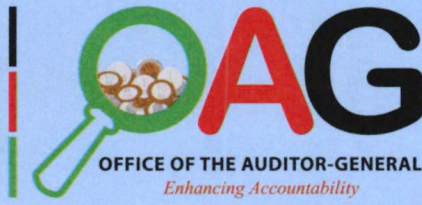


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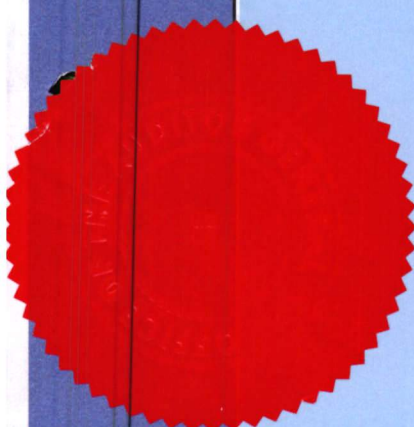
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COUNTY EXECUTIVE OF ISIOLO

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FOR THE YEAR ENDED  
30 JUNE, 2025

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**COUNTY GOVERNMENT OF ISIOLO EXECUTIVE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE 2025**

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

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**1. Acronyms, Abbreviations and Definition of Key Terms**

**A. Acronyms and Abbreviations**

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

**Definition of Key Terms**

Fiduciary Management                      The key management personnel who had financial responsibility

## 2. Key Entity Information and Management

### a) Background information

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

**Table 1: The County Departments**

	<b>Name</b>	<b>Major Responsibility</b>
1	Office of the Governor and Deputy Governor	County administration and governance matters
2	Finance, special program, Economic Planning & Cohesion	Management of county Treasury and Economic Planning
3	Health Services	Management of County health facilities and general public health
4	Land, Urban Planning, Roads, and Public Works	Tasked with management of land within the County ensuring proper planning and implementation of public works
5	Education, Youth & Sports, Gender culture & Social services	Management of ECDE and Village polytechnics
6	Agriculture, Livestock, Veterinary Services, Fisheries Development Industry and Co-operative Development.	Promotion of food production through farmer support programme
7	Water, Energy, Environment, Natural resource & Climate Change	General environment safeguards, provision of clean and safe drinking including for irrigation purpose
8	Tourism, Trade, Co-operative & public service management	Management of Sub County and Ward offices for service delivery to County residents
9	Municipality Administration	Management of Isiolo Municipality

### b) Key Management team

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

**Table 2: Key Management Team**

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Office of the Governor	<b>Hassan Abdullahi</b>
2.	Head of Departments	<b>Dade Boru</b>
3.	County Attorney	<b>Hashim Mohamed</b>
4.	Chief Officer Finance	<b>CPA Habiba G.Jirma</b>

**c) Fiduciary Management**

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

**Table 3: Fiduciary Management**

No.	Designation	Name
1.	CECM Finance and Economic Planning	Abdullahi J. Bantincha
2.	Office of the Governor and Deputy Governor	Hassan Abdullahi
3.	Finance, special program, Economic Planning & Cohesion	Habiba Galgalo Jirma
4.	Medical Services & Public Health	Habiba Galgalo Jirma
5.	Land, Urban Planning, Roads, and Public Works	Francis Lekalasimi
6.	Education, Youth & Sports, Gender culture social services and Vocational Training	Hassan Abdullahi
7.	Agriculture, Livestock, Veterinary Services, Fisheries Development	Godana Abduba
8.	Water, Renewable Energy, Environment, Natural resource & Climate Change, Mining	Abdullahi Mohamed
9.	Tourism, Trade, Co-operative Public service management	Abdullahi Mohamed
10.	Municipality Administration	Osman Halake

d) **Fiduciary Oversight Arrangements**

➤ **County Budget and Economic Forum (CBEF)**

The County Executive in accordance to PFM Act, 2012 Section 137 appointed members to County Budget and Economic Forum until such time a new Forum is appointed by incoming Governor.

**Table 4: CBEF Members**

No	Name	Position
1	Abdi H. Daud	Governor / Chairman
2	Fe Robyn Lekorere	Members
3	Abdi Wako	Member
4	Hussein Mohamed	Member
5	Faisal A. Hassan	Member
6	Wario Galma	Member
7	Josphine Eregae	Member
8	Mary Asipital	Member
9	Nimo Hassan	Member
10	Allan Kiilu	Member
11	Patrick Lenawasae	Member
12	Dokatu Galgalo	Member

Other Fiduciary Oversight Bodies include:

- County Assembly of Isiolo
- Senate of Kenya - Public Accounts and Investment Committee

a) **Entity Headquarters**

County Headquarters Building  
Hospital Road  
Isiolo Town  
P.O. Box 36-60300  
**ISIOLO**

b) **County Executive Contacts**

Telephone: (+254) 733 22 75 30  
Email: [info@isiolo.go.ke](mailto:info@isiolo.go.ke)  
Website: [www.isiolocounty.go.ke](http://www.isiolocounty.go.ke)

**c) Entity Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000 - 00200  
City Square  
**NAIROBI**
  
2. Kenya Commercial Bank  
Isiolo Branch  
**ISIOLO**

**d) Independent Auditors**

Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084 – 00100 GPO  
**NAIROBI**

**e) Principal Legal Adviser**

The Attorney General  
State Law Office and Department of Justice  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
**NAIROBI, KENYA**

**f) Office of County Attorney**

The County Attorney  
County Government of Isiolo  
P.O. Box 36 - 60300  
**ISIOLO**

### 3. Governance Statement




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

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

#### The County Executive

*Table 5: Members of County Executive*

		
<p>H.E Abdi Ibrahim Hassan County Governor</p>	<p>H.E. Long'or Lowasa Deputy Governor and CECM- Education, Youth, Sports and Social Services</p>	<p>Mr. Dade Boru County Secretary, Head of Administration and Public Service</p>
	<p>Yusuf Dahir CECM-Land, Physical Planning, Roads, Transport, Urban Development ad Peace and Conflict Resolution</p>	 <p>Lucy Kaburu CECM Health Services CECM Finance and Economic Planning</p>

		
Mr. Yusuf Mohamed Galgalo CECM- Agriculture, Livestock and Fisheries	Ali Wario Sarite CECM- Water, Sanitation, Energy, Environment and Natural Resources	Dr. Lawrence Mwangela CECM- Tourism, Trade, Co-operatives and Enterprises

**a) Public Participation**

Public participation is a constitutional requirement specifically, Article 1 that states that sovereign power belongs to the people and Article 10 (2) and the Forth Schedule Part 2 (14) of the Constitutional of Kenya, 2010

The County has endeavoured involve the public in critical decision-making process such as enactment of county legislation, development of strategic plans and identification of projects. Notice of public meetings published on print media, local radio stations, county websites and social media networks inviting for public participation through submission of memoranda and opportunity to give opinion in such meetings.

**b) Safeguards against unethical conduct and corruption.**

The County has put stringent internal control measures to detect and prevent fraud. The full proof systems installed to manage revenue collections and expenditure. The County conducts regular training of its employee on corruption prevention measures.

**c) Engagement with County Assembly**

The County has cordial working relationship with the County Assembly of Isiolo. During the year under review the County Executive sponsored nine bills that were deliberated and passed by the County Assembly.

**d) Risk management**

The County Government has put in place risk management policies such as ICT policy, data recovery policy and disaster recovery plans.

**e) Compliance with relevant laws**

The County Government is regulated by various laws and regulations. As a County Government, we are committed to ensuring that we have complied with all the laws and regulations governing County Governments.

The County has effective arrangements in place for risk management and internal control strategies as outlined here below;

- Tracking of projects costs and estimates and the return on investments.
- Increased awareness of legal requirements
- Prevention accidents occurrences

Formal processes towards the internal controls, the following measures have been put in place to assess risks

- Defined authorization
- Proper documentation of payments processes
- Bank reconciliation exercises being done every month
- Separation of duties
- Independent physical verification

The following is a list of processes of identifying and assessing risks

- Seeking of employee's feedback through surveys
- Analysis of customer's feedback
- Stakeholders' participation
- Use of consultancy services

The following risks identified may pose a challenge to the County in controlling the same.

- Change in taxes
- Change in interest rates
- Change in minimum wages
- Changes of the organizational hierarchy
- Chain of command
- Administrative procedures.

The Statement of Compliance with various legal requirements as outlined on Public Finance Management Act, 2012 as highlighted below;

Table 6: Compliance with Specific Legal Requirements

<b>PFM Act</b>	<b>Legal Requirement</b>	<b>Status</b>
<b>166 Financial Reporting</b>	PFM Act (2012) requires the County Treasury to submit quarterly reports to the County Assembly and deliver copies to the Controller of Budget, National Treasury and the Commission on Revenue Allocation (CRA), no later than one month after the end of each quarter.	The County complied with this requirement and submitted the quarterly reports within the stipulated timelines
<b>107 Fiscal Responsibility Principles</b>	The county government's recurrent expenditure shall not exceed the county government's total revenue;	The County executive complied with total actual recurrent expenditure at Kshs. 4. 2B against total revenue of Kshs. 5.7B
	Over the medium term a minimum of thirty percent (30%) of the county government's budget shall be allocated to the development expenditure;	The county executive complied with Kshs. 2.4 B spent on development against total actual expenditure of Kshs.6.8 B representing 35% development expenditure ratio
	The county government's expenditure on wages and benefits for its public officers shall not exceed thirty-five percentage (35%) of the county government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly;	The county complied with Kshs.2. Billion spent on personnel expenditure against total revenue of Kshs. 5.75B representing 35%
	Over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;	The county did not borrow any funds during the year reported
	The fiscal risks shall be managed prudently; and a reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, considering any tax reforms that may be made in the future	There were no significant fiscal risks with no matter that may have a material effect on the fiscal and economic outlook

#### **4. Foreword by CECM Finance and Economic Planning**

It is my pleasure to present the County Government of Isiolo Executive, annual Financial Statements for the period ended **30<sup>th</sup> June 2025**. The Financial Statements present the financial performance of the County Government Executive.

##### *a) Functions of the County Government as per the County Government Act.*

The **County Government Act** in Kenya outlines the functions and responsibilities of county governments. These functions are meant to ensure the effective governance and development of the counties. Here are the key functions of the County Government as per the Act:

- **County Administration:**
  - Establishing and managing county executive offices, including appointing county officers.
  - Overseeing the operation of county offices and ensuring the implementation of county policies.
- **Provision of Services:**
  - Providing services such as health care, sanitation, and public health services within the county.
  - Managing water services, public works, and infrastructure development.
- **County Planning and Development:**
  - Preparing and implementing county development plans, ensuring sustainable economic growth.
  - Formulating policies to promote agriculture, industrial development, and trade.
- **Education and Vocational Training:**
  - County governments are responsible for promoting early childhood education (ECE) and managing vocational training centers.
- **Health Services:**
  - Establishing and managing county health facilities.
  - Promoting and providing public health services and ensuring the availability of medical resources.
- **Public Safety and Security:**
  - Ensuring the safety of residents through county security initiatives and collaborating with national agencies to address crime.
  - Managing fire services, disaster management, and response mechanisms.
- **Cultural and Social Services:**
  - Promoting social welfare, cultural activities, and recreation within the county.
  - Managing and promoting the arts, museums, and sports activities.
- **Land and Environment:**
  - Managing land within the county, including land use planning and zoning.

- Ensuring environmental conservation and implementing policies to address environmental challenges.
- **County Revenue Collection:**
  - Generating revenue through taxes, licenses, and fees to fund county government services.
  - Managing financial resources effectively and promoting economic activities for revenue generation.
- **Social Protection:**
  - Implementing social safety nets, including assisting vulnerable populations such as the elderly, orphans, and persons with disabilities.
- **Transport and Infrastructure:**
  - Developing and maintaining county roads, street lighting, and other infrastructure projects.
  - Managing public transportation systems within the county.
- **Disaster Management and Emergency Response:**
  - Developing strategies and systems for managing disasters such as floods, droughts, and fires.
  - Coordinating emergency responses and ensuring preparedness for any crisis.

These functions are designed to ensure that county governments promote the welfare of the people and contribute to the overall development of the region. They are also aligned with national policies and frameworks to ensure coherent governance across the country.

*b) Budget performance against actual amounts for current year*

**Summary of Funds Utilization**

The summary of funds utilization against the approved budget during the period ended 30<sup>th</sup> June 2025 was as follows:

*Table 7: Summary of Funds Absorption*

	Budget Category Executive	Original Budget (Kshs)	Approved Budget (Kshs)	Actual Cumulative Expenditure (Kshs)	Level of Funds Absorption (%)
1	Recurrent	3,817,821,928	3,817,821,928	2,643,122,247	69%
2	Development	2,417,731,305	2,417,731,305	1,252,037,059	52%
	<b>Total Budget</b>	<b>6,235,553,233</b>	<b>6,235,553,233</b>	<b>3,895,159,306</b>	<b>62%</b>

*Sources: Isiolo County Appropriation Act, 2025*

The County reported overall absorption level at **62%** for the period under review with **69%** and **52%** absorption rates for Recurrent and Development expenditure respectively. The low level of absorption was as result of delayed disbursement of exchequer revenue.

*c) Physical progress based on outputs, outcomes and impacts since establishment of County Government*

Isiolo County Government has made significant improvement in Health, Education, Agriculture and infrastructural development since establishment. This has resulted to low maternal deaths, self-reliance in food production, increased enrolment in schools and connectivity that ease access of essential services.

*d) County flagship projects*

**Table 8: Implementation of Strategic Objective (flagship projects)**

<b>County Flagship Projects Status Schedule</b>				
<b>S/No.</b>	<b>Project Name</b>	<b>Contract Sum (Kshs.)</b>	<b>Amount Certified to date (Kshs.)</b>	<b>% of Completion</b>
1	Construction of Isiolo Stadium	346,000,000	273,566,356	79%
2	Construction of Isiolo Export Abattoir	864,179,546	794,944,646	92%
3	Construction of modern market	545,211,810	366,626,237	67%
4	Construction of Isiolo County Headquarters	556,905,708	328,081,401	60%



On going Construction of Isiolo Stadium



On going Construction of Isiolo Abattoir



Isiolo Modern Market

*e) Value-for-money achievements*

Since 2013, the county has implemented programmes/ projects whose impacts has transformation of lives of Isiolo people. With exactly about 12 years ago, we are excited and appreciate that much has been achieved under in the county through the CIDPs.

In the health sector, the density of core health workers per 10,000 people increased from 8.8 in 2018 to 15.7 in 2022. The number of nurses per 10,000 people rose from 5.6 in 2018 to 11.8 in 2022. Maternal mortality in the county was lowered from 790/100,000 live births in 2017 to 451/100,000 live births in 2022 (Kenya Economic Survey 2022). The accomplishment was ascribed to investments in health funding, human resources for health, health stewardship, health information management, and health goods and technologies.

On land security tenure, the county registered 7082 new parcels with title deeds up from about 290 titles in 2024. While about 14000 properties have been surveyed and index map drawn. The County too successfully installed land information systems, which improved the length of time taken to process land queries and related matters hence quick and easy access to land records.

On Early Childhood Development Education (ECDE), the county recorded an improvement in enrolment between 2017 and 2024. In 2017, enrolment was at 16,295 while it stands over 24,567 in 2024. The high enrolment was due to construction of new 72 ECDE classrooms between 2017/18 to 2024/25, recruitment of 240 ECDE caregivers, feeding programming in ECDE centres.

In 2017, the county had two existing operational polytechnics in Isiolo County i.e., St. Joseph Polytechnic and Uhuru Youth Polytechnic. By the year 2025, the county had three more polytechnics namely Oldonyiro, Merti and Sericho polytechnics. The county too established Isiolo Youth Innovation Centre to provide a platform for youths interested in innovations to receive training on mobile and computer applications, agri-business, leadership training, career, and mentorship, and those in the entertainment industry to receive training in filmmaking. Through the centre, more than 3,000 youth have benefited from youth empowerment training held at the centre.

On agriculture and livestock, the county has managed to complete Isiolo abattoir physical infrastructure currently equipping on going earmarked to be operational by mid of 2025. The county. The county has great achievements in vaccination, treatment, and pest control where over 1million livestock are annually vaccinated.

*f) Implementation Challenges for Strategic Objectives:*

**Limited Financial Resources:**

- Isiolo County faces constraints in terms of revenue generation, which makes it difficult to fund key strategic initiatives. Limited access to funding from both the national government and local sources can delay or hinder the implementation of objectives.

**Infrastructure Deficiencies:**

- Poor infrastructure, including road networks, electricity, and water systems, can affect the implementation of development projects. These deficiencies often delay projects, reduce efficiency, and hinder access to services, especially in remote areas.

**Human Resource Constraints:**

- There is a shortage of skilled labour and technical expertise in Isiolo County. This lack of capacity makes it challenging to implement complex projects, such as those related to healthcare, education, and infrastructure development.

**Political Instability and Governance Issues:**

- Political interference, changes in leadership, and governance challenges can disrupt the continuity of strategic projects. Disputes over resource allocation, especially in multi-ethnic communities, can slow down the realization of strategic objectives.

**Climate Change and Environmental Factors:**

- Isiolo is an arid and semi-arid county, and frequent droughts, floods, and other climate-related challenges disrupt agriculture, water access, and livelihoods. These environmental factors pose a challenge to the sustainability of development programs and can lead to setbacks.

**Dependency on Agriculture:**

- Isiolo's economy is heavily dependent on agriculture, especially livestock. The volatility in agricultural productivity, due to factors like droughts and disease outbreaks, can undermine the achievement of strategic economic objectives.

**County's Outlook:**

**Economic Growth Potential:**

- Isiolo has significant potential for economic growth through sectors like tourism (due to its proximity to national parks and game reserves), livestock, and agriculture. If properly harnessed, these sectors can drive job creation and poverty reduction.

**Infrastructure Development:**

- With ongoing investments in roads, energy, and communication infrastructure, Isiolo's prospects for growth are improving. The Lamu Port-South Sudan-Ethiopia Transport (LAPSSET) Corridor project also promises to boost trade and logistics, benefiting Isiolo's strategic location.

**Environmental Sustainability:**

- The County has the potential to leverage its rich natural resources, like wildlife and biodiversity, for sustainable tourism. Moreover, with better management of water resources and climate change adaptation strategies, Isiolo can improve its resilience to environmental challenges.

**Educational and Healthcare Improvements:**

- The County's outlook on education and healthcare is optimistic with ongoing efforts to increase access and improve quality. While challenges remain, the expansion of schools, health facilities, and vocational training centres is expected to contribute to the county's human capital development.

**Public-Private Partnerships (PPPs):**

- Isiolo's prospects are enhanced by fostering strong public-private partnerships that can attract investments, especially in infrastructure, agriculture, and tourism. These partnerships can help bridge the financing gaps and ensure the successful implementation of strategic objectives.

**Regional Integration:**

- Isiolo's position as a gateway between Kenya and Ethiopia, as well as being part of the LAPSSET Corridor, offers the County an opportunity to benefit from regional trade and integration. This could open up new markets and drive economic diversification.


In conclusion, while Isiolo County faces a range of challenges in implementing its strategic objectives, its future outlook holds potential if these issues are addressed systematically and with stakeholder involvement. Addressing infrastructure deficits, improving governance, building human capacity, and leveraging regional integration opportunities are crucial steps for realizing the county's development goals.

*g) Risk management strategies*

To address the challenges, the County continued to make various adjustments in the annual budgets to consider the pending bills from the previous year's that poses fiscal performance challenges for the County.

Additionally, the County Executive intends to reduce the expenditures on non-core expenditures in the long run. Basically, the County is gearing towards austerity measures to ensure improved service delivery. To strengthen the economic recovery, the budget estimates for the medium term will focus on resource mobilization and reduction on non-core expenditures in order to reduce the fiscal deficits and ensure value for money at all times.

Key priority sectors will receive the higher allocation share in the medium term towards improving the physical infrastructure. Others include Roads, Housing and Public Works sectors. Education, Sports, Youth and culture will also continue to receive adequate resources.

  
**COUNTY GOVERNMENT OF ISIOLO**  
**CECM FINANCE AND ECONOMIC PLANNING**  
**P. O. Box 36 - 60300, ISIOLO**  
Date: .....

Lucy Kagwiria Kaburu  
CECM Finance and Economic Planning  
County Government of Isiolo

## **5. Statement of Performance against Predetermined Objectives**

The County Governments Act of 2012 (Part XI) requires county governments to establish a county integrated development plan (CIDP) that outlines five-year county development initiatives.

The 2023-2027 CIDP strategic development objectives together with progress made in attaining the CIDP objectives, challenges, and opportunities for the County in implementation of the future CIDPs are discussed below.

### **Challenges**

The major challenges encountered in the implementation of the CIDP Include;

- i. High poverty levels;
- ii. High Inequality;
- iii. Youth Unemployment;
- iv. Climate Change; and
- v. Vulnerability of the County Economy to Internal and External Shocks.

### **Opportunities of the County in the Implementation CIDP**

- i. Diversify sources of funds through leveraging of public-private partnerships (PPPs) to fund planned projects including infrastructure development.
- ii. Boost creative economy: The County needs to establish creative economy infrastructure including theatres, music halls and art galleries.
- iii. Youth unemployment: There is a need for the subsequent CIDPs to have youth employment creation strategies to address the issue of high youth unemployment in the country. Possible pathways include the development of a county multi sectoral youth strategy
- iv. Mitigate unforeseen disasters, which will prevent diversion of resources from planned projects and programs. Important interventions include adoption of mechanisms for climate change finance (in collaboration with partners) and enhanced use of any of the innovative finance instruments such as climate insurance and climate guarantees.

### **Strategic development objectives**

The County's 2023-2027 CIDP has identified six key strategic development objectives. Broadly, these objectives have been identified through a participatory process that reviewed the development priorities of the Governor's Manifesto, the National Government's Vision 2030, the African Union Agenda 2063, SDGs and the MTP III.

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

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

1. Improved access to clean and safe water
2. Quality health services
3. Strengthening Early Childhood Development Education (ECDE)
4. Promotion of Agriculture and Livestock

5. Diversification of tourism products
6. promoting and marketing of our tourism sites and empowerment of women, youth and persons with disabilities.

Below we present the progress made in attaining the objectives of the 2023-2027 CIDP for Isiolo County.

**Table 9: CIDP Strategic Objectives**

<i>S/No</i>	<i>Strategic Objective as per CIDP (present the objectives on a high and strategic level)</i>	<i>Targeted Outcome</i>	<i>Performance/Progress made up since inception from the latest CIDP</i>	<i>Remarks</i>
1	Improved access to clean and safe water	-Achieve universal and equitable access to safe and affordable drinking water for all.	-Adoption of modern technology into water Practices -Increased access to clean water in rural areas	Target Achieved
2	Quality health services	-Healthcare subsidies for social health protection:	-Support and expand indigent household insurance scheme -Fully operationalized health facilities	Target Achieved
3	Strengthening Early Childhood Development Education (ECDE)	-Improve the learning environment that provides quality pre-primary education to children	-Trained ECDE teachers -Increased enrolment in ECDE Centres -Construction and equipping ECDE classrooms	Ecede classrooms construction on going
4	Promotion of Agriculture and Livestock	-Achieve food security and market for livestock products	-Expanded area under crop production -Modern livestock Market Constructed	Target Achieved
5	Diversification of tourism products	-Enhance Tourism Diversified products and services	-Niche tourism Services (sports Tourism, bird/game viewing) promoted	Target achieved
6	Promoting and marketing of our tourism sites and empowerment of women, youth and persons with disabilities.	-Create employment opportunities to Youth, women and PWD's	-Improved livelihoods over time and economic growth	Target Achieved

**Progress on Attainment of Development Objectives from Annual Development Plan for FY 24- 25**

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

County Government of Isiolo Executive  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

*Table xx1: Programme performance*

Program	Strategic Objective	Outcome	Output	Output indicator	Cumulative Achievement by end of FY			Remarks
					Target	Actual	Variance	
Public Works, Roads & Transport	To develop and maintain roads and storm water drainage to global standards	Increased efficient transportation of people, goods and services	Roads upgraded to bitumen standards	No of Kilometres of newly upgraded to bitumen standards	505	496	-9	Delays in disbursement from KRB.
County Governance and Coordination Affairs	To run county affairs smoothly and effectively	Increased in the number of policies developed	Enhancement of county values and principles of governance	No of cabinet meeting held	24	20	-4	Underachieved cause of disruptions towards the end of financial year
Agriculture and Livestock	To maximize Crop Production and Land use Management	Expanded area under crop production	Acreage under crop production (Ha)	Crop acreage under irrigation in acres	100	70	-30	Implemented by Food systems and locust funds and partners ( ACF, Kenya rapid)
Education	<b>To increase access, quality, retention of ECDE</b>	Increased number of ECDE classrooms constructed	ECDE classrooms constructed	Number of ECDE Classrooms constructed.	26	9	-17	Partially implemented cause of contractors leaving site

Health Services	To Improve access to better and affordable health services	health facilities benefiting from Quality Improvement Teams (QITS) and Work Improvement Teams (WITS)	Improvement in access of quality health services	Number of health facilities benefiting from Quality Improvement Teams (QITS) and Work Improvement Teams (WITS)	13	40	27	Over achieved through partner and national government support
Water and environment	Increased access to clean water in rural areas	-Achieve universal and equitable access to safe and affordable drinking water for all.	Improved access to clean and safe water	Number of boreholes drilled and equipped	10	14	4	Target overachieved due to support by done through flocca, equalization fund,SWASAP & County Allocation

## 6. Environmental and Sustainability Reporting

The County Government of Isiolo is committed to managing the environment in a sustainable manner through continuous improvements in the environmental performance that aims to:

- Ensuring that processes and operations are safe to the environment.
- Reducing energy usage; conserve water; reduce, reuse and recycle waste
- Prevention of environment pollution
- Developing policy, legal and administrative framework for management of Environment.

*To achieve sustainable environment, the County Government developed a number of policies key among them;*

- The Climate change policy with the aim of building resilient communities and natural systems to steer Isiolo County towards a low carbon pathway for sustainable development. This will contribute towards achieving the Isiolo County vision of a secure, just, integrated and prosperous county where all enjoy full potential and high quality of life.
- Assessing the environmental impacts of all County projects to develop a management plan for improving environment in coordination with the National Environment management Authority (NEMA).
- Complying with applicable legal and other requirements that affecting the environment.
- Investigate all environmental incidents or complaints that have or could have an adverse environmental impact and act to prevent recurrence.
- Empowering County staff to manage environmental issues as an integral part of their duties and establish systems that provide for training and delineation of responsibilities and accountabilities with respect to the environment.
- Building the capacity of our business community and other stakeholders to improve their environment.
- Development of County Environmental Action plan. (CEAP)
- Implementation and mainstreaming of the County Environmental Action plan.(CEAP) in various development plans in the county. This will in turn ensure sustainable socio-economic development that safeguards the right of everyone within the Isiolo County to a healthy and clean environment.

### a) Sustainability strategy and profile

In the medium term, the County government is seeking to develop energy master plan that aims to provide alternative energy sources with primary aim of reducing dependence on fuel and promote clean cooking technologies among others. The idea is aimed at ensuring sustainable renewable source of energy.

**b) Environmental performance**

The County Climate Change Fund Act enacted in 2018. The Act creates a fund in the County for the purpose of facilitating, establishment of a mechanism to finance climate change activities and programmes. The Act enabled establishment of institutions to coordinate climate change issues at the County; County Steering Committee, County Planning Committee and Ward Planning Committees. The Act also enabled commitment of 2% County development funds for interventions towards mitigating against effects of climate change and mainstreaming of climate change issues in County development. It also facilitates an enabling environment for accessing multilateral donor funding, and funding from the Financing Locally Led Climate Action (FLLOCA) programme among others. The process for the development of County Climate Change Policy is ongoing, after which County vulnerability Assessment will be undertaken and County Climate Change Action Plan developed.

**c) Employee welfare**

The County has put in place policies that ensure the employee welfare are well guarded and all staff are given fair and just treatment. All staff matters are considered through select committee that evaluates the staff matter and advise according for necessary action such promotion, deployment, reprimanding and or dismissal.

Isiolo County is equal opportunity employer with consideration for merit as prerequisite for hiring. The County ensures applicants are not discriminated by gender, religious background, ethnicity or any other form of personality.

The County conducts annual staff appraisal that helps to identify training needs and ways of improving staff productivity. The annual targets are negotiated and agreed between the officer and the supervisor at the beginning of the year. The County has clear career progression structure and staff are awarded promotion timely basis.

The County also provides medical cover for its staff and also ensures the salaries and other allowances are paid without delay.

**d) Marketplace practices-**

Isiolo County is tasked with mandates as outlined on Constitutional of Kenya (2010) Forth Schedule. In delivering its mandates the county ensure maximum benefit to the citizenry and that public funds are utilized in the most efficient and effective manner.

The County executive strive to ensure transparency in all decisions made in the area of its jurisdiction e.g., Open tendering, and involvement of all stakeholders. The County also ensure impartiality at all times. County supply chain activities are usually guided by the provisions of the Public Procurement and Asset Disposal Act, 2015 and other procurement regulations. Open tendering bidding is open to whoever is willing to participate and ensure the ultimate winner is awarded.

**e) Community Engagements**

The County has established a Bursary fund to benefit needy students in all the Wards across the County. In the F/Y 2024/2025, The County had a budgetary allocation of Kshs.70 million earmarked for disbursement to support the student.

The County will in the medium term allocate more funds the Bursary funds for the needy students.

In the period under review, the County Executive distributed food rations to the community within Isiolo County to deal with the unprecedented cases of drought. In the medium term the County Government will strive to deal with drought preparedness and response activities to assist the Community. The County continues to provide enormous resources in the health sector.

The County is also developing a modern infrastructure that is pivotal for the social economic development. These includes the development of a state-of-the-art stadium and a modern market to increase trading volumes to the Community.

## 7. Management Discussion and Analysis

### a) Key Programs/projects or Investments

Since the establishment of the Isiolo County Government, significant strides have been made in enhancing the county's development across various sectors. These includes but not limited to;

- **Health Sector:**

The health infrastructure has seen notable improvements, with the establishment of health facilities across the county. Facilities now feature a state-of-Art Accident and Emergency Unit, CT scan capabilities ICU beds and a modern maternity wing. These enhancements have led to improved access to healthcare services, particularly in rural areas where over 50% of residents reside. However, challenges like understaffing and resource limitations persist. The strengthened health infrastructure aims to reduce morbidity and mortality rates, enhancing the overall health and well-being of the county's residents.

- **Education Sector:**

There has been an increase in educational institutions with the establishment of 24 new ECDE centre in the year 2023/2024 through FY 2024/2025 and a doubling of Bursary fund from 35Million to 70 million in the current financial year to support our future leaders. Youth and women are empowered through targeted programs that provide key business enablers fostering self-reliance and boosting local entrepreneurship.

- **Agriculture and Livestock:**

Initiatives have been implemented to boost livestock products. Moreover, Isiolo Export Abattoir is set to revolutionize livestock industry by processing 300 cattle,100 camel and 2,500 goats and sheep daily thus creating jobs and strengthening market access both locally and internationally.

- **Infrastructure Development:**

Investments have been made in road construction and maintenance, enhancing connectivity within the county and with neighbouring regions. 38 key roads have been murramed, bridges like Ngare Ndare are now under construction to ensure seamless access to markets and essential services.

- **Water and Sanitation:**

Our water sector thriving with the drilling and rehabilitation of 38 boreholes, coupled with the installation of solar powered water systems to deliver clean reliable water to households, livestock and farmers.

### b) Compliance with statutory requirements.

The County Government is regulated by various laws and regulations. As a County Government, we are committed to ensuring that we have complied with all the laws and regulations governing County Governments.

**c) Operational Performance**

The County's operations are structured in terms of departments which are headed by a County Executive Committee Member. For seamless service delivery, all departments have to work in unison and synergize.

**d) Risks facing the organisation.**

The major risks that face the county are changes in: taxes, interest rates and minimum wages. Administration procedures also pose a risk in the management and operations of the county.

**e) Material arrears in statutory and other financial obligations.**

The County had outstanding Pending Bills amounting to Kshs. 1.2B at the beginning of the financial year. During the year under review the County settled pending bills amounting to Kshs. 500 M. Our focus as County is to settle the bills as soon as possible. In every budget cycle, we ensure that part of the allocations is towards settlement of old outstanding pending bills.

**f) Review of the economy and sector.**

Isiolo County, located in the northeastern region of Kenya, has a diverse yet developing economy, with significant potential in several sectors. It is known for its pastoralist lifestyle and strategic location as it lies along key transport corridors that connect Kenya to neighbouring countries like Ethiopia and Somalia. Key sectors are as follow;

- **Agriculture and Livestock Farming**

Pastoralism is the backbone of Isiolo County's economy, with most of the population engaged in livestock farming, including cattle, goats, sheep, and camels. The livestock sector is crucial for both food security and income generation. The county produces meat, milk, and hides, which are essential for local and regional markets. Efforts have been made to diversify agricultural activities, including the promotion of crop farming in the more arid parts of the county through irrigation projects. The establishment of water sources like dams and boreholes is critical for supporting both livestock farming and crop production.

- **Tourism.**

Isiolo is home to a variety of tourist attractions, especially its proximity to national parks and game reserves such as Samburu National Reserve and Buffalo Springs Game Reserve, and the Mount Kenya ecosystem. The county is also part of the Northern Circuit that attracts tourists interested in experiencing the rich culture of the indigenous communities, including the Samburu, Borana, and Turkana people. The development of eco-tourism and cultural tourism is seen as an area for growth. Isiolo County has been focusing on promoting sustainable tourism, with an emphasis on its scenic landscapes, wildlife, and cultural heritage. The Isiolo International Airport, which has been under development, is expected to boost tourism by improving connectivity and facilitating easy access to these attractions.

- **Transport and Infrastructure**

Isiolo is strategically located as a transport hub, connecting Kenya's interior to international markets, particularly through the Isiolo International Airport and the Isiolo-Moyale Road, which connects Kenya to Ethiopia. This makes the region an ideal location for businesses that want to access both the East African and Horn of Africa markets. The ongoing development of the Isiolo-Moyale Road, as part of the Lamu Port-South Sudan-Ethiopia Transport (LAPSSET) Corridor project, is expected to boost trade, investment, and tourism. Improved road infrastructure will support the transportation of goods and livestock products, reducing transportation costs.

- **Energy and Natural Resources**

Renewable energy is a key area for Isiolo, as the county has vast untapped potential in solar and wind energy. These renewable sources of energy can be harnessed to improve access to electricity in rural areas, which in turn could boost local businesses and the overall economy. Isiolo's location near significant natural resources offers opportunities for mining and resource-based industries, including mineral extraction and construction materials such as lime, gypsum, and sand. However, more investment and sustainable practices are needed to develop this sector fully.

- **Education and Human Capital**

The education sector in Isiolo County is still developing, with a focus on improving access to quality education in both primary and secondary schools. However, challenges such as low enrolment rates, especially for girls, and inadequate educational infrastructure persist. The county government has been working with partners to improve education standards and vocational training to empower the youth, especially in skills related to the agriculture, construction, and hospitality sectors.

- **ICT and Technology**

Isiolo is increasingly tapping into the potential of ICT to boost development. The county has been encouraging digital literacy and the use of technology in agriculture e.g. (Mobile-based agricultural services) and public service delivery

### **g) Future developments**

The county government will continue investing heavily on programs that will have direct impact positively on the lives of our people and thereby uplift their standard of living. Necessary internal controls and measures have been put in place to realize this. Wastage of resources in form of goods, human or otherwise should not be condoned

### **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 County Executive Committee (CEC) member for Finance and Economic planning of the County Government is responsible for the preparation and presentation of the County Executive's financial statements, which give a true and fair view of the state of affairs of the County Executive for and as at the end of the financial year 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; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the county Executive; (v) Selecting and applying appropriate accounting policies; and (iv) Making accounting estimates that are reasonable in the circumstances.

The CEC member for finance accepts responsibility for the County Executive's 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 CEC member for finance is of the opinion that the County Executive's financial statements give a true and fair view of the state of the County Executive's transactions during the financial year ended June 30, 2025, and of its financial position as at that date.

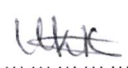
The CEC member for finance further confirms the completeness of the accounting records maintained for the County Executive which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

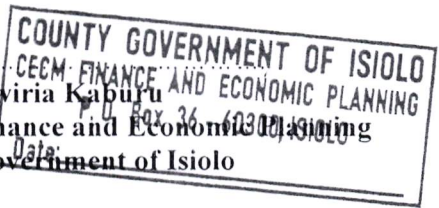
The CEC member for finance confirms that the County Executive has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Executive's funds received during the year under audit were used for the eligible purposes for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

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

**Approval of the financial statements**

The County *entity's* financial statements were approved and signed by the CEC member for finance on 25 TH AUGUST 2025.

  
.....  
Lucy Kagwiria Kaburu  
CECM Finance and Economic Planning  
County Government of Isiolo  
Date: 25/08/2025



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

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying transitional IPSAS financial statements of County Executive of Isiolo set out on pages 1 to 60, which comprise of the statement of financial

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

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

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

## **Basis for Qualified Opinion**

### **1. Unexplained Variances in Transfers**

Review of the financial statements revealed the following inaccuracies:

- i. The statement of financial performance and Note 6 to the financial statements reflect revenue from non-exchange transactions – transfers from CRF of Kshs.4,661,625,171. However, the County Revenue Fund financial statements reflect transfers to the County Executive of Kshs.4,323,469,237 resulting in an unexplained variance of Kshs.429,155,934. Further included in the transfers from CRF are development and special purpose transfers of Kshs.1,100,616,525 and Kshs.228,155,934 respectively. However, the CRF cashbook reflects transfer amounts of Kshs.990,616,525 and Kshs.338,155,934 to the development and special purpose accounts respectively. The resultant variances of Kshs.110,000,000 on each transfer were not explained.
- ii. The statement of financial performance and Note 11 to the financial statements disclose transfers to other government entities totalling Kshs.885,484,501, which includes transfers to self-reporting Project-FLLoCA amounting to Kshs.133,555,181. However, the statement of financial performance for the Financing Locally Led Climate Action (FLLoCA) Program – County Government of Isiolo reflects transfers from the County Government totalling Kshs.30,870,282. This resulted in an unexplained variance of Kshs.102,684,899.

In the circumstances, the accuracy and completeness of transfers from the CRF of Ksh.4,661,625,171 and transfers to self-reporting Project-FLLoCA of Kshs.133,555,181 could not be confirmed.

## **2. Inaccuracies in Employee Costs**

The statement of financial performance and Note 9 to the financial statements reflect employee costs amount of Kshs.2,003,131,850. Included in the balance is basic salaries of permanent employees amounting to Kshs.1,453,191,674. However, records from the Integrated Payroll and Personnel Database (IPPD) and Human Resource Information System (HRIS) reflect total basic salary payments of Kshs.930,322,388, resulting in an unexplained variance of Kshs.522,869,287. Further, included in the employee costs are payments totalling Kshs.1,860,000 in respect of basic wages of temporary employees. However, the casual staff register, which should contain the bio-data and employment details of the casual workers, was not maintained during the year under review.

In the circumstances, the accuracy, occurrence and completeness of employee costs of Kshs.2,003,131,850 could not be confirmed.

## **3. Unsupported Transfers to Dispensaries and Vocational Training Centers**

The statement of financial performance and Note 11 to the financial statements reflect transfers to other government entities of Kshs.885,484,501, which include transfers to other County Government entities of Kshs.132,523,819. The amount in turn includes transfers to fifty-two (52) dispensaries and vocational training centers totalling Kshs.12,271,145. However, no detailed breakdown, expenditure returns or supporting documentation was provided to account for how the transferred funds were utilized at each facility.

In the circumstances, completeness and accuracy of transfers to other County Government entities of Kshs.12,271,145 could not be confirmed.

## **4. Unsupported Payment of Stipends to Community Health Promoters**

The statement of financial performance and Note 11 to the financial statements reflect transfers to other government entities of Kshs.885,484,501. Included in the amount is other current transfers, grants and subsidies of Kshs.36,635,000, out of which transfers totalling Kshs.14,505,000 were made to the Department of Health for payment of monthly stipends to Community Health Promoters (CHPs). However, the transfers of Kshs.9,825,000 made on 8 May, 2025 were not supported by receipts acknowledgment by the intended beneficiaries, payment schedules or bank transfer evidence to confirm receipt of the funds.

Further, the County Government reported a co-funding arrangement with a local consortium for payment of the CHP stipends in four wards of Kinna, Wabera, Bulapesa, and Burat for the period from January, 2023 to December, 2024. However, no contract agreement or Memorandum of Understanding (MoU) between the two parties was provided for audit review.

In the circumstances, the accuracy and completeness of other current transfers, grants and subsidies of Kshs.14,505,000 could not be confirmed.

## **5. Undisclosed Cash and Cash Equivalents**

The statement of financial position and Note 21 to the financial statements reflect cash and cash equivalents balance of Kshs.318,040,601. Review of the records revealed that the County Executive maintained a bank account in a local commercial bank which had a balance of Kshs.193,411 as at 30 June, 2025. However, the account details and the amount held at the bank were not disclosed in the financial statements as required.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.318,040,601 could not be confirmed.

## **6. Long Outstanding Trade and Other Payables**

The statement of financial position and Note 32 to the financial statements reflect trade and other payables balance of Kshs.985,147,345. Out of this balance, trade and other payables amounting to Kshs.364,159,486, or 36% have been outstanding for over two (2) years. The payables were not paid as a first charge in the financial year 2024/2025, contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015 which states that debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible that the county government does not default on debt obligations.

Further review revealed that the County Executive did not remit statutory and pension deductions amounting to Kshs.27,754,937 to LAPFUND, Kshs.10,462,150 to NSSF, and Kshs.39,725,361 to LAPTRUST Pension Trust. This was contrary to Section 19(1) and (6) of the Employment Act, 2007, which requires employers to remit statutory deductions to the respective agencies within the prescribed timelines.

In the circumstances, the accuracy and completeness of trade and other payables of Kshs.364,159,486 could not be confirmed.

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

## **Emphasis of Matter**

### **1. Late Exchequer Disbursements**

The statement of financial performance and Note 6 to the financial statements reflect transfers from CRF of Kshs.4,661,625,171. However, transfers amounting to Kshs.812,378,638, or 17% of the total transfers was received during the last week of June, 2025.

The late disbursement of funds by the Exchequer disrupted the execution of planned projects and activities, thereby negatively impacting service delivery to the residents of Isiolo County.

## **2. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflect final revenue budget of Kshs.6,235,553,233, against the actual revenue of Kshs.4,843,949,289, resulting in a shortfall of Kshs.1,391,603,944, or 22% of the approved budget. Similarly, the County spent an amount of Kshs.4,068,100,314 against actual receipts of Kshs.4,843,949,289, resulting in under absorption of Kshs.775,848,975, or 16% of the actual receipts.

This shortfall in receipts and under absorption may have adversely affected the implementation of the County's planned programmes and the delivery of essential services to the public.

My opinion is not modified in respect of these matters.

### **Key Audit Matters**

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

### **Other Matter**

#### **Unresolved Prior Year's Matters**

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

### **Other Information**

Management is responsible for the Other Information set out on pages iii to xxix which comprise of Key Entity Information and Management, Governance Statement, Foreword by the CECM Finance and Economic Planning, 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 Executive'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 if 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 other form of assurance conclusion thereon.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

### Conclusion

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

### Basis for Conclusion

#### 1. Delay in Completion of Works in the Upgrade of Isiolo Abattoir to International Export Standard

The statement of financial performance and Note 11 to the financial statement disclose transfers to other entities of Kshs.885,484,501. Included in the amount is transfers to other County Government entities of Kshs.132,523,819, out of which Ksh.12,289,655 was paid on 20 December, 2024 for the upgrading of Isiolo Abattoir to International Export Standards project. The project valued at Kshs.169,746,482, began on 28 March, 2023, and was slated to be completed on the 10 June, 2023 (75 days). Review of documents revealed that there were two project time extensions, one requesting extension from 9 June, 2023 to 31 August, 2023 and the other one from 29 August, 2023 to 30 November, 2023. However, audit inspection done on 14 August, 2025, six hundred and thirteen (613) days after the upgrading works commenced, revealed that construction works were still in progress and project had not yet been completed.

Further, from the same payment of Kshs.12,289,655 made in the year under review, an amount of Kshs.1,441,164 was deducted and withheld as retention amount. However, review of the retention bank account revealed that there was no retention amount held.

In the circumstances, completeness and validity of transfers to other County Government entities of Ksh.12,289,655 could not be confirmed.

#### 2. Failure to Transfer Statutory Functions and Resources to Isiolo Municipality

The Isiolo Municipality was granted a Municipal Charter effective 01 July, 2019, through Gazette Notice dated 10 July, 2019, thereby transferring specified municipal functions and operational authority from the County Government of Isiolo to the Municipality. However, audit review revealed that, more than seven years after the Charter came into

effect, the County Executive had not fully operationalized the Municipality in accordance with the Urban Areas and Cities Act, 2011 (Revised 2019), as follows:

- i. The Municipality's budget for the year under review was prepared and controlled by the County Executive, and there was no evidence of budget approval or appropriation by the Municipal Board as required under Sections 20 and 21 of the Urban Areas and Cities Act. Except for municipal's project account with joint signatories, all expenditures were controlled by the County Treasury.
- ii. The County Executive did not transfer financial resources to the Municipality despite approved allocations for FY 2024-2025 totalling Kshs.145,579,859 comprising Kshs.46,918,661 for administrative expenditure, Kshs.35,000,000 for capital transfers under Kenya Urban Support Program – Urban Institutional Grant (KUSP-UIG), and Kshs.63,882,198 for capital transfers under Kenya Urban Support Program – Urban Development Grant (KUSP-UDG). No evidence was provided to confirm that these funds were disbursed.
- iii. The County Executive did not demonstrate that human or physical resources were transferred to enable the Municipality to perform the functions assigned under the Charter. No resource transfer schedules or staffing deployments were provided, contrary to Section 15(2)(a) and (c) of the Urban Areas and Cities Act.
- iv. Several functions legally transferred to the Municipality continued to be performed by the County Executive, including garbage collection and solid waste management, storm drainage and flood control, street lighting, maintenance of urban roads, market management, fire and disaster services, animal control, and municipal planning and administration. This was contrary to the Municipal Charter and Section 20(2) of the Act, which require municipalities to independently manage assigned services.
- v. Isiolo Municipality financial statements revealed that the County Executive made payments totaling Kshs.31,567,374 on its behalf, rather than transferring funds for the Municipality to execute its own mandated functions.

In the circumstances, the County Executive was in breach of the law.

### **3. Use of Goods and Services**

#### **3.1 Irregular Payment of Subscription Fees to the Council of Governors**

The statement of financial performance and Note 10 to the financial statements reflect use of goods and services amounting to Kshs.935,337,726 which includes other operating expenses totalling Kshs.89,441,968. Included in this amount is Kshs.4,000,000 paid as subscription fees to the Council of Governors. However, the expenditure is not provided for in the approved County budget. Further, no justification was provided by Management for incurring expenditure on a function that constitutionally falls under the National Government. This was contrary to Section 37(b) of the Intergovernmental Relations Act, 2012, which requires that operational expenses of the Council of

Governors be provided for in the annual estimates of revenue and expenditure of the National Government.

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

### **3.2 Irregular Splitting of Procurement of Motor Vehicle Insurance Services**

The statement of financial performance and Note 10 to the financial statements reflect use of goods and services amounting to Kshs.935,337,726 which includes insurance costs totalling Kshs.111,831,377. Review of procurement records revealed that the County Executive entered into a contract with an insurance agency for the provision of motor vehicle insurance services at a contract sum of Kshs.4,200,000. However, the procurement was irregularly split into three separate quotation requests, each below the Kshs.3,000,000 threshold, in order to avoid the open tendering process. This was contrary to Section 91(1) of the Public Procurement and Asset Disposal Act, 2015, which provides that open tendering is the preferred method of procurement for goods and services whose value exceeds the prescribed threshold.

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

### **4 Unsupported Procurement for Construction of County Fuel Station**

The statement of financial position and Note 26 to the financial statement disclose property, plant and equipment of Kshs.18,866,554,912. Included in the amount is additions to the County's infrastructure assets during the year of Kshs.324,057,057 which further included payments amounting to Kshs.9,860,140 made to a contractor towards construction of a county government filling station in Isiolo Town. However, the Environmental Impact Assessment (EIA), the needs assessment that justified the construction of the facility, mechanical engineer's drawings specifying materials and designs and proof of land ownership or a duly executed lease agreement were not provided for audit review.

In the circumstances, the regularity of the expenditure of Kshs.9,860,540 on the construction of the filling station could not be confirmed.

### **5 Non-Compliance with Procurement Disclosure and Reporting Requirements**

Audit review of procurement processes for the year under review revealed that Management did not publish all awarded contracts on the Public Procurement Information Portal (PPIP) as required. This was contrary to Executive Order No. 2 of 2018 and Circular Ref. No. OP/CAB 39/1A dated 28 June, 2018, which mandated all public entities to publish contract awards in the prescribed format and manner.

Further, the County did not provide the mandatory biannual reports to the Public Procurement Regulatory Authority (PPRA) detailing contract awards to youth, women, and persons living with disabilities. This was contrary to Section 157(10), (12), and (13) of the Public Procurement and Asset Disposal Act, 2015, which require reporting, disclosure, and certification of compliance with the preference and reservation framework.

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

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## **6 Late Commitments of Goods, Works and Services**

Analysis of IFMIS purchase order data revealed that the County Executive entered into sixty-two (62) contracts totaling Kshs.321,028,837 for the supply of goods and services after 31 May, 2025. This was contrary to Regulation 50(1) of the Public Finance Management (County Governments) Regulations, 2015, which requires that all commitments for the supply of goods and services be made no later than 31 May of each financial year.

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

## **7 Irregularities in Human Resource Management**

The statement of financial performance and Note 9 to the financial statements reflect employee costs of Kshs.2,003,131,850. However, the following anomalies were noted:

### **7.1 Retention of Employees Beyond Mandatory Retirement Age**

Review of the Human Resource Information System (HRIS) payroll for June, 2025 revealed that thirty-three (33) employees were over sixty (60) years of age, which is beyond the mandatory retirement age. This was contrary to Section L.5(1) of the County Public Service Human Resource Manual, which prohibits the retention of public officers beyond the mandatory retirement age. These employees collectively earned a gross salary of Kshs.3,722,048 in the month of June, 2025. Further, four (4) of the affected staff serving as directors in job group R, and serving beyond the mandatory retirement age had no documentary evidence provided defining roles, responsibilities and job description of their positions as directors.

### **7.2 Irregular Engagement of Advisors**

Review of payroll and human resource records as at 30 June, 2025 revealed that the County Executive had engaged thirteen (13) advisors across various functions, contrary to the Salaries and Remuneration Commission (SRC) Circular Ref. SRC/TS/CGOVT/3/16 dated 29 July, 2013, which limits the number of advisors to a maximum of four (4). As previously reported, no documentary evidence was provided to demonstrate how the County Public Service Board established the additional nine (9) advisor positions, nor was there evidence that a proposal for their creation was submitted to the County Assembly for approval through the County Executive Committee Member responsible for the County Public Service, as required. The engaged thirteen advisors is a reduction from the previously reported number of thirty-one (31) in 2023-2024.

### **7.3 Retention of advisors Beyond Mandatory Retirement Age**

Review of HRIS payroll data revealed that four (4) advisors were above sixty (60) years of age, exceeding the mandatory retirement age, contrary to Section L.5(1) of the County Public Service Human Resource Manual, which prohibits retention of retired public officers beyond the mandatory age.

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

#### **7.4 Irregular Payment of Leave Allowance**

Review of the payroll for the year under review revealed that one hundred and three (103) employees were paid leave allowance above the maximum leave allowance of Kshs.10,000, contrary to SRC Circular SRC/TS/TA/3/10 (86) that entitles a maximum leave allowance of Ksh.10,000 to employees on job group P and above. Excessive irregular leave allowance totalling Kshs.4,006,207 was paid during the year.

In the circumstances, Management was in breach of the law

#### **7.5 Non-Compliance with the One-Third Rule on Basic Pay**

Review of the payroll records provided revealed that on different months, various employees had deductions that were more than two-thirds of their basic pay.

This was contrary to the provisions of Section 19(3) of the Employment Act, 2007 which states that the total amount of all deductions that may be made by an employer from the wages of his employee at any one time shall not exceed two thirds of such wages.

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

#### **7.6 Anomalies in Migration from Intergrated Personnel and Payroll Database to Human Resource Information System**

The County Government of Isiolo adopted Human Resource Information System (HRIS-Ke) with effect from December, 2024. Comparison between November, 2024 IPPD data and December, 2024 HRIS-Ke was done to determine the accuracy and completeness of migration. Analysis of the November and December, 2024 payrolls revealed the following inconsistencies:

##### **i. Job-Group Changes**

One (1) employee at designation of Director of Administration experienced unapproved job group change from Q to P during the transition. Explanation or authorization for change of job group was not provided for audit verification.

##### **ii. Underpayment of Basic Salary**

There was a reduction by Kshs.4,275,421 in the total basic salary paid in December 2024 of Kshs.75,628,397 from what was paid in November, 2024 of Kshs.80,883,049. One thousand, five hundred and seventy two (1,572) employees were underpaid their basic salaries despite retaining the same job groups thereby indicating inconsistencies in payroll processing during the system transition.

##### **iii. Underpayment of Health workers' Extraneous Allowance**

Two hundred and fifty-one (251) employees were paid health workers' extraneous allowance amounting to Kshs.6,208,000 in November, 2024 and Kshs.3,620,000 in December, 2024, resulting in an underpayment of Kshs.2,588,000 in December, 2024. No explanation or justification was provided for the underpayment.

#### **iv. Inconsistencies in Number of Employees in the New System**

Total number of employees appearing in November, 2024 IPPD payroll was 1,712 employees, while the December, 2024 HRIS payroll had total of 1,698 employees, resulting in an unexplained variance of fourteen (14) employees.

#### **v. New Employees in HRIS**

Three (3) new employees comprising of an accountant, an enrolled nurse and an assistant game warden, who were not in the November IPPD Payroll were added to the December, 2024 HRIS payroll. A total gross salary of Kshs.233,788 was paid to these employees. No explanation was provided for their inclusion in the payroll.

In the circumstances, the actual status of staff composition and profiles for the County Executive could not be confirmed.

#### **7.7 Irregular Payment of Extraneous Allowance**

Analysis of payroll data for the year revealed that Kshs.8,730,050 was paid as extraneous allowance which is not prescribed by any circular or guidance by the Salaries and Remuneration Commission (SRC). Further, letters of assignment or deployment indicating that the recipients were performing duties beyond their normal responsibilities were not availed for audit verification. This was contrary to Article 230 of the Constitution of Kenya 2010 that gives the SRC the power to set remuneration and benefits to National and County Governments Public officers.

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

#### **7.8 Non-Compliance on Ethnic Diversity Requirement**

Review of June, 2025 payroll reflects that the County Executive had a total of one thousand, seven hundred and six (1706) employees out of whom one ethnic community held seven hundred and ninety-one (791) or approximately 46%, accounting for more than one third of the total staff. This was contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 that states that no public establishment shall have more than one third of its staff from the same ethnic community.

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

#### **7.9 Vacancy and Contract Lapse of a County Executive Committee Member for Education**

Review of payroll and personal records revealed that the contract of the County Executive Committee (CEC) Member for Education, Youth, Sports, Culture, and Social Services lapsed on 09 October, 2024, with no evidence of renewal or extension and as at the time of audit in August, 2025, as the position remained vacant.

In the circumstances, the effectiveness of governance and decision-making in the relevant department could not be confirmed.

## **7.10 Unsupported Recruitment of County Staff**

During the year under review, the County Public Service Board (CPSB) recruited a total of eighty-six (86) staff members for various positions. However, key supporting documents including minutes of CPSB meetings approving the recruitments, job advertisements, shortlisting criteria, and evaluation or scoring records by the recruitment committee were not provided for audit review. Further, review of the County Annual Development Plan (ADP) and approved budget for the year revealed that there was no provision for recruitment activities, either in planning or in financial allocation.

In the circumstances, the regularity of the County's recruitment processes could not be confirmed.

## **8 Stalled Projects**

### **8.1 Construction of Isiolo Municipal Stadium Phase I**

As previously reported, the County Executive engaged Barros Construction Co. Ltd of P.O. Box 6555-00610 during the financial year 2018/2019 for the construction of Isiolo Municipal Stadium at a contract sum of Kshs.345,998,315. The project commenced in May, 2019 with an expected completion date of December, 2020, for a period of 20 months. However, as at 30 June, 2022, the project had stalled following its suspension to pave way for investigation. By that date, the contractor had been paid Kshs.231,622,838, representing 66.9% of the contract amount. According to the Ministry of Public Works, the physical completion of the project was estimated at 67%. Physical inspection conducted on 11 August, 2025 confirmed that no construction activities were ongoing at the site, as the contractor was not on site.

### **8.2 Proposed Construction of Isiolo County Headquarters**

As previously reported, the National Government, through the State Department of Public Works, in collaboration with the County Government of Isiolo, commenced the construction of Isiolo County Headquarters on 4 March, 2019. The project was initially valued at Kshs.870.7 million but was subsequently revised to Kshs.556.9 million, in accordance with applicable government guidelines. However, despite the lapse of approximately 78 months (or over six years) since inception, the project remains incomplete and stalled. As at the time of audit in August, 2025, only Kshs.180.4 million had been paid, representing about 32% of the revised contract sum and physical verification conducted on 11 August, 2025 revealed that no construction activities were ongoing and the contractor was not on site.

### **8.3 Delayed Completion of Isiolo Municipality Market**

As previously reported, the County Executive entered into a contract with a local contractor on 25 June, 2018, for the construction of a modern market, at a contract sum of Kshs.545,211,810. A total of Kshs.366,626,237, or 67% of the contract sum, had been paid to the contractor and a progress report indicated an 80% completion level.

Physical inspection conducted on 11 August, 2025, which was more than seven (7) years after the contract was signed and the lapse of the revised project completion date of December, 2022 revealed that the project remained incomplete with no construction activities underway and the contractor was not on site. No justification was provided by Management for the prolonged delay of over five years. This was contrary to Section 149(1)(b) of The Public Finance Management Act, 2012 that requires an Accounting Officer to be accountable in ensuring that the resources of the entity are used in a way that is effective and efficient.

In the circumstances, the residents of Isiolo County may not have received value for money from funds incurred in the projects.

## **9 Irregularities in Imprest Management**

### **9.1 Irregular Issuance of Multiple Imprests**

Review of the imprest register maintained by the County Executive revealed two officers that were issued with multiple imprests amounting to Kshs.8,410,300. The Imprest was issued to one officer totaling Ksh.1,134,200 and to another officer totaling Ksh.7,276,100. This was contrary to Regulations 93(4)(b) of Public Finance Management (County Governments) Regulations which provides that the Accounting Officer should ensure that the applicant has no outstanding imprests. No explanation was given why the officers were issued with multiple imprest before surrender of earlier imprests.

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

### **9.2 Irregular Imprest Utilization for Garbatulla Land Adjudication Exercise**

The County Executive through temporary imprest, paid Kshs.3,951,700 for facilitation of the Garbatulla land adjudication exercise and issuance of allotment letters by the National Land Commission in Isiolo Township. Review of the surrender documents revealed that Kshs.3,310,750 was issued as imprest to various County staff and National Government land experts who reportedly participated in the exercise for 14 days. However, no daily attendance sheets signed by the participants were provided to confirm their presence throughout the 14-day period, making it difficult to verify whether all individuals were present and eligible for the facilitation allowances paid. Further, an additional Kshs.372,650 was spent on the direct procurement of stationery items. These items were not taken on charge, recorded in stores documents, or supported with evidence confirming delivery.

### **9.3 Unsupported Expenditure on Governors Cup Tournament**

The Department of Education, Youth and Sports, Gender, Culture and Social Services paid Kshs.1,319,000 to facilitate a Governor's Cup tournament held in Isiolo town. However, no imprest warrant was issued contrary to Regulation 93(1) of Public Finance Management (County Governments) Regulations, 2015 which requires an imprest to be issued for specific purpose. Further, the payment was not supported by approved budget breakdown and no details of the participating teams and the venues were provided for review. In addition, an amount of Kshs.532,000 was paid to nineteen (19) individuals who

were not County staff members at a rate of Ksh.28,000 per person. No explanation was provided why payment was made to individuals who were not County staff members.

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

#### **9.4 Irregular Issuance of Imprest and Direct Procurement for Peace Dialogue Activities**

An imprest of Kshs.1,200,000 was issued for facilitation of the inter-grazing committee peace dialogues on resource sharing at Daaba on 9 September, 2024. However, examination of the surrender documents revealed that the imprest was approved and paid on 18 September, 2024, which was nine days after the event had taken place. Despite the timing, the payment was processed as an imprest instead of being recorded as a claim. The anomalies were not explained. Further, an amount of Kshs.300,000 was paid to a local supplier via Invoice No. 3 dated 9 September, 2024 for the supply of tents and refreshments. These services were procured directly without competitive tender process, contrary to Section 91(1) of the Public Procurement and Asset Disposal Act, 2015, which requires open tendering as the preferred method of procurement for goods and services above the prescribed threshold.

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

#### **9.5 Irregular Payment to Facilitators**

The County Executive issued an imprest of Kshs.3,124,800 to facilitate personnel and payroll data cleaning for county government staff at the Kenya School of Government, Mombasa, from 17 February, 2025 to 25 February, 2025. Examination of the surrender documents revealed the following anomalies:

- a) Two staff did not sign the attendance list on date 17 and 18 of February and the attendance lists for dates 23, 24, and 25 February 2025 were not provided for audit review.
- b) The County Executive paid per diem totaling Kshs.536,000 to three facilitators from the Kenya School of Government, Mombasa Campus. Their specific role in the data cleaning exercise was not defined, and no justification was provided for paying them imprests while at their duty station, contrary to SRC circular Ref.No.SCR/ADM/11/(156) dated August 2023 on payment of daily subsistence allowance which states that payment of daily subsistence allowance shall not be payable for a location within a radius of 50km of the affected duty station of the respective officers.

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

### **10 Undelivered Office Renovation and Furnishing at Isiolo Fisheries Farm**

The statement of financial performance and Note 10 to the financial statement disclose use of goods and services amounting to Kshs.935,337,726. Included in the amount is

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other operating expenses totaling to kshs.89,441,968. The County Government of Isiolo, through the Department of Agriculture, Land, and Physical Planning, engaged a contractor via a Request for Quotation (RFQ) to renovate and equip an office at Isiolo Fishery Farm at contract sum of Kshs.1,999,654. However, while the Bill of Quantities included four (4) executive high-back chairs costing Ksh.60,000, fifteen (15) visitors' chairs at a total cost of Ksh.15,000, four (4) three-drawer metallic filing cabinets at a total cost of Ksh.80,000, two Elite Desk 8GB RAM computers valued at Kshs.102,000, and two HP ProBook, 16GB RAM laptops valued at Kshs.220,000. None of these items had been delivered as at the time of the audit inspection on 7 August, 2025. Further, there was no documented inspection and acceptance report to confirm that the goods and services delivered met the required specifications.

In the circumstances, the value for money on other operating expenditure of Kshs.1,999,654 could not be confirmed.

### **11 Unsupported Supply and Installation of Hatchery Equipment**

The statement of financial performance and Note 10 to the financial statement disclose use of goods and services amounting to Kshs.935,337,726. Included in the amount is other operating expenses totalling to Kshs.89,441,968. The County Government, through the Department of Fisheries Development, engaged a contractor for the supply and installation of hatchery equipment and rehabilitation of the fisheries pump at a contract sum of Kshs.2,498,917. However, audit inspection carried out on 7 August, 2025 revealed the hatchery was not operational. Further, inspection and acceptance report were not provided to confirm that the goods and services delivered met the required specifications. In addition, the Bill of Quantities (BoQ) required supply of one standby generator at a cost of Kshs.50,000. However, the generator had not been delivered as at the time of the verification.

In the circumstances, the validity and completeness of other operating expenses of Kshs.2,498,917 could not be confirmed.

### **12 Delayed Implementation in Upgrading to Bitumen Standard of Ola Jarole-Kachewa Road**

The statement of financial position and Note 26 to the financial statements reflect property, plant, and equipment (PPE) balance of Kshs.18,866,554,912, which includes Work in Progress additions of Kshs.18,031,167. This amount was the first payment paid to a construction Company for a contract to construct Ola Jarole-Kachewa Road to bitumen standards. The procurement was awarded on 12 May, 2025 with a contract duration of 9 months and contract sum of Kshs.180,311,676.

However, physical verification of the project on 7 August, 2025 after three months, or 33% of project's duration revealed that the project had only made estimated progress of work at about 10%. Review of the supplementary budget revealed that the County Executive of Isiolo had budgeted to spend Kshs.90,074,590 towards construction of bitumen standard roads in Isiolo. This is short of the 9-months project cost of Kshs.180,311,676 issued to the company, with a budget deficit of Kshs.90,237,086.

In the circumstances, the value for money on work in progress of Kshs.18,031,167 could not be confirmed.

### **13 Irregular Procurement of Ambulances**

The statement of financial position and Note 26 to the financial statements reflect property, plant and equipment balance of Kshs.18,866,554,912, which include value of motor vehicles of Kshs.400,752,524. Review of payment documents, cash book, and bank statements revealed that during the financial year the County Executive incurred Kshs.32,000,000 on the purchase of three ambulances. However, examination of procurement records related to the supply and delivery of the ambulances revealed that tender opening records showed that none of the bidders submitted the required two copies of the tender documents (original and copy), yet the evaluation minutes indicated that all bidders complied

Further, no individual evaluation score sheets of evaluators were available to support the award decision. In addition, there was no signed contract agreement, contrary to Section 135 of the Public Procurement and Asset Disposal Act, 2015.

In the circumstances, regularity of the Kshs.32,000,000 expenditure on motor vehicles acquisition could not be confirmed.

### **14 Failure to Fully Implement E-Procurement Processes**

Audit review of procurement processes by the County Executive during the year under review revealed instances of procurement activities being conducted outside the IFMIS e-procurement module as required, specifically on tender requisitions and advertisements, opening of tenders, tenders' evaluation and award of contracts. This was contrary to Regulation 49(2) of the Public Procurement and Asset Disposal Regulations, 2020, and the Executive Order No. 2 of 2018, which required full implementation and use of the e-procurement system for all public procurement transactions.

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

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for

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

## **Basis for Conclusion**

### **1. Lack of an Asset Management Unit**

Audit review of asset management records revealed that the County Executive had not established an Asset Management Unit responsible for overseeing the full lifecycle of asset administration. Consequently, there were no documented systems or designated officers accountable for planning, acquisition, tracking, maintenance, storage, safeguarding of assets, disposal of obsolete or unusable assets and, preparation and maintenance of comprehensive asset register.

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

### **2. Lack of Controls in Management of County Vehicles**

The statement of financial performance and as disclosed in Note 10 to the financial statements reflects an amount of Kshs 935,337,726 in respect of use of goods and services which includes an amount of Kshs 9,591,989 on routine maintenance of vehicles and other transport equipment. Review of the Isiolo county vehicle fleet management revealed the following irregularities:

- i. The County did not have a fleet management system in place to support planning, coordination, and monitoring of vehicle usage and movements.
- ii. A motor vehicle fleet management status list showing the condition of each vehicle for the year under review was not provided for audit.
- iii. It was also observed that motor vehicle management was not centralized under the transport officer resulting in gaps in oversight and internal controls.

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

### **3. Inadequate Security and Safety Controls at the County ICT Data Centre**

Inspection of the County ICT Data Centre revealed significant infrastructure and security weaknesses, including lack of proper network cable management, absence of fire suppression systems or fire extinguishers, and poor ventilation, despite the room hosting critical County servers. Additionally, the facility was secured with a basic, easily breakable lock and lacked adequate access control mechanisms, making it vulnerable to unauthorized entry.

In the circumstances, the deficiencies expose the County's IT environment to risks such as data loss, system downtime, hardware damage, and potential theft.

#### **4. Weaknesses in Drug Inventory Management – Isiolo County Referral Hospital**

Audit review of the Intergrated Financial Management Information System (IFMIS) payment records for the year under review revealed that the Department of Health procured medical drugs amounting to Kshs.150,496,019, while Kenya Medical Supplies Authority (KEMSA) records indicated that Isiolo County Referral Hospital received drugs worth Kshs.18,712,036 during the year. The Hospital uses an automated management system to manage pharmacy and stores operations. However, attempts to generate an annual report from the system were unsuccessful due to system incompleteness, and the system did not provide comprehensive records of drug receipts and dispatches for the year. This limitation hindered reconciliation with KEMSA supply data and compromised audit verification.

In the circumstances, the effectiveness of internal controls and the completeness of drug inventory records could not be confirmed.

#### **5. Failure to Adhere to Rental Lease Agreement**

The statement of financial performance and Note 10 to the financial statement reflect use of goods and services amounting to Kshs.935,337,726. Included in the amount is rentals of produced assets totalling Kshs.49,621,250. During the year under review, the County Government paid a total of Kshs.3,712,000 to a landlord for rent of premises housing the Department of Youth, Sports and Talent at Desert Trail Building, covering the period from October, 2024 to January, 2025. The payment comprised of Kshs.1,856,000 for two office blocks and a warehouse, and Kshs.1,856,000 for two office blocks and a multipurpose complex shed. However, the lease agreement dated 4 April, 2022 provided for audit only makes reference to office space and a warehouse. There is no mention of the additional two office blocks or the multipurpose complex shed. No amended lease agreement was provided to support the expanded scope of leased premises.

In the above circumstances, the validity and value for money of the rental expenditure totalling Kshs.3,712,250 could not be confirmed.

#### **6. Weaknesses in Management of Medical Insurance**

The statement of financial performance and Note 10 to the financial statement reflect Ksh.935,337,726 incurred on use of goods and services including insurance costs amounting to Ksh.111,831,377. During the year under review, the County Executive engaged an insurance company to provide medical insurance cover at a contract sum of Kshs.120,508,279 and group life, personal accident plus work injury benefits covers at a contract sum of Kshs.14,965,831. A total of Ksh.104,408,646 was paid to the insurance company during the financial year. However, review of the procurement and contract records revealed the following anomalies:

A Schedule from the insurer detailing the number of staff covered and the applicable premium rate per category of staff was not provided for audit, hence the basis on which the total contract sum was determined could not be confirmed. Further, the County

Government did not provide evidence that it had verified the eligibility of the insurance company by obtaining a valid license from the Insurance Regulatory Authority authorizing it to provide medical insurance cover. In addition, details of the approved hospitals and medical facilities under the medical scheme were not provided for audit.

The County Executive staff payrolls indicated that the total number of staff was one thousand, seven hundred and seven (1,707). However, only one thousand six hundred and twenty-eight (1,628) were covered and management did not provide criteria on how the covered staff members were identified and selected. Further, the County recruited eighty-six (86) additional employees during the year, but no evidence was provided to confirm that the new staff were enrolled in the insurance cover.

## **7. Non-Compliance in Procurement and Asset Disposal Planning**

Review of the Procurement Plan for the year under review revealed the following non-compliance issues:

- i. The procurement plan was not prepared in the prescribed format provided in the Third Schedule of the Public Procurement and Asset Disposal Regulations, 2020. Descriptions of the goods being procured, procurement methods for items, planned dates of execution and current status of items procured was not included in the plan.
- ii. The procurement plan was not signed by the Head of Procurement Unit and was not approved by the County Executive Committee Member for Finance as required by the third Schedule of the Public Procurement and Asset Disposal Regulations, 2020
- iii. The procurement plan did not observe the rule of a minimum of 30% of the annual procurement plan being reserved for women, youth, persons with disabilities and other disadvantaged groups.
- iv. No evidence was provided to show there was stakeholder consultation during the development of the plan. No needs assessments, approvals, minutes and justifications for the planned procurement were provided for review.
- v. During the year under review a supplementary budget was passed and an increment was approved for procurement of goods and services. However, the procurement plan was not updated to reflect the changes in the county budget.
- vi. There was no evidence provided to confirm that chief officers of all departments of the County Executive conducted quarterly reviews of the procurement plan and reported on the implementation of the plan to the County Executive Member of Finance. This was contrary to Regulation 40(6) of the Public Procurement and Asset Disposal Regulations, 2020, that requires an accounting officer of a procuring entity to prepare a quarterly report on the implementation of the annual procurement plan and submit it to county executive committee member for finance
- vii. The County did not have an asset disposal plan for the year under review.

In the circumstances, the effectiveness of the County's annual plans on procurement could not be confirmed.

## **8 Ineffective Internal Audit Unit**

### **8.1 Lack of Audit Committee**

Review of the County's governance structure revealed that the Internal Audit Unit lacked functional independence due to the absence of an established Audit Committee. This was contrary to Section 155(1) of the Public Finance Management (County Governments) Regulations, 2015, which provides that the Head of Internal Audit shall report administratively to the Accounting Officer and functionally to the Audit Committee to ensure operational independence.

### **8.2 Lack of an Audit Management System**

The Internal Audit Unit was not supported by a functional audit management system or modern analytical tool. The limitations significantly hindered its ability to conduct efficient, risk-based audits and to offer independent and objective assurance on internal controls, risk management and governance.

### **8.3 Lack of Access to IFMIS**

The audit also revealed that the Internal Audit Unit lacked access to the Integrated Financial Management Information System (IFMIS). This restricted the unit's ability to monitor and review financial transactions in real-time, thereby compromising its oversight effectiveness.

### **8.4 Lack of an Internal Audit Annual Review**

Contrary to Regulation 159(2) of the Public Finance Management (County Governments) Regulations, 2015, there was no evidence that an annual review had been conducted on the independence, performance, and competence of the Internal Audit Unit. The law requires the Audit Committee to undertake such reviews and provide commentary in its annual report.

### **8.5 Lack of Implementation of Internal Audit Recommendations**

Management did not demonstrate action on the findings and recommendations issued by the Internal Audit Unit. The absence of follow-through mechanisms raises concerns about the effectiveness and impact of internal audit work in improving governance and accountability.

### **8.6 Understaffing of the Internal Audit Unit**

The Internal Audit Unit was understaffed, with only two personnel: the Head of Internal Audit and one Principal Internal Auditor. The limited human resources constrained the unit's ability to cover the broad range of county operations and to provide timely assurance services.

In the circumstances, the effectiveness of the internal audit function in delivering on its mandate could not be confirmed.

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

### **Responsibilities of Management and those Charged with Governance**

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, 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 also responsible for overseeing the County Executive's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error

and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

16 December, 2025

## Appendix 1 Prior Year's Audit Issues

S/no	Financial Year	Audit Issue
1	2023/2024	Long Outstanding Pending Accounts Payables
2	2023/2024	Inaccuracies in the Asset Register
3	2023/2024	Lack of Land Ownership Documents
4	2023/2024	Office Equipment, Furniture, and Fittings
5	2023/2024	ICT Equipment
6	2023/2024	Machinery and Equipment
7	2023/2024	Budgetary Controls and Performance
8	2023/2024	Regularity of Human Resource Management Practices
9	2023/2024	Regularity of Procurement and Award of Contracts
10	2023/2024	Irregularities in Imprest Management
11	2023/2024	Stalled Projects
12	2023/2024	Anomalies in Projects Implementation
13	2023/2024	Proposed Construction of Accident and Emergency Centre at Isiolo County Referral Hospital
14	2023/2024	Non-Preparation and Submission Financial Statements
15	2023/2024	Delay in Completion of Construction of Isiolo Fire station
16	2023/2024	Project Implementation Status
17	2023/2024	Irregular Allowances for Land Adjudication Process
18	2023/2024	Failure to Adhere to Guidelines on Migration to New Accounting Framework
19	2023/2024	Improper Management and Control of Motor Vehicles
20	2023/2024	Understaffing in Internal Audit Unit

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

	Notes	FY 2024/2025
		Kshs
<b>Revenue from non-exchange transactions</b>		
Transfers from CRF	6	4,661,625,171
Miscellaneous Revenue	7	
<b>Total</b>		4,661,625,171
<b>Revenue from exchange transactions</b>		
Other income	8	-
<b>Total revenue</b>		4,661,625,171
<b>Expenses</b>		
Employee costs	9	2,003,131,850
Use of goods and services	10	935,337,726
Transfers to other Government Entities	11	885,484,501
Depreciation and amortization expense	12	-
Other Grants and Subsidies	13	71,133,000
Finance costs	14	-
Social Benefits	15	71,399,351
<b>Total expenses</b>		<b>3,966,486,428</b>
Gain/(loss) on sale of assets	16	-
Gain/Loss on Foreign Exchange	17	-
Gain/Loss on fair value of investments	18	-
Impairment loss	19	-
<b>Surplus/Deficit for the year</b>		<b>695,138,743</b>
Taxation	20	-
<b>Net Surplus/Deficit</b>		<b>695,138,743</b>

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

Habiba J. Galgalo

Name

Chief Officer Finance

Monica Nkirote

Name

Director Accounting  
Services /CFO  
ICPAK M/No 23115

## 10. Statement of Financial Position as at 30 June 2025

	Notes	FY 2024/2025	Opening Statement 1 <sup>st</sup> July 2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	21	318,040,601	181,964,118
Receivables from Exchange Transactions	22	-	-
Receivables from Non-Exchange Transactions	23	-	-
Inventories	24	-	-
Current portion of investments	25	-	-
<b>Total Current Assets</b>		<b>318,040,601</b>	<b>181,964,118</b>
<b>Non-Current Assets</b>			
Receivables from Exchange Transactions	22(b)	-	-
Non- Current portion of investments	25	-	-
Property, Plant and Equipment	26	18,866,554,912	18,353,328,582
Intangible Assets	27	-	-
Investment Property	28	-	-
Right-of-use assets	29	-	-
Biological Assets	30	-	-
Tangible Natural Resources	31	-	-
<b>Total Non- Current Assets</b>		<b>18,866,554,912</b>	<b>18,353,328,582</b>
<b>Total Assets (A)</b>		<b>19,184,595,513</b>	<b>18,535,292,700</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	32	985,147,345	1,243,393,771
Refundable Deposits and Prepayments	33	360,000	-
Current Provision	34	-	-
Lease Liabilities	35	-	-
Deferred Income	36	-	-
Employee Benefit Obligation	37	-	-
Current Portion of Borrowings	38	-	-
<b>Total Current Liabilities</b>		<b>985,507,345</b>	<b>1,243,393,771</b>
<b>Non-Current Liabilities</b>			

	Notes	FY 2024/2025	Opening Statement 1 <sup>st</sup> July 2024
		Kshs	Kshs
Non-Current Provisions	34	-	-
Lease Liabilities	35	-	-
Deferred Income	36	-	-
Non-Current Employee Benefit Obligation	37	-	-
Borrowings – Non-Current Portion	38	-	-
Service Concession Liability	39	-	-
<b>Total Non- Current Liabilities</b>		-	-
<b>Total Liabilities (B)</b>		<b>985,507,345</b>	<b>1,243,393,771</b>
<b>Net Assets(A-B)</b>		<b>18,199,088,167</b>	<b>17,291,898,929</b>
<b>Represented By:</b>			
Reserves		-	-
Accumulated Surplus		419,294,489	181,964,118
Capital Fund		-	-
<b>Net Assets</b>		<b>419,294,489</b>	<b>181,964,118</b>

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

**Habiba J. Galgalo**

Name

**Chief Officer Finance**

**Monica Nkirote**

Name

**Director Accounting Services**

**ICPAK M/No 23115**

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

Description	Accumulated Surplus	Reserves	Capital Fund	Total
<b>As at 30<sup>th</sup> June 2024 (cash basis)</b>	<b>181,964,118</b>			<b>181,964,118</b>
Adjustments: (to recognize assets and liabilities)	-			-
<b>As at July 1, 2024</b>	<b>181,964,118</b>	-		<b>181,964,118</b>
Surplus/ deficit for the period	<b>695,138,743</b>			<b>695,138,743</b>
Returns to CRF	-			-
Additions during the period		-	-	-
Other changes -Domestic payables	(457,808,373)	-	-	<b>(457,808,373)</b>
<b>As at 30 June, 2025</b>	<b>419,294,489</b>	-	-	<b>419,294,489</b>

Note:

1. On other changes, the recorded amount pertains to the domestic payables from other years that were paid during the current reporting period an amount of Ksh. 457,808,373.

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

		<i>FY 2024/2025</i>
	Notes	Kshs
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Transfers from CRF		4,661,625,171
Miscellaneous Revenue		-
Other income		360,000
<b>Total receipts</b>		<b>4,661,985,171</b>
<b>Payments</b>		
Employee costs		2,003,131,850
Use of goods and services		523,725,283
Transfers to other Government Entities		885,484,501
Other Grants and Subsidies		71,133,000
Finance costs		-
Social Benefits		71,399,351
<b>Total payments</b>		<b>3,554,873,985</b>
<b>Net cash flows from/(used in) operating activities</b>	40	<b>1,107,111,186</b>
<b>Cash flows from investing activities</b>		
Purchase of PPE		(513,226,330)
Domestic Payables		(457,808,373)
<b>Net cash flows from/(used in) investing activities</b>		<b>(971,034,703)</b>
<b>Cash flows from financing activities</b>		
Returns to CRF		-
<b>Net cash flows from financing Activities</b>		<b>-</b>
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		<b>136,076,483</b>
Cash and cash equivalents at 1 July	21	181,964,118
<b>Cash and cash equivalents at 30 June</b>	21	<b>318,040,601</b>

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

## Recurrent and Development Budgets Combined

Revenue/expense 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 *100
<b>Revenues</b>						
Opening balance (Non-refundable special purpose accounts)	-	-	-	181,964,118	(181,964,118)	0%
Transfers from CRF	6,235,553,233	-	6,235,553,233	4,661,625,171	1,573,928,062	75%
Miscellaneous Revenue	-	-	-	-	-	-
Other income	-	-	-	360,000	(360,000)	-
<b>Total revenues</b>	<b>6,235,553,233</b>	<b>-</b>	<b>6,235,553,233</b>	<b>4,843,949,289</b>	<b>1,391,603,944</b>	<b>78%</b>
<b>Expenses</b>						
Employee costs	2,156,973,711	-	2,156,973,711	2,003,131,850	153,841,861	93%
Use of goods and services	1,076,389,048	-	1,076,389,048	523,725,283	552,663,765	49%
Transfers to other Government Entities	1,252,372,180	-	1,252,372,180	775,484,501	476,887,679	62%
Other Grants and Subsidies	121,400,000	-	121,400,000	71,133,000	50,267,000	59%
other payments (civil contingency)	110,000,000	-	110,000,000	110,000,000	-	100%
Social Benefits	71,400,000	-	71,400,000	71,399,351	649	100%
<b>Total</b>	<b>4,788,534,939</b>	<b>-</b>	<b>4,788,534,939</b>	<b>3,554,873,985</b>	<b>1,233,660,954</b>	<b>74%</b>
<b>Capital items</b>						
Acquisition of PPE	1,447,018,294	-	1,447,018,294	513,226,330	933,791,964	35%
Acquisition of Intangible assets	-	-	-	-	-	0%
Purchase of investments	-	-	-	-	-	0%
Repayment of borrowings	-	-	-	-	-	0%
<b>Total expenses Development</b>	<b>1,447,018,294</b>	<b>-</b>	<b>1,447,018,294</b>	<b>513,226,330</b>	<b>933,791,964</b>	<b>35%</b>
<b>Total Expenses</b>	<b>6,235,553,233</b>	<b>-</b>	<b>6,235,553,233</b>	<b>4,068,100,314</b>	<b>2,167,452,919</b>	<b>65%</b>
<b>Surplus/ deficit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>775,848,974</b>		

**Reconciliation table**

	Operating	Financing	Investing	total
<i>Actual amounts on comparable basis presented in the budget and actual comparative statement</i>	775,848,974	-	-	775,848,974
<i>Basis difference</i>	-	-	-	-
<i>Timing differences</i>		-	-	-
<i>Entity differences</i>	-	-	-	-
<i>Classification differences</i>	-	-	(457,808,373)	(457,808,373)
<i>Actual in the statement of cashflows</i>	775,848,974	-	(457,808,373)	318,040,601

**Budget Notes**

1. The amount of Balance Brought forward of Kshs. 181,914,118 relates to unutilised funds held in special purpose accounts including the balances in recurrent and development accounts brought forward from prior financial year.
2. Compensation for employees relate to county staff salaries and allowances amounting to Kshs. 2,003,131,850 translating to 93% level of absorption for the year under review.
3. The Use of Goods and Services amounting to Kshs. 523,725,283 recording an absorption rate of 49% following the late of disbursement of funds affecting funds utilization and austerity measures to curb non-essential expenditure.
4. The Grant and Transfers relate to amount appropriated for emergency relief and the transfer to other County entities relate to projects such as Health donor funded projects, County HQ, ELRP and FLLoCA, there was late disbursement of the same hence the reported under absorption.
5. The expenditure on Social Security Benefits of Kshs. 71,399,351 relate to payment of gratuity benefits to employees under contract term of employment.
6. The budget appropriation for Other Payments relate to amount transferred to Emergency Fund. During the year the amount was Kshs. 110,000,000

7. The investing amount under cash flow from investing activities represents domestic payables from previous years settled in the current year-changes in the payables of Ksh. 457,808,373
8. The surplus in the statement of performance varies from the statement of comparison of budget and actual due to the domestic payables paid from prior years thus not part of performance for the current year. The domestic payables reduces the cashflows for the year.

## **14. Notes to the Financial Statements**

### **1. General Information**

Isiolo County Government is established by and derives its authority and accountability from The Constitution of Kenya 2010. The Entity is domiciled in Kenya and its principal activities are to provide essential services and foster local development, in line with the functions devolved to them by the constitution

### **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 1<sup>st</sup>/ 2<sup>nd</sup>/ 3<sup>rd</sup>/ year's financial statements are transitional financial statements and the following elements of the financial statements have not been recognised as the entity has taken advantage of the transition provisions outlined in IPSAS 33. (entity to state the transitional provisions it has applied and the steps being towards full compliance with IPSAS Accrual).*

*These financial statements were authorised for issue by the accounting officer on 25<sup>th</sup> 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 30 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 MtCO<sub>2</sub>eq. Entities commitment to climate change action does not constitute a present obligation on the balance sheet but are disclosed separately.

Physical assets

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

## Notes to the Financial Statements (Continued)

## 3. Adoption of New and Revised Standards

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

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

Standard	Effective date and impact:
	<p>iii. Amending where appropriate guidance across IPSAS related to measurement 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>

*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 1<sup>st</sup> January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1<sup>st</sup> 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>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1<sup>st</sup> 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>

*iii) Early adoption of standards*

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

Notes to the Financial Statements (Continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

**Transfers from other government entities**

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

ii) Revenue from exchange transactions

**Interest income**

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

**Dividends**

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

**Rental income**

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

b) Budget information

The original budget for FY 2024/25 was approved by the County Assembly on 2<sup>nd</sup> August 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded one additional appropriation on the 2024/25 budget following the governing body's approval. The Entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements.

**Notes to the Financial Statements (Continued)**

**Budget information (continued)**

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

**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).

**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.

**o) Changes in accounting policies and estimates**

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

**p) Employee benefits**

**Retirement benefit plans**

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

**q) Foreign currency transactions**

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

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.*

**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 are raised and management determines an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

## Notes to the Financial Statements (Continued)

## 6. Transfers from CRF

Nature of Transfer	Amount recognized to Statement of financial performance.	Amount deferred under deferred income.	Total transfers FY 2024/2025
			Kshs
Recurrent	3,332,852,712	-	3,332,852,712
Development	1,100,616,525	-	1,100,616,525
Special purpose transfers	228,155,934	-	228,155,934
<b>Total</b>	<b>4,661,625,171</b>	<b>-</b>	<b>4,661,625,171</b>

## 7. Miscellaneous Revenue

Nature of Revenue	FY 2024/2025
	Kshs
In kind grants and donations	-
Refunds & Reimbursements	-
Revenues not classified anywhere else	-
<b>Total</b>	<b>-</b>

## 8. Other Incomes

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

## Notes to the Financial Statements (Continued)

## 9. Employee Costs

Description	FY 2024/2025
	Kshs
Basic salaries of permanent employees	1,453,191,674
Basic wages of temporary employees	1,860,000
Personal allowances – part of salary	509,703,497
Pension and other social security contributions	-
Employer contributions to compulsory national social security schemes	38,376,680
Employer contributions to compulsory national health insurance schemes	-
Employer contribution to compulsory housing scheme	-
Other social benefit schemes	-
Other personnel costs	
<b>Total Employee costs</b>	<b>2,003,131,850</b>

## 10. Use of Goods and Services

Description	FY 2024/2025
	Kshs
Utilities, supplies and services	11,847,081
Communication, supplies and services	3,897,000
Domestic travel and subsistence	123,883,675
Foreign travel and subsistence	-
Printing, advertising, and information supplies & services	9,993,000
Rentals of produced assets	49,621,250
Training expenses	3,832,410
Hospitality supplies and services	30,726,662
Insurance costs	111,831,377
Specialized materials and services	367,316,369
Other operating expenses <i>including bank Charges</i>	89,441,968
Office and general supplies and services	13,106,014
Fuel Oil and Lubricants	24,734,495
Routine maintenance – vehicles and other transport equipment	9,591,989
Routine maintenance – other assets	2,114,600
Other-Temporary advances	83,399,836
<b>Total</b>	<b>935,337,726</b>

## Notes to the Financial Statements (Continued)

## 11. Transfers to Other Government Entities

Description	FY2024/2025
	Kshs
Transfers to other county government entities	132,525,819
Other grants and Subsidies	472,768,500
Other current transfers, Grants and Subsidies	36,635,000.0
Transfer to self-reporting Project-FLOCA	133,555,181
Other Payments-Civil contingency	110,000,000
<b>Total</b>	<b>885,484,501</b>

## 12. Depreciation and Amortization Expense

Description	FY 2024/2025
	Kshs
Property, plant and equipment	-
Intangible assets	-
Investment property carried at cost	-
<b>Total</b>	<b>-</b>

## 13. Other Grants and Subsidies

Description	FY 2024/2025
	Kshs
Membership dues and subscriptions to international organizations	-
Scholarships and other educational benefits	35,000,000
Emergency relief and refugee assistance	36,133,000
Grants to small businesses, cooperatives, and self employed	-
Subsidies to Public entities	-
Subsidies to Private entities	-
<b>Total Grants and Subsidies</b>	<b>71,133,000</b>

## 14. Finance Costs

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

## Notes to the Financial Statements (Continued)

## 15. Social Benefits

Description	FY 2024/2025
	Kshs
Transfers to the elderly	-
Transfers to orphans	-
Transfers to the physically challenged	-
Government Pension and Retirement Benefits	71,399,351
<b>Total social benefit expenses</b>	<b>71,399,351</b>

## 16. Gain/Loss on Sale of Assets

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

## 17. Gain/Loss on Foreign Exchange

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

## 18. Gain/Loss on Fair Value Investments

Description	FY 2024/2025
	Kshs
Investments at Fair Value	-
<b>Total Gain</b>	<b>-</b>

## 19. Impairment Loss

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

## Notes to the Financial Statements (Continued)

## 20. Taxation

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

## 21. Cash and Cash Equivalents

Description	FY 2024/2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Recurrent Account	14,521,776	10,769
Development Account	221,156,836	460,404
Deposits Account	360,000	6,873,887
Special Purpose Accounts	82,315,937	174,619,058
Other operating commercial accounts ( <i>Specify</i> )	(313,949)	-
<b>Total</b>	<b>318,040,601</b>	<b>181,964,118</b>

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

		Period ended	Opening Statement
		Jun-25	1 <sup>st</sup> July 2024
Financial Institution	Account number	Kshs	Kshs
<b>Recurrent Accounts</b>			
CBK00001	1000171405	14,521,776	10,769
<b>Development Accounts</b>			
CBK00002	1000171367	221,156,836	460,404
<b>Deposits Accounts</b>			
CBK00003	1000449411	360,000	6,873,887
<b>Special Purpose Accounts</b>			
ISIOLO COUNTY FUEL LEVY FUND	1000293427	64,267,144	11,424
ISIOLO COUNTY LIVESTOCK SUPPORT	1000392298	243,151	243,151
ISIOLO COUNTY KENYA DEVOL SUPP P	1000426845	4,602,932	14,454,354
ISIOLO COUNTY PRIMARY HEALTH CARE	1000580615	12	261,001
ISIOLO COUNTY CLIMATE CHANGE FUNDS	1000595744	13,202,443	104,994,405
ISIOLO COUNTY AGR SEC DEV S. PRG11	1000371307	-	-
ISIOLO COUNTY EMERGENCY LOCUST RE	1000580615	-	52,769,804

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ISIOLO COUNTY VILLAGE POLY PROJ	1000369377	-	-
ISIOLO COUNTY KENYA CLIMA S. AGRIC	1000371315	-	-
ISIOLO COUNTY HEALTH SERVICES ACC	1000270721	-	1,884,892
ISIOLO COUNTY COMMUNITY HEALTH PROM	1000744375	-	-
ISIOLO MUNICIPALITY URBAN DEV GRANT	1000392266	-	-
ISIOLO URBAN INSITUTIONAL GRANT	1000392274	27	27
ISIOLO COUNTY UHC FUNDS	1000408898	-	-
ISIOLO COUNTY URBAN INFRASTRUCTURE	1000743832	-	-
ISIOLO COUNTY 10TH GOK/UNFPA CP	1000743848	227	-
ISIOLO COUNTY HEADQUARTERS PROJECT	1000744367	-	-
<b>Other operating commercial accounts (Specify)</b>			
KCB ELRP	1285148894	-	52,049,189
Isiolo County Bursary Fund	1182179509	(396,699)	10,131,245
KCB ASDSP Acc	1224687353	-	3,896,000
KCB Kenya Climate Proj Acc	1235885739	-	39,134
Consolidated Emergency Fund	10111203000240	82,750	28,330
Isiolo Municipality Operational Account	1042226023400	-	-
Isiolo Municipality Urban Institutional Grant	1040226025000	-	-
Isiolo Municipality Urban Development Grant	1040226023900	-	-
<b>Total</b>		<b>318,040,601</b>	<b>181,961,118</b>

## Notes to the Financial Statements (Continued)

## 22. Receivables from Exchange Transactions

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

## i) Ageing analysis for Receivables

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

## ii) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

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

## Notes to the Financial Statements (Continued)

## 23. Receivables from Non-Exchange Transactions

Description	FY 2024/2025		Opening Statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Other debtors (non-exchange transactions)	-		-	
Less: impairment allowance	-		-	
<b>Total receivables from non- exchange transactions</b>	-		-	
<b>Ageing Analysis- Receivables from non-exchange transactions</b>	<b>FY</b>	<b>% of the total</b>	<b>Opening Balance</b>	<b>% of the total</b>
	24/25			
Less than 1 year	-	-	-	-
Between 1-2 years	-	-	-	-
Over 3 years	-	-	-	-
<b>Total</b>	-	-	-	-

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

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

## Notes to the Financial Statements (Continued)

## 24. Inventories

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

## 25. Investments

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

## d) Movement of Equity Investments

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

## Notes to the Financial Statements (Continued)

## e) Shareholding in other entities

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

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

*County Government of Isiolo*  
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**Notes to the Financial Statements (Continued)**

**26. Property, Plant and Equipment**

	Land	Buildings	Motor vehicles	Infrastructure assets	Furniture and fittings	Computers & ICT Equipment	Heritage assets	Work in progress	Machinery & Equipment	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 <sup>st</sup> July 2024	14,624,181,715	1,384,200,350	368,752,524	1,142,912,459	282,894,678	36,335,959	58,296,741	-	455,754,156	18,353,328,582
Additions	-	110,851,126	32,000,000	324,057,057	1,537,200	26,749,780	-	18,031,167	-	513,226,330
Disposals	-	-	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-	-	-
As At 30th Jun 2025	14,624,181,715	1,495,051,476	400,752,524	1,466,969,516	284,431,878	63,085,739	58,296,741	18,031,167	455,754,156	18,866,554,912
Depreciation And Impairment										
Depreciation	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-	-
As At 30th Jun 2025	-	-	-	-	-	-	-	-	-	-
Net Book Values										
Opening Bal as at 1 <sup>st</sup> July 2024	14,624,181,715	1,384,200,350	368,752,524	1,142,912,459	282,894,678	36,335,959	58,296,741	18,031,167	455,754,156	18,353,328,582
As At 30, 2025	14,624,181,715	1,495,051,476	400,752,524	1,466,969,516	284,431,878	63,085,739	58,296,741	18,031,167	455,754,156	18,866,554,912

## Notes to the Financial Statements (Continued)

## 27. Intangible Assets

Description	<i>FY 2024/2025</i>
	Kshs
<b>Cost/Opening balance at the beginning of the year</b>	-
Additions	-
Disposal	-
<b>At end of the year</b>	-
Additions–internal development	-
Disposal	-
<b>At end of the year</b>	-
<b>Amortization and impairment</b>	
<b>At beginning of the year</b>	-
Amortization	-
<b>At end of the year</b>	-
Impairment loss	-
<b>At end of the year</b>	-
<b>NBV</b>	-

## 28. Investment Property

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

## Notes to the Financial Statements (Continued)

## 29. Right-of-use assets

	<i>Buildings</i>	<i>Motor vehicles</i>	<i>Plant and equipment</i>	<i>Total</i>
	Kshs	Kshs	Kshs	Kshs
<b>Cost</b>				
As at 1 July 2024	-	-	-	-
Additions	-	-	-	-
As at June 2025	-	-	-	-
<b>Accumulated Depreciation</b>				
As at 1 July 2024	-	-	-	-
Charge for the year	-	-	-	-
As at June 2025	-	-	-	-
<b>Carrying Amount</b>				
As at June 2025	-	-	-	-

## 30. Biological Assets

<b>Description</b>	<i>Insert Current FY</i>	<i>Opening Statement 1<sup>st</sup> July 2024</i>
	Kshs	Kshs
Specify	-	-
Specify	-	-
<b>Total</b>	-	-

## 31. Tangible Natural Resources

	<i>Sub- soil assets</i>	<i>Water</i>	<i>Wildlife</i>	<i>Total</i>
	Kshs	Kshs	Kshs	Kshs
<b>Cost</b>				
As at 1 July 2024	-	-	-	-
Additions	-	-	-	-
As at June 2025	-	-	-	-
<b>Accumulated Depreciation</b>				
As at 1 July 2024	-	-	-	-
Charge for the year	-	-	-	-
As at June 2025	-	-	-	-
<b>Carrying Amount</b>				
As at June 2025	-	-	-	-

## Notes to the Financial Statements (Continued)

## 32. Trade and Other Payables

Description	FY 2024/2025		Opening Statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Trade payables-current	411,612,443		-	
Payments received in advance	-		-	
Employee payables	-		-	
Third-party payments	-		-	
Other payables-prior	573,534,902		1,243,393,771	
<b>Total trade and other payables</b>	<b>985,147,345</b>		<b>1,243,393,771</b>	
<b>Ageing analysis: (Trade and other payables)</b>	FY 2024/2025	%	<b>Opening balance</b>	% of the Total
Under one year	411,612,443	42%	285,980,566	23%
1-2 years	209,375,415	21%	671,432,636	54%
2-3 years	249,811,865	25%	186,509,066	15%
Over 3 years	114,347,621	12%	99,471,503	8%
<b>Total (tie to above total)</b>	<b>985,147,345</b>		<b>1,243,393,771</b>	

## 33. Refundable Deposits and Prepayments

Description	FY2024/2025		Opening Statement 1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Customer deposits	-		-	
Prepayments	-		-	
Other deposits	360,000		-	
<b>Total deposits</b>	<b>360,000</b>		<b>-</b>	
<b>Ageing analysis: (Refundable deposits)</b>	Current FY	% of the Total	<b>Opening Balance</b>	% of the Total
<b>Under one year</b>	360,000	100%	-	100%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	<b>360,000</b>		<b>-</b>	

## Notes to the Financial Statements (Continued)

## 34. Provisions

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

## 35. Lease Liabilities

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

## Maturity Analysis

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

## Analysed as:

Description	Amount
Current	-
Non- Current	-
<b>Total</b>	-

## Notes to the Financial Statements (Continued)

## 36. Deferred Income

Description	FY 2024/2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
National Government	-	-
International Funders	-	-
Public Contributions and Donations	-	-
<b>Total Deferred Income</b>	-	-

The deferred income movement is as follows:

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

Analysed as:

Description	Amount
Current	-
Non- Current	-
<b>Total</b>	-

Notes to the Financial Statements (Continued)

37. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	FY 2024/2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
<b>Total Employee Benefits Obligation</b>	-	-	-	-	-

**Retirement benefit Asset/ Liability (Applicable to Pensions)**

The Entity operates a defined benefit scheme for all full-time employees. The scheme is administered by Lap trust and are the custodians of the scheme. The scheme is based on 7% percentage of salary of an employee at the time of retirement.

On this basis the present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of valuation are as follows:

	FY 2024/2025	Opening Statement 1 <sup>st</sup> July 2024
Discount Rates	-	-
Future Salary Increases	-	-
Future Pension Increases	-	-
Mortality (Pre- Retirement)	-	-
Mortality (post-retirement)	-	-
Withdrawals	-	-
Ill Health	-	-
Retirement	-	-

## Notes to the Financial Statements (Continued)

**Recognition of Retirement Benefit Asset/ Liability**

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

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

b) Amounts recognized in the Statement of Financial Position

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

The Entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 200 per employee per month. Other than NSSF the Entity also has a defined contribution scheme operated by LAPTRUST. Employees contribute 3% while employers contribute 3% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

## Notes to the Financial Statements (Continued)

## 38. Borrowings

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

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

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

## Notes to the Financial Statements (Continued)

Description	FY 2024/2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

## 39. Service Concession Arrangements Liability

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

## 40. Cash Generated from Operations

	FY 2024/2025
	Kshs
<b>Surplus for the year before tax</b>	695,138,743
<b>Adjusted for:</b>	
Depreciation	-
Non-cash grants received	-
Contributed assets	-
Impairment	-
Gains and losses on disposal of assets	-
Contribution to provisions	-
Contribution to impairment allowance	-
<b>Working capital adjustments</b>	
Increase in inventory	-
Increase in receivables	-
Increase in deferred income	-
Increase in payables	411,612,443
Increase in payments received in advance	360,000
<b>Net cash flow from operating activities</b>	<b>1,107,111,186</b>

**Notes to the Financial Statements (Continued)****41. Financial Risk Management**

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

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

**i) Credit risk**

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

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

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

**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. 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
<b>As at 30 June 2025</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-

**Notes to the Financial Statements (Continued)**

**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
<b>As at 30 June 2025</b>			
<b>Financial Assets</b>	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
<b>Total Financial Assets</b>	-	-	-
<b>Financial Liabilities</b>			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
<b>Total Financial Liabilities</b>	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	-	-	-

**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
<b>20xx</b>			
Euro	10%	-	-
USD	10%	-	-
<b>20xx-1</b>			
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.

**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
<b>As at 30 June 2025</b>				
<b>Financial Assets</b>				
Quoted Equity Investments	-	-	-	-
<b>Non- Financial Assets</b>				
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 1<sup>st</sup> July 2024</i>
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	-	-
Capital Reserve	-	-
<b>Total Funds</b>	-	-
Total Borrowings	-	-
Less: Cash And Bank Balances	-	-
Net Debt/(Excess Cash And Cash Equivalents)	-	-
<b>Gearing</b>	-	-

## Notes to the Financial Statements (Continued)

## 42. Related Party Disclosures

**Nature of related party relationships**

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

**Government of Kenya**

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

**Other related parties include:**

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

	<i>FY 2024/2025</i>
	Kshs
<b>Transactions with related parties</b>	
<b>a) Sales to related parties</b>	
Others (specify) e.g. interest and bank charges	-
<b>Total</b>	-
<b>B) purchases from related parties</b>	
Purchases of electricity from KPLC	11,720,749
<b>Total</b>	<b>11,720,749</b>
<b>b) Grants /transfers from the government</b>	
Grants from national govt	194,525,102
<b>Total</b>	<b>194,525,102</b>
<b>c) Key management compensation</b>	
Compensation to key management	89,114,915
<b>Total</b>	<b>89,114,915</b>

**43. Segment Information**

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

**44. Contingent Assets and Contingent Liabilities****Contingent Assets**

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

**Contingent Liabilities**

	<i>FY 2024/2025</i>
	<b>Kshs</b>
<b>Contingent Liabilities</b>	-
Court Cases against the County Government of isiolo	85,000,000
Bank Guarantees in Favour of Subsidiary	-
Contingent Liabilities arising from Contracts Including PPPs	-
Others Specify)	-
<b>Total</b>	<b>85,000,000</b>

**45. Capital Commitments**

<b>Capital Commitments</b>	<i>FY 2024-2025</i>
	<b>Kshs</b>
Authorised for	-
Authorised and contracted for	-
<b>Total</b>	-

**Notes to the Financial Statements (Continued)**

**46. Events after the Reporting Period**

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

**47. Ultimate And Holding Entity**

The Entity ultimate parent is the Government of Kenya.

**48. Currency**

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

15. Appendix

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
			<i>(Resolved / Not Resolved)</i>	<i>(Put a date when you expect the issue to be resolved)</i>
<b>Basis for Opinion</b>				
1	Long Outstanding Pending Accounts Payables	The management acknowledges having outstanding pending bills and have budgetary provision to settle them	Not resolved awaiting senate sittings	Awaiting senate summon
2	Inaccuracies in the Asset Register			
2.1	Lack of Land Ownership Documents	The management have put in place asset management committee to address the issue	Not resolved awaiting senate sittings	Awaiting senate summon
2.2	Office Equipment, Furniture, and Fittings	The management have put in place asset management committee to address the issue	Not resolved awaiting senate sittings	Awaiting senate summon
2.3	ICT Equipment	The management has amended the ICT assets inventory register to include the missing information	Not resolved awaiting senate sittings	Awaiting senate summon
2.4	Machinery and Equipment	The management have put in place asset management committee to address the issue	Not resolved awaiting senate sittings	Awaiting senate summon
<b>Emphasis of Matter</b>				

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1	Budgetary Controls and Performance	The management have put in place mechanism to ensure absorption of budget	Not resolved awaiting senate sittings	Awaiting senate summon
<b>Other Matter</b>				
1	Prior Year Unresolved Audit Matters	The reports for prior years are yet to be discussed in the senate	Not resolved awaiting senate sittings	Awaiting senate summon
<b>Report on Lawfulness and Effectiveness in Use of Public Resources</b>				
1	Regularity of Human Resource Management Practices			
1.1	Non-Adherence to Ethnic Balance Requirement	The management will adhere to the Provisions of the National Cohesion and Integration Act of 2008 with a view to nurture a cohesive and all-inclusive County Public Service	Not resolved awaiting senate sittings	Awaiting senate summon
1.2	Non-Compliance with Fiscal Responsibility on Wage Bill	The management will ensure to meet the legal threshold in accordance with the Act.	Not resolved awaiting senate sittings	Awaiting senate summon
1.3	Retention of Staff Aged Over Sixty Years	The county is reviewing its staff establishment to adhere to threshold	Not resolved awaiting senate sittings	Awaiting senate summon
1.4	Over Commitment of Salaries	The county is undertaking staff audit to reduce over expenditure on salaries	Not resolved awaiting senate sittings	Awaiting senate summon
1.5	Lack of Human Resource, Skills Inventory and Succession Management Plans	The County will review the Human Resource Policies and Procedure Manual of July 2018 and	Not resolved awaiting senate sittings	Awaiting senate summon

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		align with the Draft Public Service Commission Human Resource Policies and Procedure Manual 2023		
1.6	Payment of Overtime and Extraneous Allowances	The management will onwards indicate the staff job groups, properly authorize and ensure the number of work hours paid for adheres to the Isiolo County Public Board Human Resource Policies and Procedures Manual	Not resolved awaiting senate sittings	Awaiting senate summon
1.7	Unlawful Creation of Employment Positions			
1.7.1	Advisors	The County will regularise the appointment in line with SRC guidelines.	Not resolved awaiting senate sittings	Awaiting senate summon
1.7.2	County Chief Officers and Deputy County Secretaries	The management will adhere to the staff establishment	Not resolved awaiting senate sittings	Awaiting senate summon
2.0	Regularity of Procurement and Award of Contracts			
2.1	Non-Compliance with Reporting Requirements for Contract Awards	The projects for the for the financial year 2023-2024 was published on Isiolo county website Isiolo.go.ke	Not resolved awaiting senate sittings	Awaiting senate summon
2.2	Irregularities in the Award of Contract for the Development of Isiolo County Spatial Plan 2023/2033	The management is committed to follow the set guidelines while awarding contracts	Not resolved awaiting senate sittings	Awaiting senate summon

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2.3	Delay in Completion of Isiolo Municipality Market	The management has made budgetary provisions to complete the market	Not resolved awaiting senate sittings	Awaiting senate summon
2.4	Upgrading of Isiolo Abattoir to International Standards			
2.4.1	Irregular Appointments	The accounting officer adhered to sec 24 (1) (b) of the public procurement Act by appointing project procurement officer as secretary to the committee to ensure segregation of responsibilities	Not resolved awaiting senate sittings	Awaiting senate summon
2.4.2	Irregular Notifications of Award and Regret Letters	The management is implementing internal controls and adhering to relevant procurement regulations.	Not resolved awaiting senate sittings	Awaiting senate summon
2.5	Irregular Procurement of Cleaning Services	The management provided a detailed description of the type and extent of cleaning services required has been documented in the department requisition	Not resolved awaiting senate sittings	Awaiting senate summon
2.6	Irregularities in Sourcing and Award of Security Contract	The management provided the necessary documents to support the validity of awarded contract	Not resolved awaiting senate sittings	Awaiting senate summon
3	Irregularities in Imprest Management	The management ensured that imprests were sufficiently surrendered	Not resolved awaiting senate sittings	Awaiting senate summon

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4	Stalled Projects			
4.1	Construction of Isiolo Municipal Stadium Phase I	The project has a legal tussle but the management is committed to complete soonest	Not resolved awaiting senate sittings	Awaiting senate summon
4.2	Construction of Isiolo County Headquarters	The state department of public works has handed over the project to the county and the management has made budget provisions to complete it	Not resolved awaiting senate sittings	Awaiting senate summon
5	Anomalies in Projects Implementation	The projects have since been successfully completed	Not resolved awaiting senate sittings	Awaiting senate summon
6	Proposed Construction of Accident and Emergency Centre at Isiolo County Referral Hospital	The project is now complete awaiting equipping	Not resolved awaiting senate sittings	Awaiting senate summon
7	Non-Preparation and Submission Financial Statements	The management confirms that the financial statements for Isiolo Municipality has been prepared and submitted for audit review	Not resolved awaiting senate sittings	Awaiting senate summon
8	Delay in Completion of Construction of Isiolo Fire station	The management is committed to complete the fire station	Not resolved awaiting senate sittings	Awaiting senate summon
9	Project Implementation Status	The county has restructured the budget to accommodate the projects not started and completion of the ongoing projects in the financial year 2024-2025	Not resolved awaiting senate sittings	Awaiting senate summon

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10	Irregular Allowances for Land Adjudication Process	The necessary expenditure support for the research studies, project preparation, design and supervision was done	Not resolved awaiting senate sittings	Awaiting senate summon
<b>Report on Effectiveness of internal controls, Risk management and governance</b>				
1	Failure to Adhere to Guidelines on Migration to New Accounting Framework	The management have put measures to ensure adequate preparedness on migration to accrual basis of accounting.	Not resolved awaiting senate sittings	Awaiting senate summon
2	Improper Management and Control of Motor Vehicles			
i.	Motor Vehicle Identification Details	The necessary information has been recorded on the updated Motor vehicle Assets Register	Not resolved awaiting senate sittings	Awaiting senate summon
ii.	Government Vehicle Registered in the Name of Private Parties	The County is in the process of transferring the ownership documents.	Not resolved awaiting senate sittings	Awaiting senate summon
iii.	Unregistered Ambulance Vehicles	The two special vehicles (ambulances) were donated and the process of transfer of ownership documents is ongoing.	Not resolved awaiting senate sittings	Awaiting senate summon
iv.	Variations in Motor Vehicle Records	The management has updated Motor vehicle register	Not resolved awaiting senate sittings	Awaiting senate summon

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v.	Unserviceable Vehicles	The management has set up an asset and disposal committee to effect disposals	Not resolved awaiting senate sittings	Awaiting senate summon
vi.	Motor Vehicles in Private Garages	The vehicles have been identified for disposal as they are not economical in cost of repairs.	Not resolved awaiting senate sittings	Awaiting senate summon
vii.	Failure to Maintain and Produce Motor Vehicle Registration Books	The County has initiated process of obtaining duplicate log books from national government ministries	Not resolved awaiting senate sittings	Awaiting senate summon
3	Understaffing in Internal Audit Unit	The management has advertised the position to address the issue	Not resolved awaiting senate sittings	Awaiting senate summon



Habiba J. Galgalo  
Accounting Officer

Date 25/08/2025

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Appendix II: Projects implemented by Isiolo County Government

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement	Consolidated in these financial statements (Yes/No)
County Head quarters	1	National Government	6 YRS	70%	-	YES
Isiolo Stadium	2	ICG	4YRS	-	-	YES
Isiolo Export Abattoir	3	KSCAP/ICG	3YRS	90%	-	YES
Isiolo Modern Market	4	ICG	7 YRS	-	-	YES

Status of Projects completion

Project	Total Cost	project	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
Construction of Sand Revenue Access Roads	40,000,000		39,966,466	Complete	40,000,000	39,966,466	ICG
County spatial plan ten-year plan	98,470,400		29,647,280	Ongoing	30,000,000	29,647,280	ICG
Opening of Access road - Ola jarole kachewa bula pesa ward	5,955,680		5,766,940	Complete	5,955,680	5,766,940	ICG
Road Maintenance across all wards	340,874,590		296,709,140	Complete	340,874,590	296,709,140	ICG
Construction of Bitumen Standard	180,311,676		18,031,168	On going	90,074,590	18,031,168.	ICG

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Fuel Tank Installation Excavation works at the Public works-Fuel Tank	10,000,000	9,860,140	Complete		10,000,000	9,860,140	ICG
Isiolo Abattoir Expo Support	50,076,148	50,076,148	Ongoing		50,076,148	50,076,148	ICG
Completion and Operationalization of Isiolo Hatchery at Isiolo Fish Farm	2,500,000	2,498,917	Complete		2,500,000	2,498,917	ICG
Renovation of Farm Offices at Isiolo fish farm	2,000,000	1,999,654	Complete		2,000,000	1,999,654	ICG
Construction of ECDE Classrooms	52,500,000	17,431,642	Ongoing		52,500,000	17,431,642	ICG
Emergency Centre	19,835,060	7,964,670	Complete awaiting equipping		19,835,060	7,964,670	KDSP 1
20 Km Pipeline new line system Alango to Bassa	23,090,000	19,617,137	Complete		23,090,000	19,617,137	ICG
Rehabilitation of broken-down boreholes at all wards	9,673,364	9,673,364	Complete		9,673,364	9,673,364	ICG
Modogash Mega Water Supply	30,000,000	29,886,818	Complete		30,000,000	29,886,818	ICG
Installation of solar flood lights	4,500,000	4,500,000	Complete		4,500,000	4,500,000	ICG
Construction of a New primary care facility at Parkuruk	4,600,000	4,600,000	Complete		4,600,000	4,600,000	ICG

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Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Deferred Income	Receivables	Others must be specific	-	
Roads maintainance fuel levy Fund	18-Jun-25	National govt Allocation	64,255,720	64,255,720	-	-		64,255,720	
Current Grants from Foreign Governments Danida	10-Jul-25	Conditional Grant	6,532,500	6,532,500	-	-		6,532,500	
Food Systems Resilience Project (FSRP)	04-Jul-25	Conditional Grant	70,127,132	70,127,132	-	-		70,127,132	
Kenya Urban Support Program (KUSP)-UIG	04-Jul-25	Conditional Grant	32,309,300	32,309,300	-	-		32,309,300	

Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
FLOCCA	climate change resielient project	To strengthen local resilience to the impact of climate change, natural hazards, and other shocks.	-Capacity building -Tree planting -Renewable energy Drilling and equipping boreholes	-	27,303,611	25,998,217	80,253,353	-World Bank -National Government -County Contributions	-National Government -County Governments

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
Disaster Preparedness Prevention Response & Recovery	Disaster Risk Awareness Preparedness & Management		Preparedness and Management of Drought and floods	Emergency Fund	110,000,000	Target Achieved

**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- 2024/2025
Land	14,624,181,715	-	-	-	14,624,181,715
Buildings and structures	1,384,200,350	110,851,126	-	-	1,495,051,476
Transport equipment-Motor vehicles	368,752,524	32,000,000	-	-	400,752,524
Office equipment, furniture and fittings	282,894,678	1,537,200	-	-	284,431,878
ICT Equipment	36,335,959	26,749,780	-	-	63,085,739
Machinery and Equipment	455,754,156	-	-	-	455,754,156
Biological assets	-	-	-	-	-
Infrastructure Assets- Roads, Rails	1,142,912,459	342,088,224	-	-	1,485,000,683
Heritage and cultural assets	58,296,741	-	-	-	58,296,741
Intangible assets	-	-	-	-	-
Work in Progress	-	-	-	-	-
<b>Total</b>	<b>18,353,328,582</b>	<b>513,226,330</b>	<b>-</b>	<b>-</b>	<b>18,866,554,912</b>