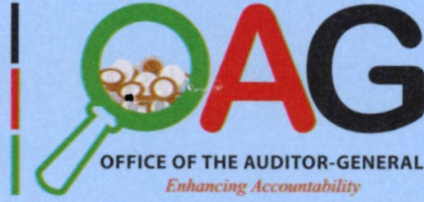
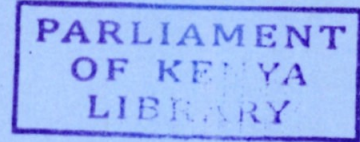


REPUBLIC OF KENYA



**REPORT**




**OF**

**THE AUDITOR-GENERAL**

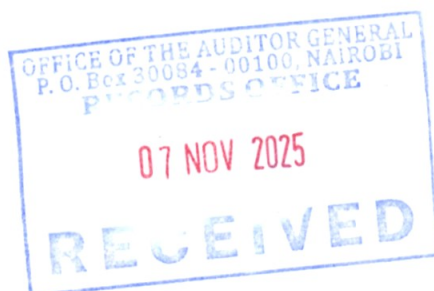
**ON**

**STATE DEPARTMENT FOR PUBLIC SERVICE  
AND HUMAN CAPITAL DEVELOPMENT**

**FOR THE YEAR ENDED  
30 JUNE, 2025**

 <b>THE NATIONAL ASSEMBLY PAPERS LAID</b>	
DATE: 11 MAR 2026	
DAY: WED	
TABLED BY:	DEWES MABARU RASH WATA
CLERK-AT THE-TABLE:	OBIERO

*Revised 30<sup>th</sup> June 2025*



REPUBLIC OF KENYA

MINISTRY OF PUBLIC SERVICE,  
HUMAN CAPITAL DEVELOPMENT  
AND SPECIAL PROGRAMMES

STATE DEPARTMENT FOR PUBLIC SERVICE  
AND HUMAN CAPITAL DEVELOPMENT

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**MINISTRY OF PUBLIC SERVICE, HUMAN CAPITAL DEVELOPMENT AND SPECIAL  
PROGRAMMES.**

**STATE DEPARTMENT FOR PUBLIC SERVICE AND HUMAN CAPITAL  
DEVELOPMENT**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE, 2025**

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**Transitional IPSAS Financial Statements**

*State Department for Public Service and Human Capital Development  
Annual Report and Financial Statements for the year ended June 30, 2025.*

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## **1. Acronyms and Definition of Key Terms**

### **A: Acronyms and Abbreviations**

<i>APSD</i>	<i>Africa Public Service Day</i>
<i>BETA</i>	<i>Bottom-Up Economic Transformation</i>
<i>BPR</i>	<i>Business re-engineering</i>
<i>CBK</i>	<i>Central Bank of Kenya</i>
<i>CHRP</i>	<i>Certified Human Resource Professional</i>
<i>CS</i>	<i>Cabinet Secretary</i>
<i>GHRIS</i>	<i>Government Human Resource Information System</i>
<i>HRMPEB</i>	<i>Human Resource Management Professionals Examination Board</i>
<i>HRIS(Ke)</i>	<i>Human Resources Management Information Services-Kenya.</i>
<i>ICPAK</i>	<i>Institute of Certified Public Accountants of Kenya</i>
<i>IPSAS</i>	<i>International Public Sector Accounting Standards</i>
<i>KDSP</i>	<i>Kenya Devolution Support Programme</i>
<i>MDAs</i>	<i>Ministries, Departments and Agencies.</i>
<i>MTP</i>	<i>Medium Term Plan</i>
<i>NG-CDF</i>	<i>National Government Constituency Development Fund.</i>
<i>OAG</i>	<i>Office of the Auditor General</i>
<i>OCOB</i>	<i>Office of the Controller of Budget</i>
<i>OSHA</i>	<i>Occupational Safety and Health Act</i>
<i>PFM</i>	<i>Public Finance Management</i>
<i>PPE</i>	<i>Property Plant &amp; Equipment</i>
<i>PRMIS</i>	<i>Post-Retirement Medical Insurance Scheme</i>
<i>PWDs</i>	<i>People with Disabilities</i>
<i>PS</i>	<i>Principal Secretary</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>SAGAs</i>	<i>Semi-Autonomous Government Agencies</i>
<i>SC</i>	<i>State Corporations</i>
<i>TNT</i>	<i>The National Treasury</i>
<i>WB</i>	<i>World Bank</i>

### **B: Definition of Key Terms**

**Fiduciary Management-** Members of Management directly entrusted with the responsibility of financial resources of the organisation.

## **2. Key MDA Information and Management**

### **(a) Background information**

The State Department for Public Service and Human Capital Development is under the Ministry for Public Service, Human Capital Development and Special Programmes which was established following the Presidential pronouncement on Government reorganization of the National Government Ministries in June 2025. The reorganization extended the Ministry for Public Service and Human Capital Development to include Special Programmes vide Executive Order No. 1 of 9<sup>th</sup> June, 2025 replacing Executive Order No. 2 of 1<sup>st</sup> November, 2023. The *MDA* is domiciled in Kenya and has two State Departments each headed by a Principal Secretary:

- i) The State Department for Public Service and Human Capital Development.
- ii) The State Department for Special Programmes.

### **(b) Mandate**

The Executive Order No. 1 of 2025 assigns the functions of the State Department for Public Service and Human Capital Development as follows:

- i) Public Sector Reforms and Transformation including Operational Standards and Process Engineering;
- ii) Government Human Resource Information Systems and Services;
- iii) Internship and Volunteer Policy for Public Service;
- iv) Government Payroll Policy and Standards;
- v) Government Shared Support Services;
- vi) Research, Development and Public Service Delivery Innovations;
- vii) Public Service Career Planning and Development;
- viii) Administration of Insurance and Welfare Programmes for the Civil Service including Comprehensive Group Life, Last Expense, Work Injury Benefits and Group Personal Accident Insurance Cover;
- ix) Overseeing the Management of National Youth Service (NYS); and
- x) Counselling Policy and Service.

### ***Vision***

A Centre of Excellence in Performance Management with An Agile and Responsive workforce for Quality Service Delivery

### ***Mission***

To provide Human Resource Policy Leadership, Advisory Services, Technical Support and Coordination in the Public Service.

### ***Core Values***

The State Department upholds the following core values in service delivery:

- i) Service Excellence and Professionalism
- ii) Efficiency and Effectiveness
- iii) Responsive and Results Oriented

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- iv) Values and Principle of Public Service,
- v) Integrity and Innovativeness
- vi) Citizen - Centric
- vii) Equity and Equality

**(c) Key Management**

The State Department day-to-day management is under the following key organs:

- i) Directorate of Human Resource Management
- ii) Directorate of Human Resource Development
- iii) Directorate of Management Consultancy Services
- iv) Directorate of Public Sector Reforms and Transformation
- v) Directorate of Counselling and Wellness Services
- vi) Directorate of Human Resource Information Services
- vii) Administration Directorate and Support Services Units.
- viii) Huduma Kenya Secretariat.
- ix) Kenya School of Government.
- x) National Youth Service.
- xi) Institute of Human Resources Management.

**(d) 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:

No	Designation	Name	Date of Appointment
1.	Cabinet Secretary	Hon. Justin B.N. Muturi, E.G.H.	Jun 2024-May 2025
2.	Cabinet Secretary	Hon. Geoffrey Kiringa Ruku	May 2025
3.	Accounting Officer	Amos Gathecha, EBS, ndc'(K)	Jul 2023-Feb 2025
4.	Accounting Officer	Dr. Jane Kere Imbunya, PhD.	Mar 2025
5.	Secretary/CEO, Huduma Kenya Secretariat	CPA. Benjamin Kai	May 2024-2025
6.	Secretary, Management Consultancy Services	Mr. Wekesa Bongo	Feb 2025
7.	Secretary, Human Resource Management Services	Dr. Jacob Mbijjiwe, PhD, OGW	Feb 2021-2025
8.	Secretary, Human Resource Development	Mr. David Njoroge	May 2023-2025
9.	Secretary, Public Service Reforms	Dr. Florence Muinde	Jan 2025
10.	Director, Administration	Mr. Vincent Matioli, OGW	April 2025
11.	Senior Chief Finance Officer	Mr. Francis Muteti	Jul 2018-2025
12.	Head Accounts Unit	CPA. Maureen Oganga	Mar 2023-2025
13.	Head Internal Audit	CPA. Purity Muriuki	Mar 2023-2025
14.	Head Supply Chain	Mr. Benard Nzau	Jan 2025

**(e) Fiduciary Oversight Arrangements**

The State Department has the following oversight committees:

**i) Audit Committee activities**

The Committee is responsible for:

- i) Evaluating whether processes are in place to address key roles and responsibilities in relation to risk management, evaluating the adequacy of the control environment to provide reasonable assurance that the systems of internal control are of a high standard and functioning as intended, performing an independent review of the financial statement to ensure the integrity and transparency of the financial reporting process.
- ii) Monitoring the effectiveness of an entity's performance information and compliance with the performance management framework and performance reporting requirements, evaluating the quality of the internal audit functions, particularly in the areas of planning, monitoring and reporting.
- iii) Engaging with external audit and assessing the adequacy of management response to issues identified by audit and reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements and promotes a culture committed to lawful and ethical behavior.

**ii) Parliamentary oversight committee activities**

- i) Ensure transparency and openness of executive activities
- ii) Hold the executive branch accountable.
- iii) Provide financial accountability. Parliaments approve and scrutinize government spending by highlighting waste within publicly funded services.
- iv) Uphold the rule of law.

**(f) State Department for Public Service and Human Capital Development Headquarters**

P.O. Box 30050 - 00100  
Harambee House, Harambee Avenue  
Nairobi, Kenya

**(g) State Department for Public Service and Human Capital Development Contacts**

Telephone: (254) 2227411  
Telex: 23125  
Email: [info@psyg.go.ke](mailto:info@psyg.go.ke)  
Website: [www.psyg.go.ke](http://www.psyg.go.ke)

**(h) State Department for Public Service Bankers**

- 1) Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
- 2) Other Banks-no other banks.



**(i) Independent Auditors**

Auditor-General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya

**(j) Principal Legal Adviser**

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

**3. Profile of Cabinet Secretary**

	<p><b>Hon. Justin B.N. Muturi, E.G.H.</b> (Jun 2024-May 2025) He is the immediate former Cabinet Secretary Ministry of Public Service and Human Capital Development. He holds a Bachelor of Law Degree (UON) and post graduate diploma in Law. He has vast experience having served as a Member of Parliament for Mbeere south since 1999, in 2003 as the seventh speaker of the National Assembly. In 2022, he was appointed as Attorney General, a role he held until mid-2024, after which he was moved to the Cabinet in charge of Public Service.</p>
	<p><b>Hon. Geoffrey Kiringa Ruku</b> (May 2025) He's currently the Cabinet Secretary for the Ministry of Public Service, Human Capital Development and Special Programmes. He is also the immediate former Member of Parliament for Mbeere North Constituency in the National Assembly of Kenya. He holds Master of Business Administration (MBA) in Finance, University of Nairobi, a Postgraduate Diploma in International Relations and Diplomacy, University of Nairobi, a Bachelor of Commerce, Catholic University of Eastern Africa.</p>

**4. Profile of Accounting Officer and Key Management.**

	<p><b>Accounting Officer/Principal Secretary (Jul 2023-Feb 2025)</b>  <b>Amos N. Gathecha, EBS, 'ndc' (K)</b>                  He is the former Principal Secretary State Department for Public Service and Human Capital Development. He holds a Masters of Arts degree in International Studies (UON) and a Bachelor's degree in Political Science and Philosophy (UON). Mr. Gathecha is a seasoned administrator with vast experience in Public Sector Management spanning over 33 years. Prior to his appointment as the Principal Secretary, he served as the Principal Administrative Secretary at the National Treasury, had served as Secretary Internal Security, had worked as County Commissioner and also as a District Commissioner.</p>
	<p><b>Principal Secretary (Mar 2025)</b>  <b>Dr. Jane Kere Imbunya, PhD.</b>                  She is currently the Principal Secretary State Department for Public Service &amp; Human Capital Development in Ministry of Public Service, Human Capital Development &amp; Special Programmes. Dr. Jane Kere Imbunya is the former Dean of School of Education and Social Sciences at Kaimosi Friends University. Dr. Imbunya holds a Bachelor of Education (B.Ed.) degree in Arts from the University of Nairobi, a Master of Education (M.Ed.) degree, a Master of Philosophy (MPhil) degree, and a Doctor of Philosophy (PhD.) degree from the University of Botswana. She is a member of the African Curriculum Association, Society for Educational Research in Kenya and Botswana Teaching Professional Counsel.</p>
	<p><b>Secretary, Human Resource Development</b>  <b>Mr. David Njoroge</b>                  He is currently the Secretary Human Resource Management and head of the Human Resource Development function in the Civil Service. Holds a Masters of Business Administration (Egerton University), a bachelor of Education B. Ed degree (Kenyatta University) and pursuing a PHD in Business Administration. Certified in various disciplines in Human Resource Management and Development, leadership, and governance both locally and internationally. He is a registered member of the Institute for Human Resource Management and Kenya Institute of management. Mr. Njoroge has over 30years work experience in Public Service.</p>
	<p><b>Secretary, Human Resource Management Services</b>  <b>Dr. Jacob Mbijiwe</b>                  Dr. Mbijiwe holds a Doctorate degree in Business Management, MBA (HRM), and Bachelor in Education. He has served in the Ministry of Industrialization and Enterprise Development as Assistant Director HRM&amp;D and the Teachers Service Commission. He also served in various capacities in the public sector including: National Council Board Member and Ministry of Public Service representative to the Institute of Human Resource Management and Secretary, Human Resource Management Advisory Committee, State Department for Public Service since 2015.He is also member of Institute of Human Resource Management.</p>

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	<p><b>Secretary, Management Consultancy Services</b>  <b>Mr. Wekesa Bongo</b>          Mr. Wekesa holds a Masters in Computer Science (2014) UON and a BSc in Computer Science (2011) Moi University. He has over 20 years' experience in public service having worked at several ministries and commissions currently in the ministry of Public Service and Human Capital Development. Mr. Wekesa is an active member of Information Systems Audit and Control Association (ISACA).</p>
	<p><b>Senior Chief Finance Officer</b>  <b>Mr. Francis Muteti</b>          Holds a Bachelor of Arts Economics from University of Nairobi and Master Degree in Economic Policy Management. Worked as a District Development Officer in various districts for 15 years, Planning Officer for 4 years, Principal Economist for 8 years and Deputy Director of Budget in the National Treasury for 5 years.</p>
	<p><b>Senior Deputy Accountant General</b>  <b>CPA Maureen Oganga</b>          She is the head of Accounts division and holds a Master of Business Administration (UON) and a bachelor of Commerce Degree (India). She has vast experience having served in different accounting capacities at the Ministries of Lands, Planning and East Africa Community. She is a Certified Public Accountant and a member of ICPAK.</p>
	<p><b>Director Supply Chain Management Services</b>          He is the Head Supply Chain Management Services. Holds a Master of Business Administration (KU), a Bachelor in Economics and Sociology (Egerton University) and a Diploma in Supply Chain Management (KSG). He has over 30 years' experience working in various Government ministries. He is a member of Kenya Institute of Management (KISM) and Chartered Institute of Procurement &amp; Supply (CIPS).</p>

## 5. Statement by the Cabinet Secretary



**Hon. Geoffrey Kiringa Ruku**

As the Ministry of Public Service, Human Capital Development and Special Programmes concludes another year of service to the nation, I hereby present the report that documents the accomplishments and the challenges we faced during the Financial Year 2024/2025. The Annual Financial Report for the State Department for Public Service and Human Capital Development for the fiscal year 2024/2025 sums up the financial stewardship, strategic initiatives, and performance outcomes of the Department, reflecting our commitment to achieving excellence in public service delivery with an agile and responsive Public Service.

The Ministry has a vital role to play in the implementation of MTP IV including: the automation of all its HR services and timely provision of services through Huduma Centres, Public Sector reforms to foster a citizen-focused and result-oriented public service, the institutionalization of Result-Based Management, Re-engineering of business processes and the establishment of Huduma Centres.

The Bottom-Up Economic Transformation Agenda is geared towards economic turnaround and inclusive growth. In support of BETA, the Ministry endeavours to review and develop Human Resources Management and Development Policies and Regulations for the Public Service. The development of effective Human Resources policies and regulations in public service not only improves the functioning and efficiency of the Public Service but also directly supports the Government's broader objectives as outlined in the BETA agenda.

The Ministry enhanced access to Public Services through multiple Huduma Kenya Platforms. Access to these services improved entrepreneurship and fostered economic growth especially in the MSME sector. In addition, enhanced access helped address disparities and ensured that marginalized and underserved communities received the support they needed.

During the report period, the Ministry supported the Healthcare agenda through the administration of Medical Insurance and Welfare Programmes for the Civil Service. To support the Government's agenda on the development of the Digital Superhighway and Creative Economy, the Ministry adopted a multifaceted approach including Business Process Re-engineering, ICT infrastructure enhancement, digitization and digitalization, capacity building and fostering innovation.

On the flipside, the Ministry faced several challenges impacting public service delivery and innovation. Key Issues Identified:

- Low awareness and slow adoption of the Public Service Delivery Innovation Strategy 2017.
- Inadequate innovation culture and limited institutional support.

Resource constraints affecting implementation of innovative initiatives. Resource constraints affecting implementation of innovative initiatives

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- Weak communication channels and poor knowledge sharing among public servants.
- Insufficient capacity building and gaps in relevant policy frameworks.

Strategies and Policies to Address the Issues:

- Ongoing review of the Public Service Delivery Innovation Strategy 2017.
- Development of a comprehensive Public Service Delivery Innovation Policy.
- Establishment of a centralized Knowledge Platform to support idea exchange and best practices.
- Institutionalization of continuous Monitoring and Evaluation to track progress and effectiveness of innovation efforts.

Cross-Cutting Issues:

- The need for a strengthened culture of innovation across all MDAs.
- Enhanced inter-agency collaboration and knowledge sharing.
- Capacity building initiatives to upskill public servants at all levels.
- Policy reforms to embed innovation and service delivery improvements within the public sector.

As we faced a dynamic and sometimes unpredictable financial environment, the Ministry remained steadfast in its mission to optimize resource allocation and ensure the sustainability of our public service initiatives.

**Hon. Geoffrey Kiringa Ruku**

  
.....

**Cabinet Secretary**

**Ministry for Public Service, Human Capital Development and Special Programmes.**

**6. Statement by the Accounting Officer**



**Dr. Jane Kere Imbunya, PhD.  
Principal Secretary**

The State Department is broadly charged with responsibility of: Public Sector Reforms and Transformation including operational standards and processes re-engineering; Government Human Resource Information Systems and Services; Overseeing the management of National Youth Service; Internship and Volunteer Policy for Public Service; Government Payroll Policy and Standard; government Shared Support Services; Research Development and Public Service Delivery Innovations; Public Service Career Planning and Development; Administration of Insurance and Welfare programmes for the civil service including comprehensive group life, last expense, work injury benefits and group personal accident Insurance covers; and Counselling Policy and Service.

The State Department achieved the following key milestones in the FY 2024/2025 under various priority areas;

**a) Public Service Reforms**

All the serving 162 CS, PS & senior officials and 124,211 civil servants were provided with comprehensive medical cover. Medical scheme covers all national Government civil servants and some staff in county governments. Once beneficiaries retire, they access the scheme until the end of the contract. In addition, the State Department trained and certified 17,634 course participants: 13,793 from the National Government and 3,233 from County Governments 380 Private Sector and 228 Non-Governmental Organizations. A total of 16 new priority programmes were developed and 12 existing programmes were reviewed rolled out at the Kenya School of Government.

**b) Youth Skilling, Employment and wealth creation**

A total of 34,100 youths were trained in paramilitary skills These comprised of 24,342 males and 9,758 females, inclusive of 42 PWDs (29 males and 13 females). In addition, a total of 14,602 of youths were engaged in tasks of national importance. The cohort deployed in quarter two comprising of 10,083 males and 4,519 females continued their engagement.

**c) Public Service Wellness**

A total of 327 Mental Health Champions across MDACs were trained to support in identification of Mental health cases at the workplace. Sensitizations on Workplace stress and building of resilience was undertaken in 25 State Departments and a total of 8,100 Civil Servants were provided with Psychological Counselling Services.


**d) Integrated Service Delivery Models**

Government Human Resource Information System (GHRIS) has been replaced by Human Resource Information Services Kenya (HRIS-Ke) and on the new system, payroll and establishment modules have been finalized and rolled out. The system has been Integrated with other systems (IFMIS, iTAX and CBK). New re-engineered payroll module within the HRIS-Ke System is complete. Training has taken place for TOTs and End-Users for all Ministries, Departments, and Counties (Executive and Assemblies) & State Agencies under IPPD. A Circular on ‘Official Rollout of the Human Resource Information System–Kenya (HRIS-Ke) in the Public Service’ was released in December 2024 to the Public Service and 198 public service payrolls have been already migrated.

In the implementation of Huduma Service Delivery programme, a total of 14,120,167 citizens were served through various service delivery platforms; Mombasa, Makadara, Migori, Lonhro house and Contact Centre were refurbished and construction/operationalization of Huduma Centres across Sub-Counties was done in collaboration with NG-CDF. Huduma Kenya has operationalized Laikipia East, Makutano, Kathwana, Gatundu North, Kamwangi, Kisumu West-Ojala, Maara and Marimanti Huduma Centres. The digitalization of government services has resulted in a reduced number of customers visiting Huduma Centres.

**e) Policy, Legal and Institutional Reforms**

The State Department for public service enhanced Policy, Institutional and Legal Frameworks by undertaking the following: Developed Payroll Management policy, 2025 for the Public Service; Developed Internship and Volunteer Policy and Guidelines for the Public Service; Reviewed Designated Hardship Areas awaiting gazettment; and Developed Draft Human Resource Management and Development Bill pending consultation with the Public Service Commission as guided by the Attorney General.



.....  
**Dr. Jane Kere Imburya, PhD.**

**Principal Secretary**

**State Department for Public Service and Human Capital Development**

**State Department for Public Service and Human Capital Development  
Annual Report and Financial Statements for the year ended June 30, 2025**

**7. Statement of Performance Against Predetermined Objectives for FY2024/25**

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer presents a statement of performance against predetermined objectives of the MDA.

The key strategic objectives as per the State Department for public Service and Human Capital development strategic plan for FY 2023 to FY 2027 are to;

- i) Increase Access to Public services from 14 million in 2023/24 to 21 million by 2027/28;
- ii) Review/Develop Human Resource Policies, Laws, Regulations and Guidelines annually;
- iii) Ensure 100% Compliance with Human Resource Policies, Laws, Regulations and Guidelines in the Public Service;
- iv) Provide Advisory Services and Technical support in the development/review of Human Resource Instruments to all MDACs;
- v) Increase digitalization and automation of Public Service Human Resource Processes from 40% in 2023/24 to 80% 2027/28;
- vi) Improve Public service Skills and Competencies Acquisition by 10% annually;
- vii) Promote employee welfare and wellness in the Public Service and a culture of Transformational Leadership in all ministries.

Expenditure in the FY was geared toward realization of the aforementioned strategic objectives as captured in the Strategic plan for FY2023 to 2027. Linked to these objectives are specific programmes outcomes and outputs and performance indicators. The implemented programmes are tabulated against actual achievements in the format presented in the table below, on programme performance, to demonstrate the progress towards achievement of the predetermined objectives.

**Table A: Programme performance**

Program	Strategic Objective	Outcome	Output	Output indicator	Annual Target 2024/25	Actual Achievement As at 30 <sup>th</sup> June, 2025	Variance	Remarks
<b>1: Public Service Human Resource Management and Development</b>	To develop a responsive Public Service with dynamic strategies, structures and systems for quality service delivery	All national Government civil servants and some staff in county governments covered.	Medical Insurance Schemes administered	No. of Civil Servants Covered	145,000	124,211	20,789	When beneficiaries retire, they access the scheme until the end of the contract
	To develop/review	1. Payroll Management policy,	HRM Policies and Guidelines for	No. of policy documents	4	4	0	Target achieved.

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Program	Strategic Objective	Outcome	Output	Output indicator	Annual Target 2024/25	Actual Achievement As at 30 <sup>th</sup> June, 2025	Variance	Remarks
	policy documents	Internship and Volunteer Policy and Guidelines, Policy on Designated Hardship Areas and HRM &D Bill done.	Public Service developed/ reviewed	developed /reviewed				
	To administer Examinations	All Examinations administered	Examinations administered	No of examinations conducted	4	4	0	All Examinations administered
	To certify CHRP Candidates	708 HRMPEB candidates. certified and gazetted.	CHRP certified	No of CHRP certified	800	708	92	89% of candidates certified
	To Gradually increase officers access to the fund	Increased number of officers accessing the fund	More Public Servants accessing Training Revolving Fund (TRF)	No. of Public Servants accessing TRF	350	192	158	Numbers increased from 43 in Fy 2023/24 to 192 in FY 24/25.
	To conduct Skills Capacity Gaps Assessment	Achieve Skills Capacity Gaps Assessment targets.	Skills Capacity Gaps in the Public Service assessed.	No. of Skills Capacity Gaps Assessment conducted	7	7	0	Achieved
	To undertake Capacity building on Human Resource Development (HRD) practices in Counties	50% of the counties trained.	Capacity building HRD practices in Counties undertaken	No. of Counties supported in developing their capacities in HRD	47	23	24	This is dependent on County Request
	To Train and develop Capacity for the public service	Achieve Training and Capacity	for the public service undertaken	No. of Public servants trained through	1300	1320	+20	Target exceeded.

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Program	Strategic Objective	Outcome	Output	Output indicator	Annual Target 2024/25	Actual Achievement As at 30 <sup>th</sup> June, 2025	Variance	Remarks
		Development targets.		GoK/donor support programme				
	To develop HRD Policy documents	Develop HRD Policy documents	HRD Policy documents developed	No. of HRD policy documents developed	1	1	0	Advisory from Attorney General received and communication has been done to PSC
	To mentor young Professionals for leadership	Increased mentorship	Young Professionals mentored	No. of young Professionals mentored.	200	215	+15	Exceeded.
	To roll out the Public Service Competency Framework	Implementation of the Public Service Competency Framework	Public Service Competency Framework implemented	No. of MDACs capacity built on Competency Framework	1	1	0	Done.
	To Develop/Review Career guidelines for cadres in the service in accordance with job families	Achieve Career guidelines for cadres in the service development.	Career guidelines for cadres in the service developed/reviewed.	No. of Career Guidelines developed	12	19	+7	Target exceeded.
	To Review MDACs Organizational structures	Reviewed MDACs Organizational structures	Organizational Review for MDACs undertaken	No. of MDACs organizational structures reviewed	18	17	1	Good Progress
	To consolidate HR Data	Upload all MDACs data in GHRIS/ Data warehouse	HR Data consolidated.	No. of cumulative MDACs uploaded in GHRIS/	323	320	3	The new re-engineered payroll module within the HRIS-Ke

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Program	Strategic Objective	Outcome	Output	Output indicator	Annual Target 2024/25	Actual Achievement As at 30 <sup>th</sup> June, 2025	Variance	Remarks
	To develop Payroll modules			Data warehouse				System is complete.
		Develop Payroll module within HRIS-Ke system	Module developed.	No. of cumulative Modules developed	1	1	0	Done.
	To integrate GOK systems with HRIS-Ke	Increased integration of GOK systems with HRIS-Ke	GOK systems integrated with HRIS-Ke	No. of cumulative GOK systems integrated with HRIS-Ke	3	1	2	On going
	To train Staff from MDACs on HRIS-Ke,	Increased Training for TOTs and End-Users for all MDACs under IPPD.	Training for TOTs and End- Users for all MDACs underway.	No. of staff trained from MDACs	650	315	355	Training ongoing.
	To Generate Unified Payroll Number (UPN)	Generation of Unified Payroll Number (UPN)	Unified Payroll Number (UPN) generated	No. of cumulative UPN generated	57,000	49,267	7,733	On target.
	To strengthen Public Service Psychological Counselling Services	Accelerate training of Mental Health Champions in MDACs.	Public Service Psychological Counselling Services strengthened.	No. of Public Service Mental Health Champions in MDACs trained	300	327	+27	Exceeded target.
		25 State Departments and a total of 8,100 Civil Servants were provided with Psychological	Sensitizations on Workplace stress and building of resilience undertaken.	No. of public officers provided with counselling and wellness service	8,000	8,100	+100	Exceeded target

**State Department for Public Service and Human Capital Development**  
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Program	Strategic Objective	Outcome	Output	Output indicator	Annual Target 2024/25	Actual Achievement As at 30 <sup>th</sup> June, 2025	Variance	Remarks
		Counselling Services.						
	To conduct Research on Public servants mental Health status.	Increased Mental Health status surveys conducted in the service	Data analyzed and report written	No. of surveys on Mental Health status conducted in the service	1	1	0	Done.
<b>2: Public Service Transformation</b>	To serve Customers through Huduma Kenya Service (HKS) delivery platforms	Increased Digitalization of government services	Millions of customers served through HKS digital systems	No. of Customers (in Millions) served annually through HKS.	14.0	14.12	+0.12	Reduced number of customers physically visiting Huduma Centres.
	To construct/Operationalize Huduma Centres in Counties /Sub-Counties	Construction of more Huduma Centres in Counties/Sub-counties	Additional Huduma Centres constructed.	No. of additional Huduma Centres constructed in Counties/Su b-counties	2	5	+3	Overachievement is attributed to enhanced collaboration with NGCDF.
	To undertake Huduma Mashinani outreaches	Strengthening of partnerships in conducting the outreaches	Huduma Mashinani outreaches undertaken	No. of Huduma Mashinani Outreaches	63	123	+60	Overachievement is attributed to strengthened partnerships.
	To conduct Customer Service excellence Standards trainings.	Increased trainings on Customer Service excellence Standards.	MDACs staff trained on service excellence and Huduma Standards	No. of MDACs staff trained on service excellence and Huduma Standards	515	473	42	Training is ongoing.
	To hold the Annual Africa Public Service	Celebration/show casing of African Public	Innovations submitted and evaluated.	No. of Service Delivery	100	108	+8	Target achieved

**State Department for Public Service and Human Capital Development**  
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<b>Program</b>	<b>Strategic Objective</b>	<b>Outcome</b>	<b>Output</b>	<b>Output indicator</b>	<b>Annual Target 2024/25</b>	<b>Actual Achievement As at 30<sup>th</sup> June, 2025</b>	<b>Variance</b>	<b>Remarks</b>
	Day for Local and Continental Public Servants to celebrate/showcase their achievements/innovations.	servants' innovations.		Innovations submitted and evaluated				
<b>Programme 3: General Administration, Planning and Support Services</b>	To improve Working conditions	Conduct surveys	Survey yet to be conducted.	% of employee satisfaction level	70%	-	-	Survey conducted in FY 2023/2024
	To improve Human Resource Services.	All the officers appraised for the FY 2023/24	Human Resource Services improved	No. of officers supervised & appraised	300	300	0	Supervision done continuously.
	To ensure efficient utilization of Funds allocated	100% absorption of funds	Funds allocated utilized efficiently	% Absorption rate	100	100	0	Target achieved.
	To Information and Communication Technology improved	Automate Key Business and Management Processes	Information and Communication Technology improved	No. of Automated Key Business and Management Processes	2	2	0	Achieved
	To Monitor and evaluate Programs/Projects	To be undertaken in 2025/2026 FY	Programs/Projects to be Monitored and evaluated	No. of Monitoring and Evaluation reports	2	-	-	To be undertaken in 2025/2026 FY
	To develop Performance Contracts	Targeted contracts developed and signed	Performance contracts developed and signed	No. of Performance Contracts signed	2	2	0	Achieved
	<b>Programme 4: National Youth Service</b>	To train Youth in paramilitary skills	Train more youths including PWDs.	34,100 youths trained in paramilitary skills.	No. of youth trained in paramilitary skills	40,000	34,100	5900

**State Department for Public Service and Human Capital Development  
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Program	Strategic Objective	Outcome	Output	Output indicator	Annual Target 2024/25	Actual Achievement As at 30 <sup>th</sup> June, 2025	Variance	Remarks
	To engage Servicemen/women in National Service	Increased deployment of Servicemen/women cohorts	Servicemen/women engaged in National Service.	No. of SM/W deployed to National Service	14,604	14,602	2	Target achieved.
	To Increase Food Production	Increased Food Production	Produced a total of 1506 tonnes of food in support of food and nutrition security in the Country	Tons of Food	3,000	1,506	1,494	50% achievement
	To increase National Tree Cover	2,953,996 trees were propagated and grown	National Tree Cover increased.	No. of tree seedlings grown	50 million	2,953,996	2.1	On target.
	To train SM/W in Technical and Vocational Skills	Increased training for SM/W	28,088 SM/W trained.	No. of SM/W trained	42,690	28,088	17,602	Trained 50% of target
	To increase youth access to employment opportunities	Increased youth access to employment opportunities	Created job linkages for jobs both locally and abroad.	No. of SM/W linked to jobs	1,100	1,202	+102	Exceeded target
	To implement NYS Commercial Enterprises Business Plans.	Improved revenue generation.	NYS Commercial Enterprises Business Plans implemented.	Revenue generated (Kshs. in Mn)	540	133.4	406.6	Improvement compared to prior years.
		Increased engagement of SM/W in commercial enterprise activities	Engaged 296 SM/W in various commercial /enterprise activities.	Number of SM/W engaged in commercial and enterprise activities	1,000	296	704	More engagement required.

## **8. Governance Statement**

The governance structure of the State Department for Public Service and human capital development is anchored on a robust leadership team that drives the strategic vision and operational efficiency of the Department. The leadership team is composed of individuals with diverse qualifications and experience. The governance structure is hierarchical by nature where the Cabinet secretary is at the top as a political head, then principal secretary as the accounting officer under him/her are the senior management head of directorates followed by middle management who head departments/units and at the bottom are the staff. The Department requires all employees and leadership to disclose any potential conflicts as per the guidelines in Public Officers ethics Act and article 75 of the Constitution of Kenya. During the reporting period there was no indications that would suggest conflict of interest among all stake holders.

The State Department has operationalized the following Management committees:

### **1) Audit Committee**

The Committee is responsible for:

- i) Evaluating whether processes are in place to address key roles and responsibilities in relation to risk management, evaluating the adequacy of the control environment to provide reasonable assurance that the systems of internal control are of a high standard and functioning as intended, performing an independent review of the financial statement to ensure the integrity and transparency of the financial reporting process.
- ii) Monitoring the effectiveness of an entity's performance information and compliance with the performance management framework and performance reporting requirements, evaluating the quality of the internal audit functions, particularly in the areas of planning, monitoring and reporting.
- iii) Engaging with external audit and assessing the adequacy of management response to issues identified by the auditors and reviewing the effectiveness of the internal controls. The committee monitors compliance with relevant legislative and regulatory requirements and promotes a culture committed to lawful and ethical behavior.

The composition of the committee is as follows:

<b>S/no.</b>	<b>Name</b>	<b>Position</b>
1	Pius Nduathi	Chairperson
2	Purity Muriuki	Secretary/Head Internal Audit
3	Abdi Ali	Member
4	Joshua Molio	Member
5	Ambrose Agenga	Member
6	Isabella Kogei	Member

The committee meetings were held once per quarter.

### **2) PFM Standing Committee**

Role and responsibilities of the standing committee;

***State Department for Public Service and Human Capital Development  
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- i) Ensuring that there is prioritization on resources allocated to a national government entity for the smooth implementation of the entities mission, strategy, goals, risk policy plans and objectives;
- ii) Regularly reviewing, monitoring budget implementation and advice on the entity's accounts, major capital expenditures and reviewing performance and strategies at least on a quarterly basis;
- iii) Identifying risks and implementation of appropriate measures to manage such risks or anticipated changes impacting on the entity;
- iv) Reviewing on a regular basis the adequacy and integrity of the entity's internal control, acquisition and divestitures and management information systems including compliance with applicable laws, regulations, rules and guidelines;
- v) Establishing and implementing a system that provides necessary information to the stakeholders including stakeholder communication policy for the entity in line with Article 35 of the Constitution;
- vi) Monitoring the effectiveness of the corporate governance practices under which the entity operates and proposes revisions as may be required, from time to time;
- vii) Monitoring timely resolution of audit issues; and other matter referred to it from time to time by the responsible Cabinet Secretary or in the case of Parliament, Judiciary, independent office and commissions, the head of that entity.

The Standing Committee submits a quarterly report of its work including any recommendations to the responsible Cabinet Secretary.

This Committee is composed of the following members;

<b>S/no.</b>	<b>Name</b>	<b>Position</b>
1	Munyembo Mwachala	Alt.Chairperson
2	Francis Muteti	Secretary
3	Maureen Oganga	Member
4	Ben Chilumo	Member
5	Isaac Ngige	Member
6	Benson Mapesa	Member
7	Jacob Mbijjiwe	Member
8	David Njoroge	Member

The committee meetings were held once per quarter.

### **3) Budget Implementation committee**

The Committee is responsible for;

- i) Reviewing and consider the cash flow plans, reviewing the utilization of cash limits and consider any changes, reviewing the utilization of Development Partners funds votes for the

**State Department for Public Service and Human Capital Development**  
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MDA and advising the Accounting Officer on any challenges related to the budget implementation.

- ii) Reviewing and recommending reallocation of expenditures, reviewing and approve the submission of the Quarterly performance, participating in sector working groups and preparing the budgets for MDA in consultation with Heads of Departments.

This Committee is composed of the following members;

S/no.	Name	Position
1	Francis Muteti	Chairperson
2	Gideon Achwoga	Secretary
3	Ben Chilumo	Member
4	Isaac Ngige	Member
5	Benson Mapesa	Member
6	Jacob Mbijjiwe	Member
7	David Njoroge	Member

The committee meetings were held once per quarter.

**4) Ministerial Human Resource Management Advisory Committee**

The Committee is responsible for making recommendations to the Authorized Officer regarding:

- i) Recruitment, selection and appointment performance Management, promotions, confirmation in appointment training and Development and training Impact Assessment.
- ii) Management of skills inventory, establishment and complement control, payroll management
- iii) Deployment, promotion of values and principles of public service and recommendation for secondment and unpaid leave.
- iv) Recommendation for retirement on medical grounds, recommendation for re-designation, recommendation for renewal of contract, discipline and pension administration.

The Committee is composed of the following members and held meetings on a monthly basis.

S/No.	Name	Capacity
1.	Munyembo Mwachala	Chairperson -to February, 2025
2.	Kiarie Njuguna	Chairperson -to April,2025
3.	Vincent Matioli	Chairperson from April 2025
4.	Yusuf Ibrahim	Member
5.	Denis Mutahi	Member
6.	Benjamin Chilumo	Member
7.	Peris Bosire	Member
8.	Jane Ndiba	Member

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9.	Willis Ombima	Member
10.	Dr. Gladys Asuga	Member
11.	Alice Nyathoko	Secretary

**Risk management policies in the State Department**

The State Department has constituted a multi-unit committee that addresses potential risks in the entity's operations which includes regular risk assessments, development of mitigation strategies, and continuous monitoring. The risks encountered by the State Department were mainly operational, functional and systematic. They were mitigated through;

- i) Strong internal controls that must be detective, preventive, and corrective.
- ii) Separation of powers and segregation of duties.
- iii) Pay roll controls and restricted access controls.
- iv) Accounting controls and definite policy guidelines.

**Recent training and development on governance for those in key leadership.**

The Department recognizes the importance of continuous professional development for its leadership. Recent training programs focused on:

- i) Corporate Governance: Training sessions on best practices in corporate governance, emphasizing the importance of transparency, accountability, and ethical leadership;
- ii) Financial Management: Workshops on advanced financial management techniques, equipping leaders with the skills to manage public funds effectively and responsibly; and
- iii) Risk Management: Specialized training on risk identification, assessment, and mitigation to enhance the Department's resilience to operational and strategic risks.

**Public participation activities**

Public participation is a cornerstone of the Department's governance approach. In the FY 2024/25 the state department conducted public participation where activities included:

- i) Stakeholder Consultations: Regular consultations with stakeholders, including civil society organizations, community leaders, and the general public, to gather input on policy development and service delivery;
- ii) Public Forums: Organized public forums to discuss key initiatives and gather feedback, ensuring that the Department's programs are responsive to the needs and expectations of the public; and
- iii) Digital Engagement: The Department has leveraged digital platforms to engage with citizens, allowing for wider participation and feedback on its activities and policies.

**Compliance with laws and regulations among others.**

The State Department for Public Service is committed to full compliance with all applicable laws and regulations. This includes adherence to public finance management laws, procurement regulations, employment laws and Statutory Requirements. Regular compliance audits and reviews are conducted to ensure that the Department's operations are in line with legal requirements. In addition, apart from the pending bills which continues to be given priority for payment, the State Department has no Financial Improbability and no Serious Governance Issues.

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**9. Management Discussion and Analysis**

During the financial year 2024/25, the State Department for Public Service was allocated a total gross budget of **Kshs. 16,584,058,458** made up of **Kshs. 16,083,058,458** and **Kshs. 501,000,000** for Recurrent and Development Vote respectively approved by the OCOB.

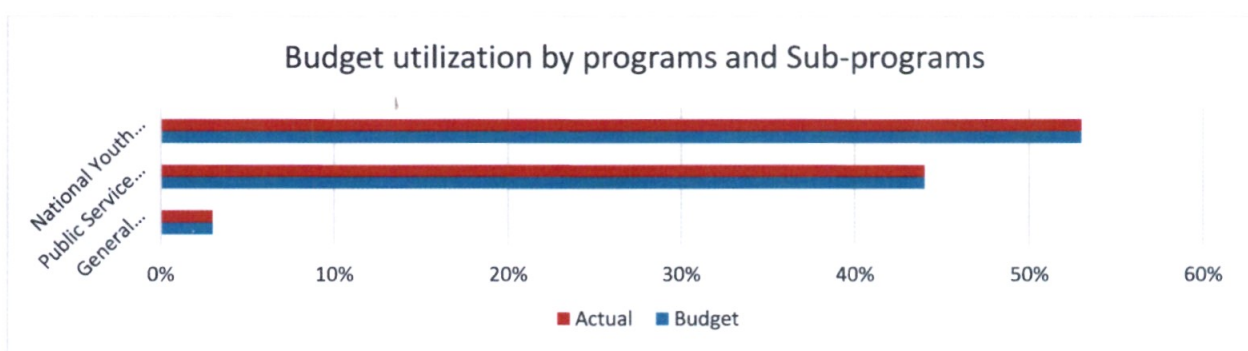
The following is the budget performance against actual amounts for the financial year 2024/2025;

**Budget Execution highlight for the year**

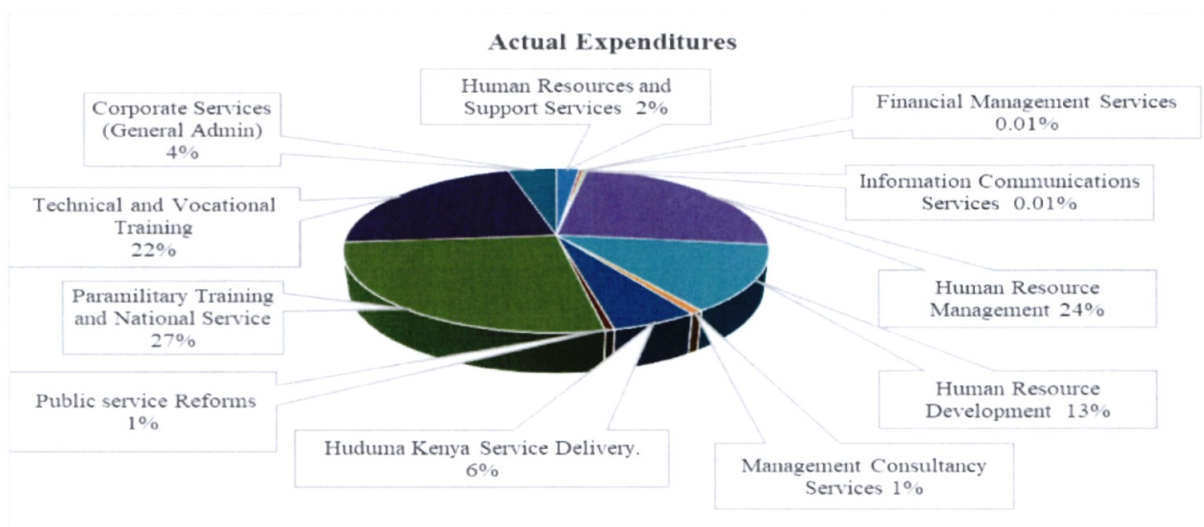
Details	Annual Final Budget	Actual Cumulative to Date	Utilization%
	<b>Kshs</b>	<b>Kshs</b>	
Receipts	19,807,604,243	19,406,745,022	98%
Payments	19,807,604,243	19,400,611,125	98%
Surplus/ Deficit	-	<b>6,133,897</b>	

State Departments operations classified as per programmes and sub-programms;

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance
<b>709000000</b>		<b>General Administration Planning and Support Services</b>	<b>459,357,176</b>	<b>548,096,239</b>	<b>(88,739,063)</b>
	709010000	Human Resources and Support Services	377,167,523	409,903,036	(32,735,513)
	709020000	Financial Management Services	71,550,857	71,438,366	112,490
	709030000	Information Communications Services	10,088,797	66,204,837	(56,116,040)
<b>710000000</b>		<b>Public Service Transformation</b>	<b>8,836,112,874</b>	<b>8,518,675,480</b>	<b>317,437,394</b>
	710010000	Human Resource Management	4,662,071,009	4,644,568,694	17,502,315
	710020000	Human Resource Development	2,654,327,152	2,552,049,392	102,277,759
	710030000	Management Consultancy Services	155,607,598	155,555,352	52,245
	710040000	Huduma Kenya Service Delivery.	1,278,503,543	1,078,884,409	199,619,133
	710060000	Public service Reforms	85,603,572	87,617,633	(2,014,061)
<b>747000000</b>		<b>National Youth Service</b>	<b>10,511,389,030</b>	<b>10,279,057,037</b>	<b>232,331,993</b>
	747010000	Paramilitary Training and National Service	5,401,344,730	5,169,012,737	232,331,993
	747020000	Technical and Vocational Training	4,257,949,900	4,257,949,900	0
	747030000	Corporate Services (General Admin)	852,094,400	852,094,400	0



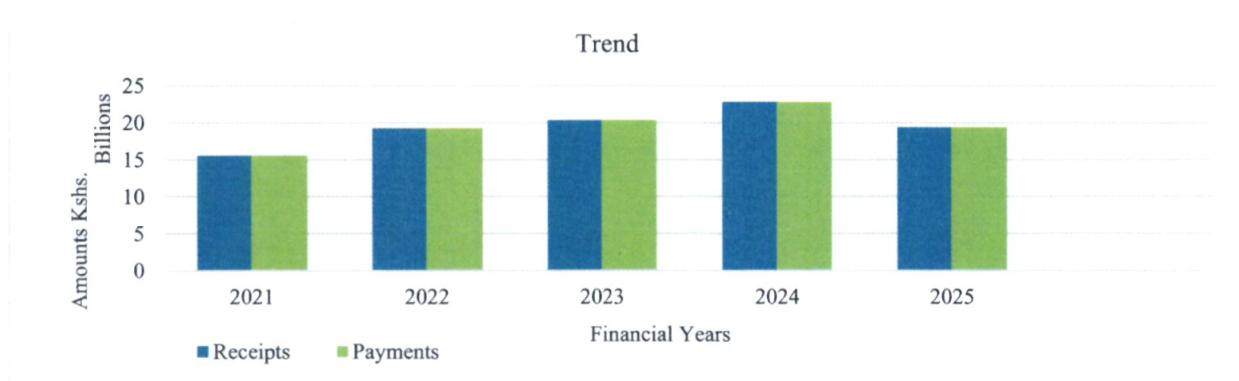
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Financial performance of the state department in the last 5 years trend;

**Receipts/payments trend.**

Year	Receipts	Payments
2021	15,511,862,276	15,510,303,215
2022	19,268,681,238	19,268,027,813
2023	20,314,447,836	20,313,679,170
2024	22,843,833,168	22,807,881,282
2025	19,406,745,022	19,400,611,124

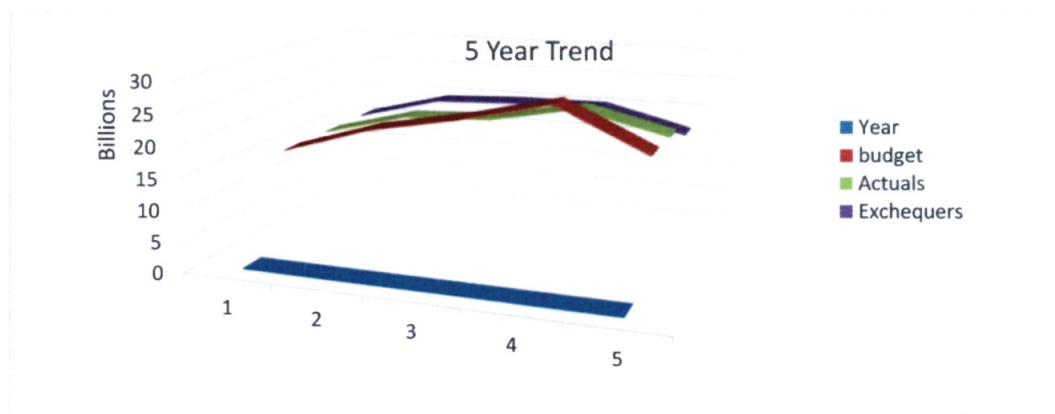


**Budgeted vs. Actual expenditure and Exchequers for the past 5 years**

Year	budget	Actuals	Exchequers
2021	15,622,929,903	15,510,303,215	15,511,862,276
2022	20,158,815,921	19,268,027,814	19,268,681,437
2023	22,943,056,553	19,948,103,925	19,948,872,591
2024	26,447,849,629	22,807,881,282	20,105,752,187
2025	19,807,604,243	19,400,611,125	16,559,884,224

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Government Payroll Re-engineering project spearheaded by the HRIS-Ke directorate is a key public sector reforms initiative for management of the public wage bill. This project is funded by development partners and the National Treasury.

**State Departments` compliance with statutory requirements.**

The State Department for Public Service and Human Capital Development is committed to full compliance with all applicable laws and regulations. This includes adherence to public finance management laws, procurement regulations, employment laws and Statutory Requirements. Regular compliance audits and reviews are conducted to ensure that the Department`s operations are in line with legal requirements. In addition, the state department has no pending obligations and no Financial Improbability and Serious Governance Issues.

**Major risks facing the State Department.**

The risks encountered by the State Department were mainly operational, functional and systematic.

- i) Human resource capacity constraint: Some divisions were grossly understaffed and hence affecting the delivery of services as per the agreed timelines
- ii) Financial constraints: Inadequate funding and untimely disbursement of budgeted funds hampered successful implementation of the planned programmes and projects.
- iii) Inadequate office space: This led to unfavourable work environment for the officers and affected engagement of youth through internship/industrial attachment/apprenticeships in the Ministry`s programmes

They were mitigated through;

- i) Strong internal controls that must be detective, preventive, and corrective.
- ii) Separation of powers and segregation of duties.
- iii) Pay roll controls and restricted access controls.
- iv) Accounting controls and definite policy guidelines.

**Statutory and other financial obligations.**

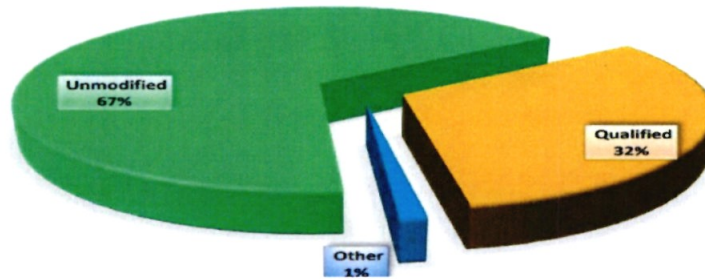
The Department adheres to all relevant laws and regulations, ensuring that its operations are conducted within the legal framework. The Department requires all employees and leadership to

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disclose any potential conflicts as per the guidelines in Public Officers ethics Act and article 75 of the Constitution of Kenya. During the reporting period there was no indications that would suggest conflict of interest among all stake holders.

**Review of the economy and sector.**

According to OAG summary findings report for FY 23/24, the state department is among the 56 MDAs that had clean reports and over the past three years she has maintained that trend.



However, in comparison the state departments' budget analysis behaviour Vs overall National government budget was slightly different;



**Future developments**

The State Department aims to increase the accessibility and affordability of public services through the existing Huduma platforms and delivery Channels.

State department will address understaffing through finalization and implementation of its Human Resource Plan.

Prioritization of programmes/projects/ activities; proper budgeting and mobilization of resources from development partners.

## **10. Environmental and Sustainability Reporting**

The State Department for Public Service and Human Capital Development, being an enabler to the realization of the global, regional and national development agenda as espoused in the Sustainable Development Goals, Agenda 2063 for Africa and the Kenya Vision 2030 with its successive Medium-Term Plan that currently incorporates the Big Four Initiatives is guided by the following strategic intentions:

- i. Enhance capacity of the public service human capital;
- ii. Strengthen the public service through policy, legal and institutional reforms;
- iii. Enhance ICT Integration in public service delivery; and
- iv. Re-engineer performance management.

Below is a brief highlight of our achievements in each pillar;

### **a) Sustainability strategy and profile**

The State Department is working in collaboration with Salaries and Remuneration Commission, Public Service Commission among other identified key players to address the resolutions of the National Wage Bill in 2019 conference whose theme was “Transforming Kenya’s Economy through a Fiscally Sustainable Public Wage Bill” focused on seven key drivers namely; Productivity, Remuneration and Benefits Policy, Performance Management, Labour Relations, Optimization of the Public Service, Public Sector Pension Liability and Work Ethic. Further, the State Department will continue to develop and submit proposal on identified/emerging thematic areas (including climate change) to Development Partners in order to support training and capacity building in the public sector.

### **b) Environmental performance /climate change/ mitigation of natural disasters**

The State Department for Public Service and Human Capital Development has shown a strong and growing commitment to environmental stewardship, aligning its internal operations and national influence with Kenya’s environmental and climate action goals. Guided by the National Environmental Policy (2013) and in line with Kenya's Climate Change Act (2016), the State Department contributes to the achievement of national targets including increasing tree cover, mitigating climate risks, and promoting ecosystem restoration.

Environmental Policy Guiding the State Department aligns its sustainability actions with the 15 billion Tree Growing Initiative, the National Climate Change Action Plan (NCCAP), and the Kenya Vision 2030 framework. The Ministry promotes a “Green Public Service Culture” through internal awareness campaigns and inter-ministerial coordination.

Flagship Environmental Actions and Leadership Mazingira Day 2024 Tree Planting Drive – Kisumu & Homabay Counties.



In addition, Biodiversity and Disaster Mitigation through partnerships with NYS, Huduma centres, KSG and local communities, the Ministry supports tree planting in biodiversity-sensitive areas.

Waste Management and Eco-friendly Procurement-The Ministry implements responsible waste disposal in line with NEMA guidelines, including scheduled waste collection, e-waste reduction, and digital workflows.

#### **c) Employee welfare**

The State Department for Public Service and Human Capital Development is committed to cultivating a supportive, inclusive, and high-performing work environment that prioritizes employee well-being, professional development, diversity, and workplace safety. Over the reporting period, the Ministry implemented numerous initiatives targeting mental health, induction of new officers, gender inclusion, and capacity building for HR and wellness officers.

#### ***Inclusive Recruitment and Diversity Policy Compliance***

The Ministry's recruitment processes are guided by the Constitution of Kenya (2010), the Public Service Commission (PSC) HR Policies, and the Diversity Policy for the Public Service. Key principles include:

- Adherence to the two-thirds gender rule;
- Inclusion of marginalized groups (PWDs, youth, minority communities);
- Stakeholder consultations in reviewing HR frameworks;
- Fair, transparent, and merit-based recruitment practices.

#### ***Induction of New Public Servants***

The induction of newly appointed Clerical Officers II, CSG 13, at the Kitui Multipurpose Development Centre was held in accordance with the Human Resource Development Policy for the Public Service (2015) conducted within the first three months of appointment.

#### ***Mental Health and Wellness***

In response to the significant rise in workplace mental health cases from 4,000 pre-COVID to 14,000 in 2023 the Ministry has expanded mental wellness interventions:

#### ***National Guidelines and Counselling Directorate***

During the 28th Annual National HR Conference on October 30, 2024, highlighted were government efforts to address the growing mental health crisis:

- Launch of National Guidelines on Workplace Mental Wellness, which emphasize supportive work environments and resource accessibility;

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- Strengthening of the Directorate of Counselling and Wellness Services, which now offers tele-counselling, in-person support, and training for public officers;
- Emphasis on ethical HR practices, highlighted through a curriculum launched at the conference by EACC and IHRM on ethics and integrity in HRM.

***Performance Appraisal and Recognition***

The Ministry operates a comprehensive Performance Appraisal System (PAS), which supports:

- Annual performance tracking,
- Professional growth planning.

***Workplace Safety and Compliance***

The Ministry adheres strictly to the Occupational Safety and Health Act (2007). Key measures include:

- Regular risk assessments, fire drills, and safety training,
- Fully equipped first aid stations and emergency response teams,
- Continuous safety sensitization for all staff.

***Recognition for Gender and Inclusion Excellence***

On 9th July 2025, the Ministry received national recognition at the USAWA Awards, hosted by the National Gender and Equality Commission (NGEC) at Safari Park Hotel, Nairobi.

The award was presented in honour of the Ministry's exceptional work in:

- Advancing gender equality and workplace inclusion,
- Mainstreaming policies that empower Special Interest Groups (SIGs) including women, youth, PWDs, older persons, and marginalized communities,
- Supporting the National Men's Engagement and Inclusion Strategy.



**d) Operational practices**

The State Department has enhanced its procurement processes through the introduction of the e-Procurement System, a digital platform designed to improve efficiency, transparency, and integrity in public procurement. This system ensures:

- Fair and Transparent Supplier Engagement: All suppliers have equal access to opportunities through an open and competitive process.
- Accountability in Contract Management: The system enables clear tracking of contracts, ensuring that obligations to suppliers are honoured.
- Prompt Payments: The automation of processes reduces delays in payment, supporting responsible financial practices with suppliers.

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- Integrity and Compliance: By digitizing procurement, the Ministry minimizes the risk of corruption and ensures adherence to established procurement laws and guidelines.

**e) Community Engagements-**

The State department engaged in various activities in the financial year which had a profound impact to the society. The were as follows;

- Emergency Response to Mathare 4B Fire Victims

Cabinet Secretary Hon. Geoffrey Ruku visited the affected area distributed emergency supplies, committed to rebuilding homes and churches, and assured long-term infrastructure improvements.

- CSR Caravan for African Public Service Day 2025

State Department for Public Service and Human Capital Development Cabinet Secretary flagged off the CSR Caravan, distributed sanitary kits and boxers to learners at Kibera Primary and Junior School, Joash Olum Primary School and Heidemarie Primary and Junior Secondary School (public schools)



- Youth and Women Empowerment Programme – Vihiga County

Principal Secretary Dr. Jane Kere Imbunya led an empowerment forum at Emusire High School to equip youth and women with skills, knowledge, and resources for economic resilience.

Public Service Mental Health Champions Capacity building team also led tree-planting at KALRO, donated food to Shalom Gates Children’s Home, and facilitated on-site staff counselling.



## **11. Statement of Management Responsibilities**

Section 81 (1) of the Public Finance Management Act Cap 412A, 2024 requires that, at the end of each financial year, the Accounting Officer for a National Government MDA shall prepare financial statements in respect of that MDA. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the State Department for Public Service and Human Capital Development is responsible for the preparation and presentation of the MDA's financial statements, which give a true and fair view of the state of affairs of the MDA for and as at the end of the financial year (period) 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 MDA, (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 MDA (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the State Department for Public Service and human capital development accepts responsibility for the MDA's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with Transitional International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the MDA's financial statements give a true and fair view of the state of MDA's transactions during the financial year ended June 30, 2025, and of the MDA's financial position as at that date. The Accounting Officer further confirms the completeness of the accounting records maintained for the State Department for Public Service and Human Capital Development, which have been relied upon in the preparation of the MDA's financial statements as well as the adequacy of the system of internal controls.

The Accounting Officer in charge of the State Department for Public Service and Human Capital Development confirms that the MDA has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the MDA'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 Accounting Officer confirms that the MDA'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.

*State Department for Public Service and Human Capital Development  
Annual Report and Financial Statements for the year ended June 30, 2025*

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**Approval of the financial statements**

The State Department for Public Service and Human Capital Development financial statements were approved on 29/10/ 2025 and signed by:



.....  
**Dr. Jane Kere Imbunya, PhD.**  
**Principal Secretary**



.....  
**CPA Maureen Oganga**  
**Head of Accounting Unit**  
**ICPAK M/ No.6763.**

# REPUBLIC OF KENYA

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HEADQUARTERS  
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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR PUBLIC SERVICE AND HUMAN CAPITAL DEVELOPMENT 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 the Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

The three parts of the report 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

#### Opinion

I have audited the accompanying transitional IPSAS financial statements of State Department for Public Service and Human Capital Development set out on pages 1 to 33, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash

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

In my opinion, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of State Department for Public Service and Human Capital Development as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis (including the transitional provisions permitted under IPSAS 33) and comply with the Public Finance Management Act, 2012 and The National Treasury Circular No. 3 of 14 April, 2025.

### **Basis for Opinion**

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

### **Emphasis of Matter**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.19,807,604,243 and Kshs.19,406,745,022 respectively resulting to an under-funding of Kshs.400,859,221 Similarly, the State Department spent Kshs.19,400,611,125 against actual receipts of Kshs.19,406,745,022 resulting to an under-utilization of Kshs.6,133,897 of the actual receipts.

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

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

### **Unresolved Prior Year Issues**

In the prior year audit report, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the

State Department in 2024/2025 revealed that the following seven (7) issues remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Lack of Ownership Documents and Incomplete Fixed Assets Register
2	2023/2024	Huduma Kenya Secretariat Legal Status
3.	2023/2024	Lack of Lease Agreement Between Huduma Kenya Secretariat and Postal Corporation of Kenya
4	2023/2024	Non-Compliance with the One-Third of Basic Salary Rule
5	2023/2024	Non-Compliance with the National Cohesion and Integration Act
6	2023/2024	Poor Succession Planning of Human Resource
7	2023/2024	Lack of an IT Strategy Committee and an IT Steering Committee

### Other Information

Management is responsible for the Other Information set out on page iii to xxxiv which comprise of Key State Department Information and Management, Profile of the Cabinet Secretary, Profile of Accounting Officer and Key Management, Statement by the Cabinet Secretary, Statement by the Accounting Officer, Statement of Performance Against Predetermined Objectives, Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting 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 State Department's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

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

#### Conclusion

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

## **Basis for Conclusion**

### **1. Non-Compliance With Employment Requirements of the Persons with Disabilities**

An analysis of the payroll data for the period under review revealed that the State Department had only fourteen (14) staff members, representing approximately 3% of the total workforce, identified as Persons with Disabilities. This was contrary to provisions of Section 4(f) of the Persons with Disabilities Act, 2025 which requires minimum of five per centum (5%) of the staff establishment be reserved for Persons with Disabilities.

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

### **2. Long Outstanding Accounts Payables**

The statement of financial position and as disclosed in Note 24 to the financial statements reflects trade and other payables balance of Kshs.411,319,567. Included in this balance, is an amount of Kshs.383,706,670 relating to trade payables. Review of the trade payables ageing analysis revealed a balance of Kshs.169,551,942 or 44% which had been outstanding for over two (2) years. However, Management did not explain why the pending bills did not form the first charge as per Regulation 42(a) of the Public Finance Management (National Government) Regulations, 2015. Further, failure to settle bills in the year to which they relate adversely affects the implementation of the subsequent year's budgeted programmes as the pending bills form a first charge to that year's budget provision.

In the circumstances, the State Department is at risk of incurring significant interest costs and penalties due to continued delay in settlement of the outstanding payables.

### **3. Long Outstanding Legal Cases**

Audit review of the legal cases' files of the State Department revealed that Management had a long-outstanding arbitration case between Huduma Kenya Secretariat and Linksoft Communication Systems Limited, under a contract for the provision of business Management Information Systems. The arbitration process was completed, and both parties were required to equally share and pay Kshs.8,103,600 as arbitration fees. However, neither party has effected payment and, therefore, the arbitration award has not been issued to Huduma Kenya Secretariat since 2015. The prolonged non-settlement of the arbitration fees has delayed the conclusion of the case and exposes the Secretariat to potential financial and operational risks contrary to Section 68(1)(a) of the Public Finance Management Act, 2012, which requires Accounting Officers to ensure that all resources within their departments are used in a lawful and effective manner.

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

### **4. Non-Compliance with the One-Third of Basic Salary Rule**

Analysis of monthly payrolls for the year under review revealed that, at least thirty (30) employees earned a net salary of less than a third (1/3) of their basic salary. This was contrary to Section C.1(3) of Human Resource Policies and Procedure Manual for Public Service, and Section 19(3) of the Employment Act, 2007.

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

#### **5. Lack of Legal Framework for Huduma Kenya Secretariat**

Gazette Notice No. 2177 of 4 April, 2014 established the Huduma Kenya Service Delivery Programme under the oversight of Service Delivery Summit which is required to meet twice a year. Further, a Technical Committee was formed chaired by the Cabinet Secretary for Devolution or Cabinet Secretary for Interior and drew membership from nine (9) Principal Secretaries and the Solicitor General. The function of the technical committee includes developing policy and legislation for Huduma Kenya Secretariat for approval by the Service Delivery Summit. However, since the inception in the year 2014, Huduma Kenya Secretariat has no policy and no legislative framework for its existence as required by the Gazette Notice No. 2177. In addition, minutes of the meetings by the Service Delivery Summit and the Technical Committee were not provided for audit review.

In the circumstances, legality of the Huduma Kenya Secretariat and its operations could not be confirmed.

#### **6. Lack of Lease Agreement Between Huduma Kenya Secretariat and Postal Corporation of Kenya**

The statement of financial performance reflects use of goods and services amount of Kshs.1,667,783,465 out of which are rentals of produced assets totalling Kshs.220,310,865 as disclosed in Note 12 to the financial statements. Excluded from these payments are rental charges for twenty-two (22) Huduma centres housed inside Postal Corporation of Kenya (PCK) buildings country-wide without any lease agreements and in a dispute. However, on 31 October, 2024, the Chief of Staff and Head of Public Service formulated a mediation team to resolve the rent dispute between the two entities. The mediation process that concluded in May 2025 recommended that amount payable by Huduma Kenya Secretariat to PCK based on the doctrine of *quantum meruit* (reasonable consideration for services rendered) be Kshs.1,538,980,171. However, the amount, was not recognized under trade and other payables of the State Department for the year under review. In addition, the disputed amount for utility bills totalling Kshs.58,710,357 shall be subjected to a further joint verification and tabulation process.

Further, the mediation recommended that the parties enter into lease agreement for registration at the Ministry of Lands and The National Treasury to provide annual budget of Kshs.194,302,884 to cater for rent of PCK premises starting from 1 July, 2025. At the time of audit in October, 2025 the lease agreement had not been fully registered.

In the circumstances, the legality of occupation of the Posta premises by Huduma Centres could not be confirmed and this may affect operations.

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

## **Basis for Conclusion**

### **1. Weakness in Asset Management**

Physical inspection conducted in May, 2025 in the Nairobi Data Centre revealed that access to the server room was being shared with Postal Corporation of Kenya which may pose a security risk on the server.

In the circumstances, the confidentiality, integrity and availability of the data may not be guaranteed.

### **2. Understaffing at the State Department**

The State Department establishment reflects in-post of two hundred and ninety-seven (297) against an approved staff establishment of four hundred and eighty-five (485) staff resulting in a shortfall of one hundred and eighty-eight (188) staff members or 39%.

In the circumstances, the effectiveness of service delivery by the State Department within the limited staff capacity may not be achieved.

### **3. Lack of Human Resource Plan and Recruitment Plan**

Review of the human resource records of the State Department revealed that during the year under review, there was no human resource plan from which the annual recruitment plan is developed. The human resource department's goals and objectives of the State Department may not have been realized as the plans were not done for the year. Further, emerging issues and staff needs may not have been addressed adequately.

In the circumstances, the effectiveness of internal controls surrounding the Human Resource Management may not be achieved.

### **4. Lack of an Information Technology Steering Committee**

The State Department did not have an Information Technology (IT) Steering Committee in place. This is contrary to Section 6.2 of the IT Governance Standard by the ICT Authority on ICT Governance which requires all Ministries, County Governments, Departments and Agencies to establish two ICT Governance Committees namely; an IT Strategy Committee to provide strategic advice on ICT initiatives and investments to the management and an IT Steering Committee to define the IT mission and goals aligned with the strategic direction of the organization, to authorize and direct the development of the services and operation plans.

Lack of an ICT Steering Committee exposes the State Department to the risk of unclear direction regarding the maintenance of information security and safeguard of ICT assets across the State Department.

In the circumstances, the effectiveness of the IT Department may not be achieved.

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

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

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

Those charged with governance are responsible for overseeing the State Department'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


05 December, 2025


*State Department for Public Service and Human Capital Development  
Annual Report and Financial Statements for the year ended June 30th, 2025.*

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

	Notes	2024-2025
		Kshs
<b>Revenue from non-exchange transactions</b>		
Transfers from Exchequer	6	16,559,884,224
Transfers from Other Government entities	7	-
Transfers from Domestic and Foreign Partners	8	158,765,098
<b>Total</b>		<b>16,718,649,322</b>
<b>Revenue from exchange transactions</b>		
Rendering of services/AIA	9	1,964,190,100
Miscellaneous income	10	723,905,600
<b>Total</b>		<b>2,688,095,700</b>
<b>Total revenue</b>		<b>19,406,745,022</b>
<b>Expenses</b>		
Employee costs	11	3,450,239,559
Use of goods and services	12	1,667,783,465
Transfers to other Government Entities	13	12,865,878,453
Depreciation and amortization expense	14	1,931,662
Other Grants and Subsidies	15	20,095,450
Other payments	16	28,268,476
<b>Total expenses</b>		<b>18,034,197,065</b>
<b>Other gains/(losses)</b>		-
Gain/(loss) on sale of assets		-
<b>Surplus/Deficit for the year</b>		<b>1,372,547,956</b>
Taxation		-
<b>Net Surplus/Deficit</b>		<b>1,372,547,956</b>

The Financial Statements set out on pages 1 to 6 were signed by:

.....  
  
**Dr. Jane Kere Imbunya, PhD.**  
**Principal Secretary**


.....  
  
**CPA Maureen Oganga**  
**Head of Accounting Unit**  
**ICPAK M/ No.6763.**


*State Department for Public Service and Human Capital Development  
Annual Report and Financial Statements for the year ended June 30, 2025*

**14 Statement of Financial Position as at 30 June 2025**

	Notes	2024-2025	Opening Statement 1 <sup>st</sup> July 2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	18	34,084,195	65,728,491
Receivables from Exchange Transactions	19(a)	-	-
Receivables from Non-Exchange Transactions	20	-	337,400
Prepayment (Electricity)	21	4,222,808	
<b>Total Current Assets</b>		<b>38,307,003</b>	<b>66,065,891</b>
<b>Non-Current Assets</b>			
Receivables from Exchange Transactions	19(b)	-	-
Property, Plant and Equipment	22	189,789,419	-
Intangible Assets	23	19,915,214	
<b>Total Non- Current Assets</b>		<b>209,704,633</b>	-
<b>Total Assets (a)</b>		<b>248,011,637</b>	<b>66,065,891</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	24	411,319,567	1,566,307,293
Refundable Deposits	-	-	-
<b>Total Current Liabilities</b>		<b>411,319,567</b>	<b>1,566,307,293</b>
<b>Non-Current Liabilities</b>			
<b>Total Non- Current Liabilities</b>		-	-
<b>Total Liabilities (b)</b>		<b>411,319,567</b>	<b>1,566,307,293</b>
<b>Net Assets (a-b)</b>		<b><u>(163,307,930)</u></b>	<b><u>(1,500,241,402)</u></b>
Reserves		-	-
Accumulated Surplus		<b><u>(163,307,930)</u></b>	(1,500,241,402)
Capital Fund		-	-
<b>Net Assets</b>		<b><u>(163,307,930)</u></b>	<b><u>(1,500,241,402)</u></b>

The financial statements set out on pages 1 to 6 were signed by:

.....  
  
**Dr. Jane Kere Imbunya, PhD.**  
**Principal Secretary**

.....  
  
**CPA Maureen Oganga**  
**Head of Accounting Unit**  
**ICPAK M/ No.6763.**

*State Department for Public Service and Human Capital Development  
Annual Report and Financial Statements for the year ended June 30, 2025*

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

	<b>Accumulated Surplus</b>	<b>Reserves</b>	<b>Capital Fund</b>	<b>Total</b>
<b>Fund balance as at 30<sup>th</sup> June 2024</b>	<b>35,951,885</b>	<b>-</b>	<b>-</b>	<b>35,951,885</b>
<b>Adjustment: Recognition of Assets and Liabilities</b>	<b>(1,536,781,825)</b>	<b>-</b>	<b>-</b>	<b>(1,536,781,825)</b>
<b>Prior year adjustments on payables(bills)</b>	<b>588,538</b>			<b>588,538</b>
<b>As at July 1, 2024</b>	<b>(1,500,241,402)</b>	<b>-</b>	<b>-</b>	<b>(1,500,241,402)</b>
Return to Exchequer	(35,614,485)			(35,614,485)
Surplus/ deficit for the year	1,372,547,956			1,372,547,956
Capital funds received in the year	-		-	-
<b>As at June 30th, 2025</b>	<b>(163,307,930)</b>	<b>-</b>	<b>-</b>	<b>(163,307,930)</b>

*Note:*

- The adjustment on payables brought forward was due to difference in the amounts in the invoice at the time expenditure was incurred Vs at the time of payment.*

*State Department for Public Service and Human Capital Development  
Annual Report and Financial Statements for the year ended June 30, 2025*

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

		<b>2024-2025</b>
	<b>Notes</b>	<b>Kshs</b>
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Transfers from exchequers		16,559,884,224
Transfers from other governments entities		-
Rendering of services (AIA)		1,964,190,100
Other income		723,905,600
<b>Total receipts</b>		<b>19,247,979,924</b>
<b>Payments</b>		
Employee costs		4,738,731,575
Use of goods and services		1,376,898,378
Transfers to other Government Entities		12,865,878,453
Other Grants and Subsidies		20,095,450
Retentions & Deposits paid		2,501,108
Other Payments		28,268,476
<b>Total payments</b>		<b>19,032,373,440</b>
<b>Net cash flows from/ (used in) operating activities</b>	25	<b>215,606,484</b>
<b>Cash flows from investing activities</b>		
Purchase of PPE		(191,721,081)
Purchase of Intangible Assets		(19,915,214)
Proceeds from sale of PPE		-
<b>Net cash flows from/ (used in) investing activities</b>		<b>(211,636,295)</b>
<b>Cash flows from financing activities</b>		
Return to Exchequer		(35,614,485)
<b>Net cash flows from financing Activities</b>		<b>(35,614,485)</b>
<b>Net increase/(decrease) in cash &amp;Cash equivalents</b>		<b>(31,644,296)</b>
Cash and cash equivalents at 1 July 2024	18	65,728,491
<b>Cash and cash equivalents at 30 June 2025</b>	18	<b>34,084,195</b>

*State Department for Public Service and Human Capital Development  
Annual Report and Financial Statements for the year ended June 30th, 2025.*

**17. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025**

**Recurrent and Development Combined**

<b>Description</b>	<b>Original budget</b>	<b>Adjustments</b>	<b>Final budget</b>	<b>Actual on a comparable basis</b>	<b>Budget utilization difference</b>	<b>% of utilization</b>
	<b>A</b>	<b>B</b>	<b>C=a+b</b>	<b>D</b>	<b>E=c-d</b>	<b>F=d/c %</b>
<b>Receipts</b>						
Exchequer releases	16,402,144,125	181,914,334	16,584,058,459	16,559,884,224	24,174,235	100%
Transfers from other government entities	260,945,784.00	-	260,945,784	158,765,098	102,180,686	61%
Rendering of services	1,993,362,407	13,000,000	2,006,362,407	1,964,190,100	42,172,307	98%
Miscellaneous receipts	956,237,593	-	956,237,593	723,905,600	232,331,993	76%
<b>Total Receipts</b>	<b>19,612,689,909</b>	<b>194,914,334</b>	<b>19,807,604,243</b>	<b>19,406,745,022</b>	<b>400,859,221</b>	<b>98%</b>
<b>Payments</b>						
Compensation of employees	4,615,700,000	33,058,315	4,648,758,315	4,655,810,367	(7,052,052)	100%
Use of goods and services	1,645,558,844	(10,196,533)	1,635,362,311	1,536,000,876	99,361,435	94%
Transfers to other government entities	12,696,351,437	244,560,684	12,940,912,121	12,865,878,453	75,033,668	99%
Other grants and transfers	20,097,598	-	20,097,598	20,095,450	2,148	100%
Pension and Retirement Benefits	38,411,130	45,307,511	83,718,641	82,921,208	797,433	99%
Other Payments	-	-	-	28,268,476	(28,268,476)	
Acquisition of PPE	596,570,900	(117,815,643)	478,755,257	191,721,081	287,034,176	91%
Acquisition of Intangible assets	-	-	-	19,915,214	(19,915,214)	-
<b>Total Payments</b>	<b>19,612,689,909</b>	<b>194,914,334</b>	<b>19,807,604,243</b>	<b>19,400,611,125</b>	<b>406,993,118</b>	<b>98%</b>
<b>Surplus/ deficit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,133,897</b>	<b>(6,133,897)</b>	

- *Pension and Retirement Benefits is part of employee costs budgeted under a separate economic item.*
- *Other payments are expenses not classified under use of goods.*
- *Intangible assets separated from budgeted amount of PPE.*

**State Department for Public Service and Human Capital Development**  
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**Notes**

- i) Funds absorbed on Transfers from foreign grants direct payments was 61% of the budgeted amounts from JDS scholarships due to low approval rates caused by austerity measures pronounced in the financial year.
- ii) AIA under-collection by NYS at 76% was due to revised estimates that increased the targets of the original approved budget amounts.
- iii) Changes between the original and final budget are as a result of revised supplementary estimates due to budget cuts.

The State Department for Public Service and Human Capital Development financial statements were approved on 29/10/ 2025 and signed by:

.....  
**Dr. Jane Kere Imbunya, PhD.**  
**Principal Secretary**

.....  
**CPA Maureen Oganga**  
**Head of Accounting Unit**  
**ICPAK M/ No.6763.**

**Budget Reconciliation to the statement of Cashflows.**

	<b>Operating</b>	<b>Financing</b>	<b>Investing</b>	<b>total</b>
Actual amounts on comparable basis presented in the budget and actual comparative statement	<b>6,133,897</b>	-	-	<b>6,133,897</b>
Basis difference (accrual items: receivables/payables changes)	(2,163,708)	-	-	(2,163,708)
Timing differences (opening cash & Cash equivalents)	65,728,491	-	-	65,728,491
MDA differences	-	-	-	-
Classification differences (Returns to exchequer)	-	(35,614,485)	-	(35,614,485)
Actual Cash & Cash equivalents in the statement of cashflows	<b>69,698,680</b>	<b>(35,614,485)</b>	-	<b>34,084,195</b>

*State Department for Public Service and Human Capital Development  
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**Budget Execution by Programmes and Sub-Programmes for FY2025**

<b>Programme</b>	<b>Sub-programme</b>	<b>Description</b>	<b>Final Budget</b>	<b>Actual on comparable basis</b>	<b>Budget utilization difference</b>
			<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>709000000</b>		<b>General Administration Planning and Support Services</b>	<b>459,357,176</b>	<b>548,096,239</b>	<b>(88,739,063)</b>
	709010000	Human Resources and Support Services	377,167,523	409,903,036	(32,735,513)
	709020000	Financial Management Services	71,550,857	71,438,366	112,490
	709030000	Information Communications Services	10,088,797	66,204,837	(56,116,040)
<b>710000000</b>		<b>Public Service Transformation</b>	<b>8,836,112,874</b>	<b>8,518,675,480</b>	<b>317,437,394</b>
	710010000	Human Resource Management	4,662,071,009	4,644,568,694	17,502,315
	710020000	Human Resource Development	2,654,327,152	2,552,049,392	102,277,759
	710030000	Management Consultancy Services	155,607,598	155,555,352	52,245
	710040000	Huduma Kenya Service Delivery.	1,278,503,543	1,078,884,409	199,619,133
	710060000	Public service Reforms	85,603,572	87,617,633	(2,014,061)
<b>747000000</b>		<b>National Youth Service</b>	<b>10,511,389,030</b>	<b>10,279,057,037</b>	<b>232,331,993</b>
	747010000	Paramilitary Training and National Service	5,401,344,730	5,169,012,737	232,331,993
	747020000	Technical and Vocational Training	4,257,949,900	4,257,949,900	0
	747030000	Corporate Services (General Admin)	852,094,400	852,094,400	0

## 18. Notes to the Financial Statements

### 1. Establishment

The State Department for Public Service, Human Capital Development and Special Programmes was created following the recent Presidential pronouncement on Government reorganization of the National Government Ministries in June 2025. The reorganization extended the Ministry for Public Service and Human Capital Development to include Special Programmes vide Executive Order No. 1 of 9<sup>th</sup> June 2025 replacing Executive Order No. 2 of 1<sup>st</sup> November 2023. The MDA is wholly owned by the Government of Kenya and is domiciled in Kenya. The MDA's principal mandate is human capital development. The Cabinet Secretary is responsible for strategic and policy direction of the state department.

### 2. Statement of Compliance and Basis of Reporting

#### Statement of compliance

These financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and with the Transitional International Public Sector Accounting Standards (IPSAS). For the purpose of these financial statements, the State Department has been categorized as a Schedule 1 national government MDA in line with Section 4 of the Public Finance Management Act, 2012 read together with Regulation 211 (2) of the Public Finance Management (National Government) Regulations, 2015. Schedule 1 national government entities include Ministries, Departments, Agencies, constitutional institutions and independent offices. MDAs are reporting entities whose primary objective is to provide policy and coordination of government services. The use of public resources by MDAs is primarily governed by Chapter 12 of the Constitution, the relevant Appropriation Act, the Public Finance Management Act, of 2012, and the Public Procurement and Disposal Act, of 2015.

These financial statements were authorized for issue by the Accounting Officer on 29/10/2025 2025.

*(During this transition period: The MDA 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 financial statements are transitional financial statements and these elements (assets, inventories and Leases) of the financial statements have not been recognised as the MDA has taken advantage of the transition provisions outlined in IPSAS 33. The state department however, has updated the assets register and done stock take as at the closure of the year to give basis for proper recognition in the subsequent year.)*

#### Reporting period

The reporting period for these financial statements is for the period ended 30<sup>th</sup> June 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 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 to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

#### 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

A 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 *MDA* 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 *MDA* 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 *MDA* 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 *MDA* policy objectives and targets. Where a policy choice gives rise to an obligation that exists independently of the *MDAs* 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. *MDAs* commitment to climate change action does not constitute a present obligation on the balance sheet but are disclosed separately. The State department did not have a budget set for climate change expenditures.

Physical assets

An asset is a resource presently controlled by the *MDA* 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 judgment is required on measurement. Judgment is also required whether assets are held for commercial purposes or public benefit purposes.

**3. Adoption of New and Revised Standards**

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

There were no new and amended standards issued in the financial year.

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

**State Department for Public Service and Human Capital Development  
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<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></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 MDA.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>The State department is yet to apply the standard.</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>The standard is not applicable to the State department.</i></p>
IPSAS 45- Property Plant and Equipment	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>The State department is yet to apply the standard.</i></p>
IPSAS 46 Measurement	<p><b>Applicable 1<sup>st</sup> January 2025</b></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> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ol> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>

**State Department for Public Service and Human Capital Development  
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<b>Standard</b>		<b>Effective date and impact:</b>
		<i>The standard is applicable to the state department.</i>
IPSAS 47- Revenue		<p><b>Applicable 1<sup>st</sup> January 2026</b></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 MDA shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>The standard not yet effective</i></p>
IPSAS 48- Transfer Expenses		<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>The standard not yet effective</i></p>
IPSAS 49- Retirement Benefit Plans		<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>The standard not yet effective</i></p>
IPSAS 50- Exploration for and Evaluation of Mineral resources.		<p><b>Applicable 1<sup>st</sup> January 2027</b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ol> <p><i>The standard not yet effective</i></p>

**iii) Early adoption of standards**

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

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Fees, taxes and fines**

The MDA recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the MDA and the fair value of the asset can be measured reliably.

**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 MDA and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development grants are recognized in the statement of financial performance after meeting the revenue recognition criteria. Conditional grants are recognized as revenue upon fulfilment of the set conditions.

**ii) Revenue from exchange transactions**

**Rendering of services**

The MDA recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**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.

**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 National Assembly on June 2024 for the period 1st July 2024 to 30th June 2025. 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 MDA upon receiving the respective approvals in order to conclude the final budget. Accordingly, the MDA recorded additional appropriations of Kshs. 194,914,334 on the 2024/25 budget following the governing body's approval. The MDA's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on 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

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

**Summary of Significant Accounting Policies (Continued)**

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 cash flows has been presented under section 2 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 a given year period. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of derecognition. Transfers are made to or from investment property only when there is a change in use. The state department does not have an investment property.

**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 MDA 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.

The depreciation rates applied by the state department are as follows for the various classes of assets using straight-line method:

i) Buildings	2.5%
ii) Motor Vehicles	15%
iii) Furniture & Fittings	12.5%
iv) Computers & ICT Equipment	33.3%
v) Specialized Equipment	12.5%

Depreciation method applied on pro-rata basis. For assets bought in the month of June, no depreciation charged.

**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 MDA 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

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

**Summary of Significant Accounting Policies (Continued)**

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 MDA 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 MDA 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 MDA; the MDA 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 MDA 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 MDA 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. The MDA does not have a tangible natural resource recognized since it's not applicable to the MDA.

**g) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the MDA. 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 MDA 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 MDA 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.

**h) 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.

**i) Research and development costs**

The MDA expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the MDA 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.

#### **j) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities. A financial instrument is any contract that gives rise to a financial asset of one MDA and a financial liability or equity instrument of another MDA. At initial recognition, the MDA 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. However, this standard is not applicable to the state department.

##### **a) Financial assets**

###### **Classification of financial assets**

The MDA classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the MDA'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 MDA 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 MDA classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

###### **Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in

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

**Summary of Significant Accounting Policies (Continued)**

profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ 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 MDA 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 MDA 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 MDA recognizes a loss allowance for such losses at each reporting date

**b) Financial liabilities**

**Classification**

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

**k) 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 *MDA*.

**l) Provisions**

Provisions are recognized when the MDA 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 MDA 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.

**m) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The MDA recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the MDA will incur in fulfilling the present obligations represented by the liability.

**n) Contingent liabilities**

The State Department 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.

**o) Contingent assets**

The State Department 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 MDA 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.

**p) Nature and purpose of reserves**

The State Department does not maintain any reserves.

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

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

**r) Employee benefits**

**Retirement benefit plans**

The *MDA* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an MDA pays fixed contributions into a separate MDA (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.

**s) 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.

**t) 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.

**u) Related parties**

The State Department regards a related party as a person or an MDA with the ability to exert control individually or jointly, or to exercise significant influence over the *MDA*, or vice versa. Members of key management are regarded as related parties and comprise *of the Cs, Ps and the CEO HKS*.

**v) Service concession arrangements**

*MDA* analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. However, this is not applicable to the state department for public service and human capital development.

**w) 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.

**x) Comparative figures**

In preparing these financial statements, the State Department has elected to apply paragraph 79 of IPSAS 33, which allows for the election by the Department 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.

**y) Subsequent events**

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

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the *MDA'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:

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**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 MDA based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the MDA. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**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:

- i) The condition of the asset based on the assessment of experts employed by the MDA.
- ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- iii) The nature of the processes in which the asset is deployed.
- iv) Availability of funding to replace the asset.
- v) Changes in the market in relation to the asset

**Provisions**

Provisions should be raised and management determine 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.

**6. Transfers from Exchequer**

Nature of transfer	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Total transfers Period ended June 2025
	Kshs	Kshs	Kshs
Recurrent	16,082,047,124	-	16,082,047,124
Development	477,837,100	-	477,837,100
<b>Total</b>	<b>16,559,884,224</b>	<b>-</b>	<b>16,559,884,224</b>

**7. Transfers from Other Government entities**

Name Of the MDA Sending the Grant/Transfer	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Total transfers 2024-2025
	Kshs	Kshs	Kshs.
MDA	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

**8. Transfers from Domestic and Foreign Partners**

Description	2024-2025
	Kshs
Grants in Kind from Bilateral donors	-
Direct Payments-JDS	158,765,098
Other Public Donations (Specify)	-
<b>Total</b>	<b>158,765,098</b>

*Details on Transfers from domestic and foreign partners*

Name Of The MDA Sending The Grant/Transfer	Amount recognized to Statement of Financial performance Kshs	Amount deferred under income Kshs	Total transfers 2024-2025
			Kshs
Grants from JDS donors	158,765,098	-	158,765,098
<b>Total</b>	<b>158,765,098</b>	<b>-</b>	<b>158,765,098</b>

**9. Rendering Of Services**

Description	2024-2025
	KShs
Other fees-Training (AIA) HQ	23,529,368
HRMPEB	101,298,325
KSG	1,839,362,407
<b>Total</b>	<b>1,964,190,100</b>

*Kenya school of government over-collected with Kshs.126,261,032.57 beyond the budgeted.*

**10. Miscellaneous Income**

Description	2024-2025
	Kshs
Sale of incidental goods	-
Sale of market establishments	-
Sale of non-market establishment	723,905,600
Income from sale of tender	-
Other incomes not specified elsewhere	-
<b>Total other income</b>	<b>723,905,600</b>

**11. Employee Costs**

Description	2024-2025
	Kshs
Basic salaries of permanent employees	297,171,968.00
Basic wages of temporary employees	382,091,738.05
Personal allowances – part of salary	226,546,661.00
Pension and other social security contributions	82,921,208
Employer contributions to compulsory national health insurance schemes	3,750,000,000.00
<b>Employee costs</b>	<b>4,738,731,575.05</b>
<b>Adjusted for:</b>	
Less opening payables 2023/24Fy	(1,288,492,016)
<b>Total Employee costs for the period</b>	<b>3,450,239,559</b>

## 12. Use of Goods and Services

Description	2024-2025
	Kshs
Utilities, supplies and services	57,709,586
Communication, supplies and services	76,388,423
Domestic travel and subsistence	169,055,011
Foreign travel and subsistence	-
Printing, advertising, and information supplies & services	33,905,809
Rentals of produced assets	220,310,865
Training expenses	257,809,451
Hospitality supplies and services	90,945,626
Insurance costs	279,735,076
Specialized materials and services	43,929,790
Bank Charges	-
Office and general supplies and services	46,675,814
Fuel Oil and Lubricants	28,282,772
Routine maintenance – vehicles and other transport equipment	17,167,716
Routine maintenance – other assets	63,413,004
Other operating expenses	150,671,933
<b>Total Cash payments</b>	<b>1,536,000,876</b>
<b>Adjusted for:</b>	
Less opening payables 2023/24Fy	(70,916,055)
Add closing Payables	206,921,453
Less prepaid Electricity	(4,222,808)
<b>Total Use of goods for the period</b>	<b>1,667,783,465</b>

### ***a) Workings: Cashflows:***

<i>Total cash expenses captured as payments</i>	<i>1,536,000,876</i>
<i>Less Direct payments</i>	<i>(158,765,098)</i>
<i>Less recovered imprests remitted for 23/24 Fy</i>	<i><u>(337,400)</u></i>
<b><i>Actual amounts paid out on use of goods</i></b>	<b><i><u>1,376,898,378</u></i></b>

## 13. Transfers to Other Government Entities

Description	2024-2025
	Kshs
Current Grants to national govt entities- SAGAs	12,469,878,453
Capital Grants to national govt entities- SAGAs	198,000,000
Development AIE to KSG	198,000,000
<b>Total</b>	<b>12,865,878,453</b>

#### 14. Depreciation and Amortization Expense

<b>Description</b>	<b>2024-2025</b>
	<b>Kshs</b>
Property, plant and equipment	1,931,662
Intangible assets	-
Investment property carried at cost	-
<b>Total</b>	<b>1,931,662</b>

#### 15. Other Grants and Subsidies

<b>Description</b>	<b>2024-2025</b>
	<b>Kshs</b>
Scholarships and other educational benefits	20,095,450
Emergency relief and refugee assistance	-
<b>Total Grants and Subsidies</b>	<b>20,095,450</b>

#### 16. Other Payments (Not classified elsewhere)

<b>Description</b>	<b>2024-2025</b>
	<b>Kshs</b>
Pre-feasibility, Feasibility and Appraisal Studies	4,364,400
Software license renewals and APSD logistics	23,904,076
<b>Total other expenses</b>	<b>28,268,476</b>

#### 17. Impairment Loss

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

#### 18. Cash and Cash Equivalents

<b>Description</b>	<b>2024-2025</b>	<i>Opening statement</i>
	<b>Kshs</b>	<i>1<sup>st</sup> July 2024</i>
		<b>Kshs</b>
Recurrent Account	61,828	13,754,672
Development Account	6,409,470	21,859,813
Deposits Account	27,612,897	30,114,005
Cash on Hand	-	-
Others (Specify)	-	-
<b>Total</b>	<b>34,084,195</b>	<b>65,728,491</b>

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**18 (a) Detailed Analysis of the Cash and Cash Equivalents**

Description		2024-2025	Opening statement 1 <sup>st</sup> July 2024
Financial Institution	Account number	Kshs	Kshs
Recurrent Account			
CBK 001	1000395567	61,828	13,754,672
Development Accounts			
CBK 002	1000395656	6,409,470	21,859,813
Deposits Accounts			
CBK003	1000395718	27,612,897	30,114,005
Cash on Hand		-	-
<b>Grand Total</b>		<b>34,084,195</b>	<b>65,728,491</b>

**19. Receivables from Exchange Transactions**

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

**20. Receivables from Non-Exchange Transactions**

Description	2024-2025	Opening Statement 1st July 2024
	Kshs	Kshs
Levies, fines, and penalties	-	-
Licences, fees and permits	-	-
Other debtors (non-exchange transactions)	-	337,400
Less: impairment allowance	-	-
<b>Total receivables from non- exchange transactions</b>	-	<b>337,400</b>

**20 (a) Ageing analysis for Receivables**

Description	2024-2025		Opening statement 1 <sup>st</sup> July 2024	
	Kshs	% of the total	Kshs	% of the total
	Current FY	% of the total	1 <sup>st</sup> July	% of the total
Less than 1 year	-	%	337,400	100%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (a+b)</b>	-	<b>%</b>	<b>337,400</b>	<b>%</b>

**21. Prepaid Expense**

<b>Description</b>	<b>2024-2025</b>	<b>Opening Statement 1<sup>st</sup> July 2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Prepaid Electricity	4,222,808	-
Other deposits	-	-
<b>Total</b>	<b>4,222,808</b>	<b>-</b>

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**22. Property, Plant and Equipment**

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers & ICT Equipment	Other specialized eqpt/plant	Assets Work in progress	Total
<b>Depreciation Rate</b>		2.5%	15%	12.5%	33.3%	12.5%	2.5%	
<b>Cost</b>	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Opening Bal as 1<sup>st</sup> July 2024</b>	-	-	-	-	-	-	-	-
Additions	-	25,575,351	20,467,179	16,792,280	87,230,229	9,494,175	32,161,867	<b>191,721,081</b>
Disposals	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-
<b>As At Jun 2025</b>	-	25,575,351	20,467,179	16,792,280	87,230,229	9,494,175	32,161,867	<b>191,721,081</b>
<b>Depreciation And Impairment</b>								
Depreciation	-	639,384	767,519	524,759	0	0	0	<b>1,931,662</b>
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-
<b>Total As at Jun 30th</b>	-	<b>639,384</b>	<b>767,519</b>	<b>524,759</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,931,662</b>
<b>Opening Bal as at 1<sup>st</sup> July 2024</b>	-	-	-	-	-	-	-	-
<b>Net Book Values as at June 30th, 2025</b>	-	<b>24,935,967</b>	<b>19,699,660</b>	<b>16,267,521</b>	<b>87,230,229</b>	<b>9,494,175</b>	<b>32,161,867</b>	<b>189,789,419</b>

**Notes;**

- i) Work in progress on buildings and civil works under construction recognised separately.
- ii) Depreciation is charged on pro rata basis. Those assets bought in June 2025 no depreciation charged.
- iii) Buildings have been depreciated for 12 months, motor vehicle bought in march and furniture& fitting bought in the 3<sup>rd</sup> quarter.

**Valuation**

Items of PPE are valued at Historical cost at the point of recognition in the financial statements. Where historical cost is not available or the PPE has been valued at the current operational value which is the amount the MDA would pay for the remaining service potential of an asset at the measurement date.

**23. Intangible Assets**

Description	2024-2025
	Kshs
<b>Cost</b>	
At beginning of the year	-
Additions	-
Disposal	(-)
<b>At end of the year</b>	-
<b>Opening Bal 1<sup>st</sup> July</b>	-
Additions-internal development	-
Disposal	(-)
<b>At end of the year</b>	-
<b>Amortization and impairment</b>	
At beginning of the year	19,915,214
Amortization	-
<b>At end of the year</b>	19,915,214
Impairment loss	-
<b>At end of the year</b>	19,915,214
<b>NBV</b>	<b>19,915,214</b>

**Note:**

*Intangible assets additions are the costs directly attached to the underlying asset (capitalized). For internally generated intangible asset (Payroll system), the development costs incurred in the financial year could not be measured reliably awaiting valuation with other assets by an expert in that field.*

**24. Trade and Other Payables**

Description	2024-2025	Opening Statement 1 <sup>st</sup> July 2024
	Kshs	Kshs
Trade payables	383,706,670	1,536,781,825
Employee payables	-	-
Third-party payments/Retention	27,598,382	21,114,005
Other payables deposits	14,515	9,000,000
Payable Adjusted (Prior period)	-	(588,538)
<b>Total trade and other payables</b>	<b>411,319,567</b>	<b>1,566,307,293</b>

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**Workings:**

Opening bills as at 1 <sup>st</sup> July 2024	1,536,781,825
Bills Paid during the period	<u>(1,359,408,071)</u>
	177,373,754
Adjustment on invoice paid	<u>(588,538)</u>
	176,785,216
Add payables 2024/25Fy	<u>206,921,453.5</u>
Closing Trade Payables for Fy 24/25	<u>383,706,670</u>

Ageing analysis: (Trade and other payables)	2024-2025	% of the Total	1 <sup>st</sup> July 2024	% of the Total
Under one year	206,921,453.5	52%	1,360,320,492	88%
1-2 years	7,233,274.76	2%	176,461,333	12%
2-3 years	11,540,332.96	3%	-	0%
Over 3 years	158,011,609.39	43%	-	0%
<b>Total (tie to above total)</b>	<b>383,706,670</b>		<b>1,536,781,825</b>	

**25. Cash Generated from Operations**

Description	2024-2025
	Kshs
<b>Surplus for the year before tax</b>	<b>1,372,547,956</b>
<b>Adjusted for:</b>	
Depreciation	1,931,662
Non-cash grants received	-
<b>Working capital adjustments</b>	
Increase in inventory	-
Decrease in receivables	337,400
Increase in deferred income	-
Decrease in payables	(1,154,987,726)
Increase in payments received/(made) in advance	(4,222,808)
<b>Net cash flow from operating activities</b>	<b>215,606,484</b>

**26. Financial Risk Management**

The MDA's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The MDA'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 MDA 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 MDA's financial risk management objectives and policies are detailed below:

**i) Credit risk**

The state department has no 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 MDA'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 MDA's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>As at at July 2024</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-

The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the MDA has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The management sets the MDA'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 MDA's management, who have built an appropriate liquidity risk management framework for the management of the MDA's short, medium and long-term funding and liquidity management requirements. The MDA manages liquidity risk through continuous monitoring of forecasts and actual cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

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Description	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	-	-	383,706,670	383,706,670
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
<b>Total</b>	-	-	383,706,670	383,706,670

**iii) Market risk**

The MDA has put in place an internal audit function to assist it in assessing the risk faced by the MDA 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 MDA'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 MDA'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 MDA's exposure to market risks or the manner in which it manages and measures the risk.

**a) Foreign currency risk**

The State Department has no 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 MDA 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.

**b) Interest rate risk**

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

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**Management of interest rate risk**

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

**Financial Risk Management**

**Sensitivity analysis**

The MDA 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 is performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by 5% would result in a decrease/increase in profit before tax.

**iv) Capital Risk Management**

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

<b>Description</b>	<b>2024-2025</b>
	<b>Kshs</b>
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>	%

**27. Related Party Disclosures**

**Nature of related party relationships**

Entities and other parties related to the *MDA* 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 *MDA*, holding 100% of the *MDA*'s equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the *MDA*, both domestic and external.

**Other related parties include:**

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.

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Description	2024-2025
	Kshs
<b>Transactions with related parties</b>	
A) Sales to related parties	-
B) purchases from related parties	-
<b>Total</b>	-
<b>a) Grants /transfers from the government</b>	
Grants from national govt/Exchequer	16,559,884,224
Donations in kind	158,765,098
<b>Total</b>	<b>16,718,649,322</b>
<b>b) Expenses incurred on behalf of related party</b>	-
<b>c) Key management compensation</b>	
Cs, Ps and CEO	27,009,259
<b>Total</b>	<b>16,745,658,581</b>

**28. Events after the Reporting Period**

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

**29. Ultimate And Holding MDA**

The MDA ultimate parent is the Government of Kenya.

**30. Currency**

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

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**19. Appendix**


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


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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/Not)	Timeframe:
Emphasis on matter: 1923. Budgetary control	Budgeted receipts vs actual receipts, there was an underfunding of 14% of the budget.	Exchequer funding resulted in reduced expenditure at 99% of actual receipts.	Exchequer requests follow ups done.	Awaiting PAC appearance
1924. Long outstanding accounts payables	Management explanations for non-payment of the bills and HKS revised bills was not adequate.	Historical Pending bills of Kshs.114M are before PBVC awaiting recommendation. As of the closure of the FY 2024/25 a total of 1.359Bn had been settled out of 1.53Bn outstanding at the beginning of the FY including HKS bills revised.	Work in Progress	Submitted to National PBVC  Awaiting PAC appearance
Other matter: 1925. Unresolved prior year issues	Management to provide a matrix on implementation of auditors' recommendations.	A matrix on implementation of PACs recommendations done.	Complied and submitted.	Awaiting PAC appearance
1926. Ownership Documents and Incomplete Fixed Asset Register.	Incomplete Fixed Asset Register and Logbooks.	Fixed Asset Register has been updated for the period ended 30th June 2025 and follow-up on surrender of Logbooks to the State Department in progress.	Work in progress.	Awaiting PAC appearance.
1927. Lack of Legal Framework for Huduma Kenya Secretariat	Huduma Kenya Secretariat has no policy and Legislative framework for its existence as per Gazette notice No. 2177.	One stop shop government Services policy, draft bill and draft cabinet memo documents aligned as per cs treasury feedback and submitted to Cs public Service.	Work in progress.	Awaiting PAC appearance.
1928. Lack of Lease agreement between Huduma Kenya secretariat and Postal Corporation of Kenya.	Huduma Centres housed inside postal Corporation buildings throughout the country without any Lease agreements.	A mediation process to regularize the partnership was commenced and gave its recommendations.	Done	Awaiting PAC appearance.

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved/Not)</b>	<b>Timeframe:</b>
1929.Regularity of HRM practices.	1.Non-Compliance with the one third Basic Salary Rule. 2. Non-Compliance with Law on Ethnic Composition	The management emphasizes on ethnic balance as per National Cohesion Guidelines however personnel management is the purview of the PSC.	Ongoing	Awaiting PAC appearance.
1930.Poor Succession Planning of Human Resource	Poor Succession Planning may cause services in critical areas affected upon exit of senior officers.	Situation mainly caused by the freeze in the recruitment of new staff by directives from National Treasury and Head of Public Service.	Ongoing	Awaiting PAC appearance.
1931. Lack of an IT Strategy and Steering Committee	Lack of an IT Strategy and Steering Committee exposes the Department to risk of info Security and safeguarding ICT assets.	The process is underway.	Ongoing	Awaiting PAC appearance.

  
.....  
**Dr. Jane Kere Imbunya, PhD.**  
Principal Secretary

  
.....  
**CPA Maureen Oganga**  
Head of Accounting Unit  
ICPAK M/ No.6763.

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**Appendix II: Project implemented by the State Department**

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting (Yes/No)	Consolidated in these financial statements (Yes/No)
Payroll Re-engineering (HRIS-Ke)		WB/GoK	5 Years		Yes	Yes
Japanese Grants for Scholarships (JDS)		Japan	5 Years		Yes	Yes
Implementation of Huduma Service Delivery Channels		GoK	13 Years		No	Yes

**Status of Projects completion**

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

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
Upgrading of GHRIS	560	58	16%	60	58	WB
Japanese Grants Scholarships (JDS)	958.4	250.6	47%	260.9	250.6	Japan
Implementation of Huduma Service Delivery Channels	25,030.0	360	35%	427	360	Gok

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**Appendix III: Fixed Asset Register(annexure)**

<b>Asset class</b>	<b>Historical Cost b/f 2023-2024 (Kshs)</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Transfers in/(out) during the year</b>	<b>Historical Cost c/f 2024-2025 (Kshs)</b>
Land					
Buildings and structures					
Transport equipment					
Office equipment, furniture and fittings					
ICT Equipment					
<b>Total</b>					

**Updated and amended.**

*Notes;*

*i) The State Department has been affected by several reorganizations of National Government Ministries since it was upgraded from the DPSM directorate. These changes affected the assets that belong to the department since inception moving from one vote head to another. Review is being undertaken to Identify and verify those assets that belong to the state department prior to its creation in 2018.*

*ii) Assets since 2018 when Vote Head 1213 started as recorded in ifmis;*

<b>Assets/year</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>Totals</b>
Construction of Building	-	-	-	-	13,632,166.00	33,314,479.10	240,161,867.15	<b>287,108,512.25</b>
Refurbishment of Buildings	26,199,789.65	84,009,875.20	-	19,999,345.45	1,032,022.00	1,272,282.50	-	<b>132,513,314.80</b>
Construction and Civil Works	155,177,023.45	51,614,181.90	-	20,000,000.00	-	101,145,424.50	16,025,351.20	<b>343,961,981.05</b>
Purchase of Vehicles and Other Transport Equipment	25,469,898.90	10,489,750.00	15,000,000.	-	29,739,200.00	41,999,417.05	20,467,179.00	<b>143,165,444.95</b>
Purchase of Household Furniture and Institutional Equipment	-	72,295.00	517,800.00	525,890.00	272,850.00	699,991.10	-	<b>2,088,826.10</b>
Purchase of Office Furniture and General Equipment	13,549,180.00	5,267,201.00	3,546,980.00	1,558,500.00	4,534,436.00	69,457,955.40	17,542,680.00	<b>115,456,932.40</b>
Purchase of Specialized Plant, Equipment and Machinery	-	-	-	52,556,649.30	8,482,364.15	328,435,978.60	139,343,293.15	<b>528,818,285.20</b>
Research, Feasibility Studies, Project Preparation and Design, Project Supervision	-	-	-	-	-	15,337,400.00	4,364,400.00	<b>19,701,800.00</b>
<b>Total</b>	<b>220,395,892.00</b>	<b>151,453,303.10</b>	<b>19,064,780.00</b>	<b>94,640,384.75</b>	<b>57,693,038.15</b>	<b>591,662,928.25</b>	<b>437,904,770.50</b>	<b>1,572,815,096.75</b>

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**Appendix IV: Inter Entity Transfers**

**a) Transfers from Other Government Entities**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized			Total Transfers during the Year
					Deferred Income	Receivables	Others be specific	
JDS-HRD Scholarship (TNT)	Direct Payments	Development	158,765,098	Training Expense	-	-	Direct payments	

**b) Transfers to Other Government Entities**

Ref	SC, SAGA or Public Fund's name	Principal activity of entity	Accounting Officer	Amount transferred during the year	Inter- entity reconciliations one? (yes/no)
1	KSG	Training	Ludeki Chweya	398,160,684	Y
2	NYS	Training	James Tembur	9,555,151,437	Y
3	HRMPEB	Management	Nicholas Kanisa	50,000,000	Y
<b>Total</b>				<b>10,003,312,121</b>	

**Appendix VI: Reporting of Climate Relevant Expenditures**

There were no climate related expenditures that were budgeted for in the FY 2024/2025.

**Appendix VII: Disaster Expenditure Reporting Template**

There were no disaster related expenditures that were budgeted for in the FY 2024/2025.