities (B)		685,388,204	256,232,434
Net Assets(A-B)		(417,260,627)	(2,799,783)
Represented By:			
Reserves		-	13,938,898
Accumulated Surplus		(417,260,627)	(16,738,680)
Capital Fund		-	-
Net Assets		(417,260,627)	(2,799,783)

The financial statements set out on pages 1 to 52 were signed by:


.....
Name: Dr. Donald Keya Manyala, Ph.D
Clerk of the Assembly


.....
Name: Cpa Beatrice Ilavonga
Director of Finance and Accounting – County
Assembly
ICPAK Member Number:12121

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

Description	Accumulated Surplus	Reserves	Capital Fund	Total
As at 30th June 2024 (cash basis)	(2,799,782)		-	(2,799,782)
Adjustments	-	-	-	-
Recognition of Assets	-	-	-	-
Recognition of liabilities	(256,232,434)	-	-	(256,232,434)
As at July 1, 2024	(259,032,216)	-	-	(259,032,216)
Return to CRF		-	-	-
Surplus/ deficit for the year	(34,478,456)	-	-	(34,478,456)
Other changes	(123,749,955)		-	(123,749,955)
As at June 30, 2025	(417,260,627)	-	-	(417,260,627)

Note:

1. For items that are not common in the financial statements, the Entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
2. Prior year adjustment should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.

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

		<i>FY 2024/2025</i>
	Notes	Kshs
Cash flows from operating activities		
Receipts		
Transfers from CRF	6(a)	1,259,332,726
Other income		4,450,250
Total receipts		1,263,782,976
Payments		
Employee costs		612,133,091
Use of goods and services		530,936,615
Transfers to other Government Entities		48,082,678
Total payments		1,191,152,384
Net cash flows from/(used in) operating activities	17	72,630,592
Cash flows from investing activities		
Purchase of PPE		(40,560,616)
Purchase Intangible assets		-
Proceeds from sale of PPE		-
Net cash flows from/(used in) investing activities		(40,560,616)
Cash flows from financing activities		
Returns to CRF		
Net cash flows from financing Activities		
Net increase/(decrease) in cash & Cash equivalents		32,069,976
Cash and cash equivalents at 1 July 2024	12	(2,972,783)
Cash and cash equivalents at 30 June 2025	12	29,097,193

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

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

Recurrent and Development Budgets Combined

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% Of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carry overs (Special Purpose A/c)						
Receipts						
Transfers from the CRF	1,313,510,215	-	1,313,510,215	1,259,332,726	54,177,489	96
Other receipts	4,450,250	-	4,450,250	4,450,250	-	100
Total Receipts	1,500,110,359	-	1,500,110,359	1,263,782,976	54,177,489	84
Payments						
Compensation of employees	734,287,900	-	734,287,900	612,133,091	122,154,809	83
Use of goods and services	706,103,718	-	706,103,718	530,936,615	175,167,103	75
Acquisition of assets	59,718,741	-	59,718,741	48,082,678	11,636,063	81
Total						
Surplus	1,500,110,359	-	1,500,110,359	1,191,152,384	308,957,975	79

Reconciliation table

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

Budget Notes

1. Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14).
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29).

15. Notes to the Financial Statements

1. General Information

Kakamega 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 .

2. Statement of Compliance and Basis of Preparation

Statement of compliance

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

Guiding note during the transition period:

The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS), or the entity has taken advantage of the transitional provisions under IPSAS 33 and therefore these 1st/ 2nd/ 3rd/ years financial statements are transitional financial statements and the following elements of the financial statements have not been recognized as the entity has taken advantage of the transition provisions outlined in IPSAS 33. (entity to state the transitional provisions it has applied and the steps being towards full compliance with IPSAS Accrual).

These financial statements were authorized for issue by the accounting officer on 29th August 2025.

Basis of Preparation

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

Reporting period

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

Notes to the financial statements

Critical accounting judgements

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

Recognition of revenue

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

Recognition of non-exchange expenses and liabilities

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

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

Purpose and nature of financial instruments

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

Climate change obligations

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

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

Physical assets

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

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement

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Standard	Effective date and impact:
	<p>at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

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

Standard	Effective date and impact:
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
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> <ol 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

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Standard	Effective date and impact:
	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. <i>State the expected impact of the standard to the Entity if relevant</i>

iii) Early adoption of standards

The Kakamega County Assembly 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 fulfillment of the set conditions.

ii) Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2024/2025 was Kshs.1,500,110,359 approved by the County Assembly . Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional appropriations 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 under section xxx of these financial statements.

c) Investment property

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

d) Property, plant and equipment

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

e) Right of use asset

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

f) Tangible Natural Resources

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

Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will

obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Notes to the Financial Statements (Continued)

g) Intangible assets

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

h) Research and development costs

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

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

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

i) Financial instruments

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

Notes to the Financial Statements (Continued)

i. Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

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

Trade and other receivables

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

Fair value through surplus or deficit

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

Impairment

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

ii. Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

j) Inventories

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

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

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

k) Provisions

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

l) Contingent liabilities

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

Notes to the Financial Statements (Continued)

m) Contingent assets

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

n) Nature and purpose of reserves

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

o) Changes in accounting policies and estimates

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

p) Employee benefits

Retirement benefit plans

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

q) Foreign currency transactions

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

different from those at which they were initially reported are recognized in surplus or deficit in the period.

Notes to the Financial Statements (Continued)

r) **Borrowing costs**

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

s) **Related parties**

The *Entity* regards a related party as a person or an Entity with the ability to exert control individually or jointly, or to exercise significant influence over the *Entity*, or vice versa. Members of key management are regarded as related parties and comprise *the Governor, Deputy governor, County Secretary, County Executive Committee Members and Chief Officers, Speaker of the county assembly and, Clerk of the county Assembly, Directors and senior managers. (Entity to amend accordingly)*

t) **Service concession arrangements.**

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

u) **Cash and cash equivalents**

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

Notes to the Financial Statements (Continued)

v) Comparative figures

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

w) Subsequent events

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

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual value

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

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

Provisions

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

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

Notes to the Financial Statements (Continued)

6. Transfers from CRF-

Nature of Transfer	Amount recognized to Statement of financial performance.	Amount deferred under deferred income.	Total transfers FY 2024/2025
	Kshs	Kshs	Kshs
Recurrent from CRF for FY 2024/2025.	1,345,075,910	-	1,345,075,910
Recurrent from CRF - bal b/f FY 2023/2024.	96,406,710	-	96,406,710
Special purpose transfers	-	-	-
Total	1,441,482,620	-	1,441,482,620

6(a) Transfer from CRF- Note supporting cash-flow statement

Nature of Transfer	Amount recognized to Statement of financial performance.	Amount deferred under deferred income.	Total transfers FY 2024/2025
	Kshs	Kshs	Kshs
Recurrent from CRF for FY 2024/2025.	1,162,926,016	-	1,162,926,016
Recurrent from CRF - bal b/f FY 2023/2024.	96,406,710	-	96,406,710
Special purpose transfers	-	-	-
Total	1,259,332,726	-	1,259,332,726

7. Other Incomes

Description	FY 2024/2025
	Kshs
Insurance recoveries	450,250
CGK-Executive	4,000,000
Services concession income	-
Other incomes not specified elsewhere	-
Total other income	4,450,250

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified).

Notes to the Financial Statements (Continued)

8. Employee Costs

Description	FY 2024/2025
	Kshs
Basic salaries of permanent employees	621,219,543
Personal allowances – part of salary	6,986,000
Pension and other social security contributions	59,344,889
Employer contributions to compulsory national social security schemes	25,691,757
Employer contributions to compulsory national health insurance schemes	10,390,203
Other social benefit schemes	-
Other personnel costs-Gratuity	273,583
Total Employee costs	723,905,975

* Other personnel costs- includes Gratuity

9. Use of Goods and Services

Description	FY 2024/2025
	Kshs
Utilities, supplies and services	1,054,335
Communication, supplies and services	3,013,285
Domestic travel and subsistence	295,343,896
Foreign travel and subsistence	27,848,324
Printing, advertising and information supplies & services	9,698,737
Rentals of produced assets	21,388,002
Training expenses	11,822,811
Hospitality supplies and services	52,516,646
Insurance costs	71,771,091
Specialized materials and services	12,120,625
Office and general supplies and services	33,835,829
Fuel, oil and lubricants	6,876,000
Other operating expenses (Include Bank charges)	144,804,906
Donations	560,000
Routine maintenance – vehicles and other transport equipment	8,184,696
Total	700,839,183

10. Transfers to Other Government Entities

Description	FY 2024/2025
	Kshs
Transfers to other County Government entities	-
Transfers to self-reporting projects	-
Transfers to car loan and mortgage schemes	48,082,678
Others (specify)	-
Total	48,082,678

11. Depreciation and Amortization Expense

Description	FY 2024/2025
	Kshs
Property, plant and equipment	7,583,490
Intangible assets	-
Investment property carried at cost	-
Total	7,583,490

12. Cash and Cash Equivalents

Description	FY 2024/2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Recurrent Account	29,097,193	(2,972,783)
Development Account	-	-
Deposits Account	-	-
Special Purpose Accounts	-	-
Other operating commercial accounts (<i>Specify</i>)	-	-
Total	29,097,193	(2,972,783)

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

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

Name Of Bank, Account Name & Currency	Account Number	Indicate whether Rec, Dev, Dep e.t.c	FY 2024/2025	2023-2024 Kshs
Central Bank Recurrent (CBK)-Kshs.	100020101018	Reccurent	28,760,177	53,578,197
Coop Bank Operations-Kshs.	01141545120500	Recurrent	337,016	28,280
Coop Bank Salary -Kshs.	0124A54520500	Recurrent	-	(15,184,053)
Family Bank Salary-Kss.	078000056916	Recurrent	-	(41,395,207)
Total			29,097,193	(2,972,783)

13. Receivables from Exchange Transactions

Description	FY 2024/2025	Opening Statement
	Kshs	1 st July 2024 Kshs
Total receivables		
Other exchange debtors (<i>Specify</i>)	-	-
Less: impairment allowance	-	-
Total receivables	-	-
a) Current receivables	440,000	173,000
b) Non-current receivables	-	-
Total Receivables (a+b)	440,000	173,000

i) Ageing analysis for Receivables

Description	FY 2024/2025		Opening Statement	
	Current FY	% of the total	Opening Balance	% of the total
Less than 1 year	440,000	%	173,000	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	440,000	%	173,000	%

Notes to the Financial Statements (Continued)

14. Receivables from Non-Exchange Transactions

Description	FY 2024/2025		Opening Statement	
	Kshs		1 st July 2024	
Other debtors (non-exchange transactions)	182,149,894		-	
Less: impairment allowance	-		-	
Total receivables from non- exchange transactions	182,149,894		-	
Ageing Analysis- Receivables from non-exchange transactions	Current FY	% of the total	Opening Balance	% of the total
Less than 1 year	-	%	-	%
Between 1-2 years	-	%	-	%
Over 3 years	-	%	-	%
Total	182,149,894	%	-	%

b) Accrued Income from the Exchequer

Impairment allowance	FY 2024/2025
	Kshs
At the beginning of the year	182,149,894
Additional allowance during the year	-
Recovered during the year	-
Written off during the year	-
At the end of the year	182,149,894

Notes to the Financial Statements (Continued)

15. Property, Plant and Equipment

(Include a brief description of WIP as a footer.)

	Land	Buildings	Motor vehicles	Infrastructure assets	Furniture and fittings	Computers & ICT Equipment	Heritage assets	Work in progress	Service concession assets	Total
Depreciation Rate		2-10%	10-16.67%	2-20%	12.50%	33.30%	x%			
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1 st July 2024	-	-	-	-	949,250	22,773,244	-	-	-	23,722,494
Additions	-	-	-	-	1,123,793	-	-	39,436,823	-	40,560,616
Disposals	-	-	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-	-	-
As At /Jun 2025	-	-	-	-	2,073,043	22,773,244	-	-	-	64,283,110
Depreciation And Impairment										
Depreciation for the year	-	-	-	-	259,130	7,583,490	-	-	-	7,842,620
Disposals	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-	-
As At Jun 2025	-	-	-	-	259,130	7,583,490	-	-	-	13,391,593
Net Book Values										
Opening Bal as at 1 st July 2024	-	-	-	-	949,250	22,773,244	-	-	-	23,722,494
As At /Jun 2025	-	-	-	-	1,813,913	15,189,754	-	39,436,823	-	56,440,490

16. Trade and Other Payables

Description	FY 2024/2025		Opening Statement	
	Kshs		1 st July 2024	
	Kshs		Kshs	
Trade payables	685,388,204		256,232,434	
Payments received in advance	-		-	
Employee payables	-		-	
Third-party payments	-		-	
Other payables	-		-	
Total trade and other payables	685,388,204		256,232,434	
Ageing analysis: (Trade and other payables)	Current FY	%	Opening balance	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	685,388,204		256,232,434	

17. Cash Generated from Operations

	<i>Insert Current FY</i>
	Kshs
Surplus for the year before tax	(34,478,456)
Adjusted for:	
Depreciation	7,583,490
Non-cash grants received	-
Contributed assets	-
Impairment	-
Gains and losses on disposal of assets	-
Contribution to provisions	-
Contribution to impairment allowance	-
Working capital adjustments	
Increase in inventory	-
Increase in receivables	267,000.00
Increase in deferred income	-
Increase in payables	429,155,7700
Increase in payments received in advance	(329,897,212)
Net cash flow from operating activities	72,630,592.00

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

18. Financial Risk Management

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

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

i) Credit risk

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

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

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

(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 due from . The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 20xx				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

Financial Risk Management

iii) Market risk

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

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

a) Foreign currency risk

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

Notes to the Financial Statements (Continued)

Financial Risk Management

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

Current FY

	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30 June 20xx			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
Total Financial Assets	-	-	-
Financial Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Total Financial Liabilities	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Financial Risk Management

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

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

Notes to the Financial Statements (Continued)

b) Interest rate risk

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

Management of interest rate risk

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

Financial Risk Management

Sensitivity analysis

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

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

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

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

data when available. The *Entity* considers relevant and observable market prices in its valuations where possible.

Notes to the Financial Statements (Continued)

Financial Risk Management

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

	Level 1	Level 2	Level 3	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 20xx				
Financial Assets				
Quoted Equity Investments	-	-	-	-
Non- Financial Assets				
Investment Property	-	-	-	-
Land And Buildings	-	-	-	-
	-	-	-	-

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

iv) Capital Risk Management

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

	<i>FY 2024/2025</i>	<i>Opening Statement</i>
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	-	-
Capital Reserve	-	-
Total Funds	-	-
Total Borrowings	-	-
Less: Cash And Bank Balances	-	-
Net Debt/(Excess Cash And Cash Equivalents)	-	-
Gearing	xx%	xx%

Notes to the Financial Statements (Continued)

19. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Other related parties include:

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

	<i>FY 2024/2025</i>
	Kshs
Transactions with related parties	
a) Sales to related parties	
Others (specify) e.g. interest and bank charges	-
Total	-
B) purchases from related parties	
Purchases of electricity from KPLC	-
Purchase of water from govt service providers	-
Rent expenses paid to govt agencies	-
Training and conference fees paid to govt. Agencies	-
Others (specify)	-
Total	-
b) Grants /transfers from the government	
Grants from national govt	-
Grants from county government	-
Donations in kind	-
Total	-
c) Expenses incurred on behalf of related party	
Payments of salaries and wages for xxx employees	-
Payments for goods and services for xxx	-
Total	
d) Key management compensation	
Compensation to key management	-
Total	-

20. Segment Information

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

21. Contingent Assets and Contingent Liabilities

Contingent Assets

	FY 2024/2025
	Kshs
Contingent Assets	
Insurance Reimbursements	-
Assets Arising from Determination Of Court Cases	-
Reimbursable Indemnities and Guarantees	-
Receivables From Other Government Entities	-
Others (Specify)	-
Total	-

(Give details)

Contingent Liabilities

	FY 2024/2025
	Kshs
Contingent Liabilities	-
Court Case xx against the Entity	-
Bank Guarantees in Favour of Subsidiary	-
Contingent Liabilities arising from Contracts Including PPPs	-
Others (Specify)	-
Total	-

(Give details)

Notes to the Financial Statements (Continued)

22. Program for Results (PforR) Disclosure

This disclosure note is for entities implementing Programs for Results (PforR). Implementing entities are required to make disclosures in accordance with their respective financing agreements. The disclosure should capture the program's goal and expenditures designated in the expenditure framework.

Name of PforR: xxxxxx		Name of Financing Partners: xxx and xxx				
Expenditure Details*	Opening Cumulative for Previous FYs		Current FY		Total Cumulative	
	Budget	Actual	Budget	Actual	Budget	Actual
Program code						
Sub-program						
Sub-program						
Sub-total						
Program code						
Sub-program						
Sub-program						
Sub-total						
Total	-	-	-	-	-	-

Expenditure Details - Provide the details per your expenditure framework requirements. (Program, sub-program, and or economic Item)*

23. Events after the Reporting Period

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

24. Ultimate And Holding Entity

The Entity ultimate parent is the Government of Kenya.

25. Currency

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

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	Timeframe: (Put a date when you expect the issue to be resolved)
Basis for Qualified Opinion			
1.	<p>Unconfirmed Transfers from County Revenue Fund (CRF)</p> <p>The statement of receipts and payments reflects transfers from the CRF amounting to Kshs.1,309,842,525 and as disclosed in Note 1 to the financial statements. However, the County Revenue Fund-County Government of Kakamega financial statements reflects a corresponding transfer to County Assembly of Kakamega amounting to Kshs.1,406,249,234, resulting in an unexplained and unreconciled variance of Kshs.96,406,709.</p> <p>In the circumstances, the accuracy and completeness of transfers from the CRF amounting to Kshs.1,309,842,525 could not be confirmed.</p>	<p>Management has put in place strategies to reconcile and provide attachments for audit review</p>	<p>By December 2025</p>
2.	<p>Inaccuracy in the Statement of Cash Flows</p> <p>The statement of cash flows indicates an adjustment of operating activities by decrease in imprests and advances of Kshs.52,675,455. However, the adjustment should not be made since imprests were surrendered using surrender payment vouchers which do not involve changes in cash flows to the County</p>	<p>Management has put in place strategies to reconcile and provide attachments for audit review</p>	<p>By December 2025</p>

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

	<p>Assembly. In the circumstances, the accuracy and completeness of the negative cash and cash equivalents balance of Kshs.2,972,782 as at 30 June, 2024 could not be confirmed.</p>		
3.	<p>Unconfirmed Training Expenses</p> <p>The statement of receipts and payments reflects use of goods and services amounting to Kshs.498,749,482, which as disclosed in Note 5 to the financial statements includes training expenses amounting to Kshs.2,048,761. However, the general ledger and payment vouchers supporting the training expenses reflect an amount of Kshs.3,241,209, resulting to an unreconciled and unexplained variance of Kshs.1,192,448.</p> <p>In the circumstances, the accuracy and completeness of training expenses amounting to Kshs.2,048,761 could not be confirmed.</p>	<p>Management has put in place strategies to reconcile and provide attachments for audit review</p>	<p>By December 2025</p>
4.	<p>Unconfirmed Cash and Cash Equivalents Balance</p> <p>The statement of financial asset and liabilities reflect a negative balance of Kshs.2,972,783 in respect of cash and cash equivalents which, as disclosed in Note 13A to the financial statements, includes two cash book balances of Kshs.53,578,197 and Kshs.28,280, and additional two overdrawn cash book balances of Kshs.15,184,053 and Kshs.41,395,207. However, the direct offsetting of assets and liabilities is not permitted by the accounting standards which requires the separate disclosure of assets and liabilities.</p> <p>In the circumstances, the accuracy and completeness of the negative cash and cash equivalents balance of Kshs.2,972,783 could not be confirmed.</p>	<p>Management has put in place strategies to reconcile and provide attachments for audit review</p>	<p>By December 2025</p>

5.	<p>Incomplete Budget Execution by Programmes and Sub-Programmes StatementThe statement of comparison of budget and actual amounts: recurrent and development reflects final receipts budget and actual on comparable basis amounting to Kshs.1,400,821,103 and Kshs.1,309,842,525, respectively. Similarly, the statement indicates that the County Assembly incurred expenditure amounting to Kshs.1,326,581,205 against an approved budget of Kshs.1,400,821,103.</p> <p>However, the statement of budget execution by programmes and sub-programmes reflects Nil budget and actual amounts.</p> <p>In the circumstances, the statement of execution of budget by programmes and sub-programmes is incomplete and incorrect.</p>	<p>Management has put in place strategies to reconcile and provide attachments for audit review</p>	<p>By December 2025</p>
6	<p>Unconfirmed Pending Staff Payables</p> <p>Note 2 on Other Disclosures to the financial statements reflects Nil pending staff payables, which differs in comparison with the supporting Annex 2 to the financial statements which indicates a balance of Kshs.47,173,970 comprising pending committee bills of Kshs.23,495,850, special committees of Kshs.10,716,900 and pending staff payables of Kshs.12,961,220. Further, Annex 2 to the financial statements on analysis of pending staff payables does not include staff job group, the date, original amount, amount paid to date, outstanding balance brought forward and comments as required by the reporting template.</p> <p>In the circumstances, the validity, accuracy and completeness of pending staff payables Nil balance could not be confirmed.</p> <p>Unsupported Standing Imprests</p> <p>The statement of financial assets and liabilities reflects imprests and advances</p>	<p>Management has put in place strategies to reconcile and provide attachments for audit review</p>	<p>By December 2025</p>

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	<p>balance of Kshs.173,000, which as disclosed in Note 14 to the financial statements relates to Government imprests. During the year under review, the County Assembly issued standing imprests amounting to Kshs.2,460,000 for office operations. However, there were no authorized floats and a detailed memorandum cash book for accountability purposes. Further, the updated imprest register for recording standing imprests was not provided for audit review.</p>		
<p>8.</p>	<p>Unsupported Legal Fees</p> <p>he statement of receipts and payments reflects use of goods and services amounting to Kshs.498,749,482, which as disclosed in Note 5 to the financial statements includes other operating expenses amounting to Kshs.115,581,803. The latter amount includes a total of Kshs.13,695,404 paid to advocate firms. However, procurement documents including approved requisitions, evaluation committee minutes, tender award letters and tender acceptance letters were not provided for audit review. Further, instructions to advocates by legal officer to take up legal cases, the justification on why the legal officer did not take up the cases to save the County Assembly on legal expenses and computation of the advocates fees were not provided for audit review.</p> <p>In the circumstances, the propriety, accuracy and completeness of legal expenses amounting to Kshs.13,695,404 could not be confirmed.</p>	<p>Management has put in place strategies to reconcile and provide attachments for audit review</p>	<p>By December 2025</p>

Accounting Officer

Date

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Appendix II: Projects implemented by (The Entity)

Project title	Project Number	Doaor	Period/ duration	Donor commitment	Separate donor	Consolidated in these financial

Status of Projects completion

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

Project	Total	Total	Completion %	Budget	Actual	Sources of

Appendix IV: Transfers from Other Government Entities

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

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Appendix VI: Reporting of Climate Relevant Expenditures

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

Appendix VII: Disaster Expenditure Reporting Template

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

Appendix VIII: Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) Previous Year	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) Current Year
Land					
Buildings and structures					
Transport equipment					
Office equipment, furniture and fittings	949,250	1,123,793			2,073,043
ICT Equipment	22,773,244	39,436,823			62,210,067
Machinery and Equipment					-
Biological assets					-
Infrastructure Assets- Roads, Rails					-
Heritage and cultural assets					-
Intangible assets					-
Work in Progress					-
Total	23,722,494	40,560,616			64,283,110



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