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ON

STATE DEPARTMENT FOR PERFORMANCE
AND DELIVERY MANAGEMENT

FOR THE YEAR ENDED
30 JUNE, 2025

Revised 30th June 2025



OFFICE OF THE AUDITOR GENERAL
P.O. Box 30084 - 00100, NAIROBI
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MINISTRY OF PUBLIC SERVICE, PERFORMANCE AND DELIVERY MANAGEMENT
STATE DEPARTMENT FOR PERFORMANCE AND DELIVERY MANAGEMENT

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

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

State Department for Performance and Delivery Management
Annual Reports 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

CBK	Central Bank of Kenya
CS	<i>Cabinet Secretary</i>
ICPAK	<i>Institute of Certified Public Accountants of Kenya</i>
IPSAS	<i>International Public Sector Accounting Standards</i>
OAG	<i>Office of the Auditor General</i>
OCOB	<i>Office of the Controller of Budget</i>
OSHA	<i>Occupational Safety and Health Act of 2007</i>
PFM	<i>Public Finance Management</i>
PFMR	<i>Public financial Management Regulations</i>
PPE	<i>Property Plant & Equipment</i>
PS	<i>Principal Secretary</i>
PSASB	<i>Public Sector Accounting Standards Board</i>
SAGAs	<i>Semi-Autonomous Government Agencies</i>
SC	<i>State Corporations</i>
TNT	<i>The National Treasury</i>
WB	<i>World Bank</i>

B: Definition of Key Terms

1. **Accountant:** Someone trained to properly keep, report, and inspect financial records and transactions.
2. **Accounting Equation:** A fundamental equation used to minimize mistakes in accounting.
3. **Accounts:** Places to record specific transactions, such as those involving cash or loans.
4. **Accounts Payable (AP):** Money owed by a business to its suppliers or creditors.
5. **Accounts Receivable (AR):** Money owed to a business by its customers.
6. **Accrual Accounting:** A method of accounting where revenue and expenses are recorded when earned or incurred, regardless of cash flow.
7. **Accrued Expenses:** Expenses that have been incurred but not yet paid.
8. **Amortization:** The process of spreading the cost of an intangible asset over its useful life.
9. **Depreciation:** a reduction in the value of an asset over time, due in particular to wear and tear:
"provision should be made for depreciation of fixed assets.
If an asset is depreciated for financial reporting purposes, it's considered a non-cash charge because it doesn't represent an actual cash outflow.
10. **Inventory:** is classified as a current asset on a company's balance sheet. The three types of inventory include raw materials, work-in-progress, and finished goods. Inventory is valued in one.

2. Key MDA Information and Management

(a) Background information

Preamble

The State Department for Performance and Delivery Management draws its mandate from the Executive Order No.1 of January 2023 and abolished through Executive Order No.1 of June 2025 on Organization of the Government of the Republic of Kenya.

Vision

A leader in promoting excellence in performance management for quality service delivery for citizens.

Mission

To effectively coordinate performance management across Ministries, Departments and Agencies to deliver desired results and enhance accountability for sustainable development.

(b) Mandate

The mandate of the state department is as follows:

- i. Coordinate Performance Management in Ministries, Departments and Agencies;
- ii. Overseeing the implementation of National Government programmes and projects in liaison with the Ministry responsible for Interior and National Administration;
- iii. Assisting the Prime Cabinet Secretary in convening the Principal Secretaries' Committees and providing secretariat services; and
- iv. Supervising the technical monitoring and evaluation of Government programmes and projects.

Core functions

- i. To coordinate the implementation of Public Service Performance Management in Ministries, Departments and Agencies;
- ii. Coordinate, track, evaluate and report on the implementation of National Government priorities, programmes and projects;
- iii. Supervise Government Ministries and State Departments;
- iv. Provide the Secretariat services to the Principal Secretaries Committee and the Sub –Committees (the five cluster working groups); and
- v. Promote “Whole of Government” approach on National Government programmes and projects.

Directorates

The state department comprise three directorates. These are:

- i. Public Service Performance Management Service;

- ii. Coordination and Supervision of Government;
- iii. General Administration, Planning and Support Services.

Core values

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

- i. Whole- of Government: Inculcate a synergized work ethic in the public service;
- ii. Open Government: Uphold and promote transparency, accountability, inclusivity and participation of the people in the national development agenda;
- iii. Professionalism: Uphold high level of competence, diligence, and meritocracy in work performance and apply quality standards in service delivery;
- iv. Teamwork: Endeavour to attain targeted results through a high level of coordination, networking and collaboration with both internal and external stakeholders;
- v. Innovativeness: Adopt creativity in operations and solutions in addressing emerging issues;
- vi. Results oriented: Focus on efficiency in delivery of services to the citizenry;
- vii. Commitment to delivery: Discharge its functions guided by the aspirations of the government's development agenda.


(c) Key Management

The State Department for Performance and Delivery Management's day-to-day management is under the following Key organs/Offices/ Directorates/Divisions



- Cabinet Secretary
- Secretary Administration/Accounting Officer
- Directorates; Public Service Performance Management Unit; Government Delivery Services; Coordination
- Divisions; Administration (accounts, Finance, planning, supplies; ICT; Human Resource Management)

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(d) Fiduciary Management

<p>The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:</p> <p>Name</p>	<p>MEMBERSHIP DESCRIPTION.</p>	<p>KEY ACADEMIC AND PROFESSIONAL QUALIFICATION.</p>
 <p>Chimwaga Mongo</p>	<p>Secretary Administration</p>	<p>Born in 1970, Mr. Chimwaga Mongo is currently the Accounting Officer for Performance and Delivery Management. He holds a Master's Degree in Human Resource Management from Masai Mara University and currently doing a PhD in Human Resource Management. He is a Public Administrator with 25 years of proven experience in Public Policy Formulation, Dissemination, Implementation and Coordination in Kenya's Public Service. He has worked in several public institutions; Office of the Prime Cabinet Secretary, State Department for Information and Communication Technology and State Department for Youth Affairs among others.</p>
	<p>PAS, Public Service Performance Management</p>	<p>Mr. Joshua Mwiranga is currently the PAS, Public Service Performance Management, State Department for Performance and Delivery Management. Mr. Joshua Mwiranga holds a Double Masters in Economics (University of Antwerp & University of Dar-Es-Salaam), B.A Economics (Moi University). Member, Economics Society of Kenya. Member and Co-founder, Kenya Core</p>




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<p>The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:</p> <p>Name</p>	<p>MEMBERSHIP DESCRIPTION.</p>	<p>KEY ACADEMIC AND PROFESSIONAL QUALIFICATION.</p>
 <p>Joshua Mwiranga</p>		<p>Management Team (KCMT), Kenya Community of Practice (K-CoP) on Managing for Development Results (MfDR).</p> <p>Member and in core Management Team of Africa Community of Practice (AfCoP) on MfDR.</p> <p>He has championed Public Service transformation initiatives in Government and supported mainstreaming performance management and results oriented culture in Ministries, State Corporations, and Tertiary Institutions.</p> <p>Mr. Joshua Mwiranga has over 30 years work experience in the public service.</p>
 <p>Benard Wekesa Bongo</p>	<p>Secretary, co-ordination and supervision services</p>	<p>Born in 1974, Mr. Benard Wekesa Bongo is the Secretary - Coordination and Supervision Services in the Ministry of Public Service, Performance and Delivery Management.</p> <p>He holds a Masters in Computer Science from University of Nairobi and a Bsc. Computer Science, from Moi University.</p> <p>He is the head of Coordination and Supervision Services Directorate, Represents the Principal Secretary in the NDIC Meetings and Coordinates</p>

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		<p>cross cutting issues between PSPMS and GDS. He has 19 years of service in the Public Service, serving in various Ministries and State Departments and Independent Offices.</p>
 <p>Jeremiah Karry. Were</p>	<p>Director Administration</p>	<p>Born in 1965, Mr. Jeremiah Karry. Were is the Director Administration in the Ministry of Public Service, Performance and Delivery Management. He holds an MBA in Strategic Management Option and a BA in Government and Kiswahili. He Coordinates SD activities, Head Administration, Planning and Support Services Directorate, Chairman DHRMAC, Secretary HODs meetings, Vote Control (AIE Holder) Administration, Office Administration, and Transportation matters.</p> <p>He has 33yrs of service rising from District Officer to District Commissioner, Deputy Provincial Commissioner, County Secretary and now Director of Administration.</p>


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 <p>CPA Elijah Ombati</p>	<p>Senior Deputy Accountant General</p>	<p>He is currently a senior Deputy Accountant General. He holds Master’s Degree (MBA) from UON, a B. Commerce Degree (Egerton Univ), a finalist of CPA(K) and a Member of ICPAK. He is the current Head of Accounting Unit. He has also wealth of experience after working in Ministry of Public Service, Ministry of Health, and Ministry of Environment and Forestry</p>
 <p>Douglas Njeru</p>	<p>Director HRM & D</p>	<p>Born in 1967, Mr Njeru, Douglas Wairagu is Director, HRM & Development in the Ministry of Public Service, Performance and Delivery Management. He holds a master’s Degree in strategic management from Kenya Methodist University, and Bachelor’s Degree in Economics and Business Studies. He is a Member of IHRM. Mr. Njeru, Douglas Wairagu has 34 years of service in the Government.</p>
	<p>Director Planning</p>	<p>Born in 1973, Mr Paul Wanjala Wafula is the Director, Planning in the Ministry of Public Service, Performance and Delivery Management. He holds a Master’s in Public Policy and a Bachelor of Arts (Economics and Mathematics). He is responsible for; the economic planning activities advising on</p>


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<p>Paul Wanjala Wafula</p>		<p>planning and economic policy issues and statistical programmes; coordinating the development of specific sectors of the Medium-Term Performance Contracts; coordinating Ministerial budget preparation; and setting monitoring, evaluation and reporting standards. Mr. Wafula has over 18 years of experience in the Public Sector both in the National and County Government.</p>
<div data-bbox="280 1391 598 1778" data-label="Image"> </div> <p>George Mogusu</p>		

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<p>The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:</p> <p>Name</p>	<p>MEMBERSHIP DESCRIPTION.</p>	<p>KEY ACADEMIC AND PROFESSIONAL QUALIFICATION.</p>
		<p>reporting by examination of financial records and transactions. Mr. George Mogusu has 37 Years of work experience in the Public Service.</p>
 <p>Kennedy Calvin Nyamao</p>	<p>Chief Finance Officer</p>	<p>Born in 1965, Mr. Kennedy Calvin Nyamao is the Chief Finance Officer in the Ministry of Public Service, Performance and Delivery Management. He holds a Master's in Public Administration (Finance Management Option), Bachelors of Commerce (Accounting and Auditing Option), Diploma in Finance and Project Management from University of Connecticut, USA. Currently pursuing PHD course on leadership and Governance in JKUAT.</p> <p>He has a wealth of experience working in various Ministries on finance matters namely: Health, Devolution, Planning water, Housing, Asals, B&T among others in the public service for over 31 years.</p>

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<p>The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:</p> <p>Name</p>	<p>MEMBERSHIP DESCRIPTION.</p>	<p>KEY ACADEMIC AND PROFESSIONAL QUALIFICATION.</p>
 <p>Henry Elijah Oseko</p>	<p>Deputy Director Supply Chain Management Services</p>	<p>Born in 1965, Henry Elijah Oseko is the Deputy Director Supply Chain Management Services in the Ministry of Public Service, Performance and Delivery Management.</p> <p>He holds a Bachelor of Commerce from UDALPUR University, India, Diploma in Procurement from University of Nairobi, and a Certified Fraud Examiner (ACFE)</p> <p>Mr. Henry Elijah Oseko has vast experience in Public Service as Procurement Officer, Monopoly and Price Control Officer and Internal Audit.</p>

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No	Designation	Name	Date of Appointment
1.	Secretary Administration	Chamwaga Mongo, EBS	18 th October, 2024
2.	Principal Administrative Secretary	Joshua Mwiranga	17 th July, 2024
3.	Secretary Programme and Project Co-ordination Directorate	Wekesa Bongo	17 th July, 2024
4.	Director Administration	Jeremiah K Were	17 th July, 2024
5.	Director Human Resource Management and Development	Douglas Njeru	17 th July, 2024
6.	Director Planning	Paul Wafula	17 th July, 2024
7.	Ag. Head of Government Delivery services	Lee Kyonze	17 th July, 2024
8.	Chief Finance Officer	Kennedy Nyamao	17 th July, 2024
9.	Principal Finance Officer	Anthony Mwangi Nduthu	17 th July, 2024
10.	Senior Deputy Accountant General	Elijah Ombati	17 th July, 2024
11.	Deputy Director Supply Chain Management Services	Henry Elijah Oseko	17 th July, 2024

(e) Fiduciary Oversight Arrangements

Provide a high-level description of the key fiduciary oversight arrangements covering (e.g.):

- Audit committee activities;
- Public Finance Management Committee;
- Senior Management Committees
- Budget Implementation Committee review budgets;
- Parliamentary Committees

(i) The purpose of the Audit Committee is stipulated in the PFM Regulation 175 as follows;

- 1) Support the Accounting Officer with regard to their responsibility on issues of risk control and governance and associated assurance but the responsibility over the management of risk control and governance processes remains with the management of Ministry.
- 2) Follow up on the implementation of the recommendations of internal and external auditors.

The Responsibility of the Audit Committee

The duties and responsibilities Audit Committee include the following;

(i) Financial and Management Reporting

Review the adequacy, reliability and accuracy of the financial information provided by management and other providers of such information and make recommendations for improvements as required.

(ii) Risk Management

The MOICNG'S Risk Management Framework provides that the Audit Committee is responsible for the oversight of the risk management function and for its effectiveness. While Internal Audit will provide independent assurance on the effectiveness of risk management in the Ministry, risk management is to be carried out by management.

(iii) Systems of Accounting and Internal Controls

Internal control is the process that provides reasonable assurance that the Ministry will be able to achieve its objectives in effectiveness and efficiency of operations, in reliability of financial reporting and in complying with applicable laws and regulations.

(iv) Compliance with Laws, Regulations, Ethics and Good Governance

The Audit Committee shall review the procedures put in place to ensure compliance with pertinent laws and regulations. It shall also evaluate the effectiveness of controls aimed at preventing or detecting conflicts of interest and fraud)

(d) MDA Headquarters

P.O. Box 30050
Haile Selassie Avenue
Nairobi, KENYA
Ministry's Contacts
Telephone: (254) 020-
E-mail: info@performancedelivery.go.ke
Facebook Account: [performdelivery](#)
Twitter Account: [@perfdelivery](#)

(e) MDA Contacts

P.O. Box 62345-00200
Kenya Railways Headquarters
Off Haile Selassie Avenue
E-mail:
Website: www.go.ke

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(f) MDA Bankers

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

(g) Independent Auditors

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

(h) 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/Commissioners/Speaker/Chief Justice

Insert a passport-size photo, name, key professional/academic qualifications, and work experience for each person

(This section applies to Entities that have a governing body above the accounting officer)

4. Profiles of Accounting Officer and Key Management.

Name	MEMBERSHIP DESCRIPTION.	KEY ACADEMIC AND PROFESSIONAL QUALIFICATION.
 <p>Chimwaga Mongo</p>	<p>Secretary Administration</p>	<p>Born in 1970, Mr. Chimwaga Mongo is currently the Accounting Officer for Performance and Delivery Management. He holds a Master's Degree in Human Resource Management from Masai Mara University and currently doing a PhD in Human Resource Management.</p> <p>He is a Public Administrator with 25 years of proven experience in Public Policy Formulation, Dissemination, Implementation and Coordination in Kenya's Public Service.</p> <p>He has worked in several public institutions; Office of the Prime Cabinet Secretary, State Department for Information and Communication Technology and State Department for Youth Affairs among others.</p>

5. Statement of the Cabinet Secretary

At the core of our strategic approach is the recognition that Performance and Delivery Management is a critical enabler of Socio-economic Development. The State Department therefore strives to optimize its resources and maximize its impact on the lives of the citizens by setting clear objectives, implementing robust monitoring and evaluation mechanisms, and fostering a culture of continuous improvement.

The Executive Order No.2 of 2nd of November, 2023 gives the State Department a clear mandate in institutionalizing Performance Management in the public sector; coordinating the delivery of quality services through identification of innovative mechanisms; and in monitoring the National Government priority programmes and projects. Customer Service Excellence (CSE) training on staff is aimed at transforming the mindset of all public servants and ensuring that all funds from Development Partners are utilized 100% as provided in the credit agreements.

The Ministry is keen in harnessing the potential of our youth and leverage Government resources on building a resilient and prosperous future for all Kenyans.

The mandate is critical in fostering the delivery of National Government Development priorities as stipulated in the Bottom-Up Transformation Agenda. The BETA Plan is crystalized into concrete programmes and projects such as implementing measures to protect the environment and mitigate climate change by planting 15 billion trees by 2030.

The Ministry of Public Service Performance and Delivery Management is going to ensure that all public servants at all levels of Government (i.e. NG and Counties) migrate to the integrated personnel and payroll database by December, 2024. However, the entity through abolition of office was wind by Executive Order No. 1 of June, 2025.

Cabinet Secretary

(This section applies to Entities that have a governing body above the accounting officer)

6. Statement by the Accounting Officer

Section 83 (1) of the Public Finance Management Act, 2012 requires that, at the end of each year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 83 (2) (b) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board (PSASB) of Kenya from time to time.


The Accounting Officer in charge of the State Department for Performance and Delivery Management is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the year, (period) ended on 30th December 2024. 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 entity; (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 entity; (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 Performance and Delivery Management accepts responsibility for the entity's financial statements, which have been prepared on. Management further confirms the completeness of the accounting records maintained for the State Department for Performance and Delivery Management, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the State Department for Performance and Delivery Management confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity'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 entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board (PSASB) of Kenya. However, the entity through abolition of office was wind by Executive Order No. 1 of June, 2025.

Approval of the financial statements

The financial statements were approved and signed by the Accounting Officer on 27/08/2025


.....
Chimwaga Mongo,
EBS Secretary Administration
Accounting Officer

Date-----

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 State Department for Delivery Management.

Progress on the attainment of Strategic Objectives through Performance Contracting.

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

Program	Strategic Objective	Outcome	Indicator	Performance	Comments
1. Performance Management	To entrench a culture of performance and accountability in public service	Increased MDAs on Performance contracting	99.5% of eligible MDAs were vetted.	Increased MDAs on Performance contracting 452 eligible MDAs out of 454 were vetted.	Develop and review draft on PSPMS BILL
2. Service Delivery Management	To promote effective Implementation of Government Priorities	Operationalize 8 Regional and 47 County Implementation Coordination and Management Committees	Updated 91% 2042 out of 2246 active service delivered	Updated 91% 2042 out of 2246 active projects of National Government projects and programmes in the Government PERFORMANCE Reporting System (GPRS)	Updated 198 Commitments derived from road shows.

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<p>3. Coordination of innovative mechanisms</p>	<p>To coordinate the identification of innovative mechanisms in MDAs</p>	<p>Coordinated stakeholder roundtables with all ministries (22)</p>	<p>No. of reports</p>	<p>198 Bottlenecks to delivery of programmes and projects identified, processed and committed for tracking through the GPRS</p>	<p>MDAs to break down 198 commitments into achievable yearly targets</p>
<p>4. Institutional Capacity development</p>	<p>To obtain optimal capacity (human and financial) to effectively deliver the mandate of the state department</p>	<p>Interviews for 16 conducted by the PSC to recruit technical officers for PSPMU and Coordination & Supervision Services directorate</p>	<p>100% of officers were interviewed.</p>	<p>62.5% were selected for further processing</p>	<p>Develop Career Progression guidelines for performance Management service</p>

8. Governance Statement

i) Brief on Governance Structure

The State Department for Performance and Delivery Management Comprised of three technical directorates and one support directorate as outlined in Executive Order No.2 of 2023. These are: Public service performance management unit (PSPMU), the Government Delivery Services (GDS), Coordination and supervision of Government, and General Administration, Planning and support services.

a. Public Service Performance Management Unit (PSPMU)

- Focuses on institutionalizing and monitoring performance management across the public service.
- Evaluates performance against agreed targets and ensures compliance.

b. Government Delivery Services (GDS)

- Tracks and reports on the status of national government priorities, programs, projects, and presidential directives.
- Aims to improve the timely delivery of key development priorities.
- Provides problem-solving interventions for bottlenecks.
- Independently verifies the implementation status of projects across regions and counties.
- Engages in public outreach on achievements via various media platforms.

c. Coordination & Supervision of Government

- Designs innovative mechanisms to address public service delivery challenges.

d. General Administration, Planning & Support Services

- Provides administrative and logistical support to the entire State Department.
- Handles planning, human resources, and overall support functions.

SUMMARY

Unit / Directorate	Primary Role
Principal Secretary	Overall leadership and departmental coordination
PSPMU	Institutionalize and monitor performance across public service
GDS	Track, verify, and report status of government priorities and projects
Coordination & Supervision	Innovate solutions and ensure seamless inter-agency collaboration
General Admin, Planning & Support Services	Provide administrative, logistical, and planning support

ii) The audit committee and any other management committees (Their formation, roles, composition, and activities/meetings held).

Ministerial Audit Committee and Its Charter.

Changes effected on 3rd September 2024 that moved the State Department from the Ministry of Public Service to the Executive Office of the President, the internal audit unit did not convene and meet the Ministerial Audit Committee. The COS&HOPS Ministerial Audit Committee is at the advanced stage of recruitment since the advert was placed in June 2025.

iii) Risk management policies within the SDPDM

Institutional Risk Management Policy Framework.

The Accounting Officer appointed the Risk Management Steering and Technical committees on 15th May 2024 vide Ref. No. IA/MPSP&DM/P&DM/IRMPF/VOL.1(003)

However, engagement with risk management consultants and with National Treasury consultants for risk sensitization seminars, coaching and training have not been conducted due to budgetary constraints at the State Department.

iv) Report on recent training and development on governance for those in key leadership.

Governance statement report on recent training and development on governance for those in key leadership for the period that ended 30th June,2025.

In the FY 2024/2025 the State department for performance and delivery management conducted a training projection of ninety-five (95) officers across all departments. Twelve (12) of the officers were trained on mandatory courses but none of them is under the key leadership level.

v) *Public participation activities.*

Project verification

- Carrying out independent verification to determine the true status of government projects being implemented in the Regions and Counties

Communication

- Public Awareness Creation on the Progress and Achievements of National Government Priorities through the public portal, digital and print media
- Public participation in project implementation is important since it promotes transparency and accountability in government processes.
- During the financial year 24/25 the office carried out stakeholder engagements in Mombasa, Lamu, Kajiado and Narok counties. During the engagements the office brought together the various implementing agencies of government priority projects to explain the progress on various ongoing projects in their counties. The exercise is normally interactive with members of the public asking questions and seeking clarifications on the progress of some of the projects within their localities.
- The Deputy Chief of Staff also inspected various projects across the country in the following counties, Kisii, Nyamira, Kisumu, Siaya, Busia, Kakamega, Uasin Gishu, Elgeyo Marakwet, Machakos, Muranga, Kiambu, Nakuru, Mombasa, Kilifi, Kwale and Nairobi.
- In Kisumu for instance the Deputy Chief of Staff was able to unlock the stalled 122-kilometre Mamboleo Junction–Miwani–Chemelil–Muhoroni–Kipsitet Road. Upon completion of project inspection and verification exercise, the office intervenes by writing to the implementing agencies to fast track the various projects under their ministries.
- On public awareness the office produced a video documentary show casing various government development projects in the country. The documentary was aired in main media stations namely KBC, Citizen, TV47, NTV and KTN.
- The Deputy Chief of Staff also made several appearances on both local and national media stations explaining to the wananchi the various development projects being implemented by the Kenya Kwanza administration. He also had the opportunity and answer some of the issues raised by the viewers and listeners.

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

The department was in compliance with laws and regulations through:

- i) The constitution 2010.
- ii) Public Financial Management ACT 2012,
- iii) Public Private Partnership Act 2021
- iv) NSSF ACT 213.
- v) Person with Disabilities Act 2003

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- vi)** Children Act 2001
- vii)** PPAD 2015(Public Procurement Asset and Disposal Act 2015,
- viii)** Pension Act cap 189
- ix)** Conflict of interest Act 2025
- x)** Labour Relation Act 2007
- xi)** Urban areas and cities Act 2011
- xii)** Work Injury Benefits Act 2007
- xiii)** Income Tax Act 2012
- xiv)** Public Procurement and Disposal 2009.

- xv)** PPRA (Public Procurement Regulatory Authority 2016,
- xvi)** The Public Finance Management (National Govt) Regulation 2015.
- xvii)** Public Financial Management Regulations 2015,
- xviii)** Human Resources Policies and Procedures Manual for the Public Services
May 2016.

- xix)** Code of Regulation 2006,
- xx)** Government Circulars.

9. Management Discussion and Analysis

A. Budget Execution Historical Performance and Outlook:

Key performance indicators, observations with respect to financial statements, surplus/deficit, earnings, cash flow, and whether or not past performance may be indicative of future results.

(The table below explains performance for the year 2024/2025).

Budget Execution highlight for the year ended 30th June , 2025 <i>Details</i>	Annual Final Budget	Actual Cumulative to Date	Utilisation%
	Kshs	Kshs	
Receipts- SDPM	627,306,369.75		
Receipts-AIEs Opcs	95,946,592.00	723,252,961.75	100%
Payments	627,091,176.75		
AIEs Opcs	95,771,284.95	722,862,461.70	99%
Surplus/ Deficit	-	390,499.55	1%

(Exchequer issues received Kshs, 627,306,369.75 total expenditure was Kshs 627,091,176.75, unspent balance Kshs 215,192.50 (99.7%), AIES received for salaries from OPCs Kshs 95,946,592, amount utilized Kshs 95,771,281.95, unspent balance Kshs 175,307.05 Unutilized amount that was returned to CBK was Kshs 215,192.50).

B. Implementation Challenges and Emerging Issues:

Key events, demands on the *State Department for Performance and Delivery Management* principal activities, commitments to others and uncertainties on the horizon, as well as their implications and significance to the business.

The original budget was Ksh. 597,112,861, additional supplementary Kshs 30,637,276, total budget of Kshs 627,750,137 during the year 2024/2025.

C. Compliance and Governance

i. Non-Compliance with Statutory Requirements:

The State Department for Performance and Delivery is in compliance with Statutory Requirements and has no issue of non-compliance with statutory requirement.

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ii. On-going or potential court cases, default/material arrears in statutory/financial obligations.

There were No potential court cases as it was the first year of its operation.

iii. Financial Improbability and Serious Governance Issues:

There was no reported financial improbity reported during the period.

10. Environmental and Sustainability Reporting

Environmental and Sustainability Reporting

The mandate of the State Department is as articulated in the Executive Order No.2 of 2023, and stipulates the following as the key roles:

- i. Coordinating the institutionalization of Performance Management in the Public Service;
- ii. Overseeing Performance of Government Ministries, Departments and Agencies in service delivery;
- iii. Coordinating identification of innovative mechanisms to address challenges affecting public service delivery to facilitate smooth operations between Ministries, Departments and Agencies;
- iv. Monitoring and evaluating performance to ensure contracting parties are within the parameters of the agreed performance targets; and
- v. Monitoring the Implementation of Government's Priority Programmes and Projects.

a) Sustainability strategy and profile

In 2001 the Government developed and launched a strategy for performance improvement in the Public Service, which sought to enhance productivity and attain quality service delivery. A key aspect of the Strategy was the Result Oriented Management approach that culminated into the Result Based Management in 2004. The key tools of the Policy included Strategic Plans; Service Delivery Standards; Citizens Service Delivery Charters; Annual Work Plans; Performance Contracts; and Staff Performance Appraisal which ensures continued and sustainable service delivery to citizens.

Each year, the Government spells out key priority areas to achieve socio-economic development. The priority areas are aligned to extant global, regional and national frameworks. The priorities are outlined in the Kenya Vision 2030; the Bottom-Up Economic Transformative Agenda; the African Union Agenda 2063; the East African Community Vision 2050; the United Nations (2030) Agenda on Sustainable Development and other international treaties and conventions that Kenya is party to.

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

The State Department abides by the Environmental Management and Coordination Act (EMCA), 2015, a framework law on environmental management and conservation. EMCA, 2015 establishes among others the following institutions; National Environment Management Authority, Public Complaints Committee, National Environment Tribunal, National Environment Action Plan Committees, and County Environment Committees. The National Environment Management Authority (NEMA) was established as the principal instrument of government charged with the

implementation of all policies relating to the environment, and to exercise general supervision and coordination over all matters relating to the environment. In consultation with the lead agencies.

NEMA is empowered to develop regulations, prescribe measures and standards and, issue guidelines for the management and conservation of natural resources and the environment. The Act provides for environmental protection through; Environmental impact assessment; Environmental audit and monitoring; and Environmental restoration orders, conservation orders, and easements.

The State Department for Performance and Delivery Management engaged in tree growing initiatives in Siaya County in collaboration with stakeholders such as Kenya Forest Service (KFS), National Government Administrative Officers (NGAO) and the Siaya County Government. Siaya County is among the counties with the lowest forest cover in the country. The tree growing campaigns carried out by the department are therefore essential in restoring the ecosystem of the county and ensuring food security. Cumulatively, 6,000 seedlings were planted in the FY 2023/24 and were accurately recorded in the Jazamiti app.

c) Employee welfare

Employee welfare at the State Department is guided by the 2016 Human Resource Policies and Procedures Manual for the Public Service. The manual stipulates a clear role of the Principal Secretary in relation to the human resource function. Specific roles include: the administration and management of Human Resource(HR) functions in the department; advising the Cabinet Secretary on Human Resource matters; chairing Human resource management advisory committee (MHRMAC) and Ministerial Performance Management Committee (MPMC); and performing any other HR function as directed by the Cabinet Secretary(CS).

In addition, the manual stipulates the values and principles of public service. Among them are involvement of the people in the process of policy making; representation of Kenya's diverse communities; and fair competition and merit as the basis of appointments and promotions which guides employees' enjoyment of equal opportunities. Furthermore, the Performance Contracting guidelines issued annually ensures that targets on human resource development, training and appraisal are implemented and reported on.

d) Operational practices/ Market place practices

The relationship between suppliers and the State Department is guided by the Public Procurement and Asset Disposal Act, 2015. The Act is applied in relation to procurement planning; procurement processing; inventory and asset management; disposal of assets; and contract management.

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e) Community Engagements-

The State Department has not conducted any Corporate Social Responsibility (CSR), however, in fulfilling its mandate, the department engages stakeholders in the projects being implemented in different areas through the Government Delivery Service. Further, during tree growing sessions, involvement of multi-stakeholders involving communities has always been a key step in achieving targets on tree growing.

11. Statement of Management Responsibilities

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a National Government State Department for Performance and Delivery Management A shall prepare financial statements in respect of that State Department for Performance and Delivery management. 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 Performance and Delivery management is responsible for the preparation and presentation of the State Department for Performance and Delivery Management financial statements, which give a true and fair view of the state of affairs of the State Department for Performance and Delivery Management 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 State Department for Performance and Delivery Management, (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 State Department for Performance and Delivery Management (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 Performance and Delivery Management accepts responsibility for the State Department for Performance and Delivery Management financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the State Department for Performance and Delivery Management 's financial statements give a true and fair view of the state of State Department for Performance and Delivery Management's transactions during the financial year ended June 30, 2025, and of the State Department for


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Performance and Delivery Management financial position as at that date. The Accounting Officer further confirms the completeness of the accounting records maintained for the State Department for Performance and Delivery Management, which have been relied upon in the preparation of the State Department for Performance and Delivery Management financial statements as well as the adequacy of the system of internal controls.

The Accounting Officer in charge of the State Department for Performance and Delivery Management confirms that the State Department for Performance and Delivery Management has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the State Department for Performance and Delivery Management 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 State Department for Performance and Delivery Management financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The State Department for Performance and Delivery Management financial statements were approved on 27/08/2025 and signed by:



.....
Chimwaga Mongo, EBS
Accounting Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR PERFORMANCE AND DELIVERY MANAGEMENT FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

- A. Report on the 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 the 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 Performance and Delivery Management set out on pages 1 to 53, 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 Performance and Delivery Management 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 Performance and Delivery Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Issues

In the audit report of the previous year, 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 in financial year 2024/2025 revealed that the matters as listed below remained unresolved.

Unresolved Prior Year issues

No.	Financial Year	Audit Issue
1	2023/2024	Over Expenditure on Use of Goods and Services
2	2023/2024	Net Pay below One-Third Basic Pay Rule
3	2023/2024	Irregular Secondment of the Government Delivery Services Officers to County and Ministries by the Cabinet Secretary
4	2023/2024	Retention of Staff Above Age of 60 Years
5	2023/2024	Lack of an IT Strategic Plan

Other Information

The Management is responsible for the Other Information set out on page iii to xxxii which comprise of Key Entity Information and Management, Statement of Cabinet Secretary, Statement of the Accounting Officer, Statement of Performance against predetermined objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting and Statement of Management's 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 thereon.

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

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Lawfulness and the 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

Non-Compliance with Climate Regulations

The State Department has not effectively integrated the National Climate Change Action Plan 2023-2027 into its sectoral strategies and operational plans and the Department does not have an effective system in place to monitor, review and report on the integration of climate change into its activities and policies. Further, Management has not submitted its sectoral greenhouse gas emissions report to the national inventory. This is contrary to the provisions of the Climate Change (Amendment) Act, 2023.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Long Outstanding Unsurrendered Imprest

The statement of financial position and as disclosed under Note 14 to the financial statements reflects receivables from exchange transactions balance of Kshs.1,747,897. Included is an amount of Kshs.1,278,526 relating to unsurrendered temporary imprests owed by one (1) officer who is no longer in service. However, it was not clear why the officer left the service before surrendering the imprest.

In the circumstances, the recoverability of an amount Kshs.1,278,526 is doubtful.

2. Weaknesses In Internal Audit Function

Review of the governance framework for the State Department for Performance and Delivery Management revealed notable non-compliance with statutory internal audit and oversight requirements. The internal audit unit did not prepare or submit the required quarterly internal audit reports for the financial year, contrary to Regulation 173 of the Public Finance Management (National Government) Regulations, 2015 which require the head of internal audit to prepare quarterly internal audit reports. Further, the Audit Committee did not convene the mandatory quarterly Audit Committee meetings as required by Regulation 174 of the Public Finance Management (National Government) Regulations, 2015.

In the circumstances, governance and oversight role of the internal audit functions could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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


03 December, 2025

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

	Notes	FY 2024/25
		Kshs
Revenue from non-exchange transactions		
Transfers from Exchequer	6	627,306,370
Transfers from Other Government entities	7	95,946,592
Total		723,252,962
Total revenue		723,252,962
Expenses		
Employee costs	8	349,966,465
Use of goods and services	9	245,544,536
Transfers to other Government Entities	10	95,771,285
Depreciation and amortization expense	11	4,349,123
Social Benefits	12	2,100,470
Total expenses		697,731,879
Other gains/(losses)		
Surplus/Deficit for the year		25,521,083
Net Surplus/Deficit		25,521,083

The Financial Statements set out on pages 1 to 50 were signed by:



.....
Chimwanga Mongo, EBS
Accounting Officer



.....
CPA Elijah Ombati
Head of Accounting Unit
ICPAK M/No...9736.....

(Paragraph 79 of IPSAS 33 allows for the election by an MDA 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 at the time of adoption of the accrual basis of accounting. In preparing this financial reporting template, this election has been made; therefore, there are no comparatives in the first year of transition.)

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14. Statement of Financial Position as at 30th June 2025

	Notes	FY 2024/25	Opening Statement 1 st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	13	580,327	6,103,745
Receivables from Exchange Transactions	14	1,747,897	-
Receivables from Non-Exchange Transactions		-	-
Inventories	15	167,185	-
Investments	33	-	-
Total Current Assets		2,495,409	6,103,745
Non-Current Assets			
Receivables from Exchange Transactions		-	-
Investments		-	-
Property, Plant and Equipment	16	55,936,965	30,794,608
Right of use assets	17		-
Intangible Assets		-	-
Investment Property		-	-
Tangible natural resources		-	-
Total Non- Current Assets		55,936,965	30,794,000
Total Assets (a)		58,432,374	36,898,353
Liabilities			
Current Liabilities			
Trade and Other Payables	18	3,080,902	-
Refundable Deposits	19	189,828	189,828
Current Provision		-	-
Current Lease Liabilities		-	-
Deferred Income	21	175,307	-
Employee Benefit Obligation		-	-
Current Portion of Borrowings		-	-
Social Benefit Liability		-	-
Total Current Liabilities		3,446,037	189,828
Non-Current Liabilities			
Non-Current Provisions		-	-
Non-current lease liability		-	-

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	Notes	FY 2024/25	Opening Statement 1 st July 2024
		Kshs	Kshs
Deferred Income		-	-
Employee Benefit Obligation		-	-
Borrowings – Non-Current Portion		-	-
Social Benefit Liability		-	-
Service Concession Liability		-	-
Total Non- Current Liabilities		-	-
Total Liabilities (b)		3,446,037	-
Net Assets (a-b)		54,986,337	5,913,917
Represented by:			
Reserves			-
Accumulated Surplus			-
Capital Fund		-	-
Net Assets		54,986,337	5,913,917

The financial statements set out on pages 1 to 9 were signed by:



.....
Chimwaga Mongo, EBS
Secretary Administration
Accounting Officer



.....
Elijah Ombati
Head of Accounting Unit

ICPAK M/No...9736....

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

	Accumulated Surplus	Reserves	Capital Fund	Total
Fund balance as at 30th June 2024	5,913,917	-	-	5,913,917
Adjustments				
Recognition of Assets	30,794,608			30,794,608
Recognition of Liabilities	(189,828)			(189,828)
As at July 1, 2024	36,518,697	-	-	36,518,697
Return to Exchequer	215,193			215,193
Surplus/ deficit for the year	25,521,083			28,971,083
Capital funds received in the year		(7,268,636)	-	(5,763,976)
As at June 30, 2025	62,254,973	(7,268,636)	-	54,986,337

Note:

1. *For items that are not common in the financial statements, the MDA should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.*
2. *Prior year adjustment should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.*
3. *Entities have the liberty to add additional reserves as appropriate. For all reserves presented, provide the nature and purpose.*

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

		<i>FY 2024/25</i>
	Notes	Kshs
Cash flows from operating activities		
Receipts		
Transfers from exchequers	6	627,306,370
Transfers from other governments entities	7	95,946,592
Total receipts		723,252,962
Payments		
Employee costs	8	349,966,465
Use of goods and services	9	245,544,536
Transfers to other Government Entities	10	95,771,285
Depreciation	11	4,349,123
Social Benefits	12	2,100,470
Total payments		697,731,879
Surplus		25,521,083
Prior Adjustment:		
Net cash flows from/(used in) operating activities	22	29,706,673
Cash flows from investing activities		
Purchase of PPE		(29,491,480)
Net cash flows from/(used in) investing activities		(29,491,480)
Cash flows from financing activities		215,192.55
Return to Exchequer		(5,913,917)
Proceeds from borrowings		-
Repayment of borrowings		(-)
Net cash flows from financing Activities		(5,913,917)
Net increase/(decrease) in cash & Cash equivalents		6,129,109.50
Cash and cash equivalents at 1 July	13	5,913,917
Cash and cash equivalents at 30 June		215,192.55

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

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

Recurrent and Deposit Combined

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	e=a+b	d	e=c-d	f=d/c %
Receipts						
Exchequer releases	627,306,369.75		627,306,369.75	627,306,369.75	-	100%
Transfers from other government entities	95,946,592.35		95,946,592.35	95,946,592.35	-	100%
Total Receipts	723,252,962.10		723,252,962.10	723,252,962.10		100%
Payments						
Compensation of employees	314,500,000.00	34,845,960.00	349,345,960.00	349,343,464.75	2,495.25	
Use of goods and services	110,648,084.00	134,902,292.15	245,550,376.15	245,544,536.00	5,840.15	99%
Transfers to other government entities	95,946,592.35	0	95,946,592.35	95,771,284.95	175,307.05	
Social security benefits	300,250.00	1,800,250.00	2,100,500.00	2,100,469.95	30.05	100%
Acquisition of fixed assets	29,523,000.00	-	29,523,000.00	29,491,480	31,520	99.89%
Total Payments	554,367,926.00	171,548,502.15	722,466,428.15	722,251,235.65	215,192.50	
Surplus				215,192.50		

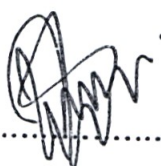
(a) *Variance analysis:* [Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%) Budget 627,750,137.00 Exchequer 627,306,369.75 unspent Kshs 215,192.50

(b) *Reallocations within the year: (Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.7.23.)*

The entity financial statements were approved on 27/08/ 2025 and signed by:



Chimwanga mongo, EBS
Secretary Administration
Accounting Officer



Elijah Ombati
Head of Accounting Unit
ICPAK M/No. 9736.....-

Budget Reconciliation to the Statement of Cash Flows

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	215,192.50
1	Reason for differences	-
2	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	215,192.55

Budget Notes

Provide an explanation of differences between actual and budgeted amounts for significant under/ overutilization IPSAS 24.14

Provide an explanation of changes between the original and final budget, indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

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Budget Execution by Programmes and Sub-Programmes for FY2024/2025

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	Kshs	Kshs	Kshs	Kshs	Kshs
Programme 1					
Public Service Performance Management Unit (PSPMU)	109,400,819.00		109,400,819.00	109,346,290.20	54,528.80
Sub-programme 2	210,056,308.00		210,056,308.00	210,015,532.00	40,776.00
Sub-programme 3	43,799,685.00		43,799,685.00	43,762,403.15	37,281.85
Programme 2					
Central Project Planning and Monitoring Department (CPPMD)	14,034,051.00		14,034,051.00	14,020,006.75	14,044.25
Sub-programme 2					
Headquarters Administrative Services	250,459,274.00	-	250,459,274.00	250,390,712.40	68,561.60
Total					215,192.50

(NB: This statement is a disclosure statement indicating the utilisation in the same format at the Entity's budgets which are programme based. It should tie with the combined Statement of Budgeted Vs Actual Amounts. Ensure that this document is completed to enable consolidation by the National Treasury)

18. Notes to the Financial Statements

1. Establishment

The State Department for Performance and Delivery Management is established by and derives its authority and accountability from the Executive Order No.2 of 2nd of November, 2023. The State Department for Performance and Delivery Management is wholly owned by the Government of Kenya and is domiciled in Kenya.

The State Department for Performance and Delivery Management principal activity is to institutionalizing Performance Management in the public sector; coordinating the delivery of quality services through identification of innovative mechanisms; and in monitoring the National Government priority programmes and projects. Customer Service Excellence (CSE) training on staff is aimed at transforming the mindset of all public servants and ensuring that all funds from Development Partners are utilized 100% as provided in the credit agreements.

2. Statement of Compliance and Basis of Reporting

Statement of compliance

The financial statements have been prepared in accordance with the Public Finance Management Act, and International Public Sector Accounting Standards (IPSAS) and the State Department for Performance and Delivery Management has taken advantage of the transitional provisions under IPSAS 33 and therefore these 1st year financial statements are transitional.

For the purpose of these financial statements, the Ministry/Department/Agency has been categorized as a Schedule 1 national government S State Department for Performance and Delivery Management 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. SDPDM are reporting entities whose primary objective is to provide policy and coordination of government services.

The use of public resources by State Department for Performance and Delivery Management 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 27/08/2025.

Guiding note during the transition period:

The financial statements have been prepared in accordance with the Public Finance Management Act, and International Public Sector Accounting Standards (IPSAS) or the State Department for Performance and

financial statements have not been recognised as the SDPDM has taken advantage of the transition provisions outlined in IPSAS 33. (SDPDM to state the transitional provisions it has applied and the steps being towards full compliance with IPSAS Accrual).

Notes to the financial statements

Reporting period

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

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 State Department for Performance and Delivery Management 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.

Notes to the Financial Statements (Continued)

The State Department for Performance and Delivery Management 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 State Department for Performance and Delivery Management 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 State Department for Performance and Delivery Management policy objectives and targets. Where a policy choice gives rise to an obligation that exists independently of the *SDPDM* future actions, expenses (and other related liabilities) are recognized for that policy.

Purpose and nature of financial instruments

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

Climate change obligations

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

Physical assets

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

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

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.

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

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Standard	Effective date and impact:
	infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p>Applicable 1st January 2026</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>
IPSAS 48- Transfer Expenses	<p>Applicable 1st January 2026</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>

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

iii) Early adoption of standards

The State Department for Performance and Delivery Management did not early – adopt any new or amended standards in the financial year or *the State Department for Performance and Delivery Management adopted the following standards early (state the standards, reason for early adoption and impact on State Department for Performance and Delivery Management financial statements.)*

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The State Department for Performance and Delivery Management 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 State Department for Performance and Delivery Management 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 State Department for Performance and Delivery Management 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 State Department for Performance and Delivery Management 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

b) Budget information

The original budget for FY 2024/25 was approved by the National Assembly on 13th June, 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the State Department for Performance and Delivery Management upon receiving the respective approvals in order to conclude the final budget. Accordingly, the State Department for Performance and Delivery Management State Department for Performance and Delivery Management recorded additional appropriations of 1st July 2024 on the 2024/25 budget following the governing body's approval. The State Department for Performance and Delivery Management'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 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 xxx of these financial statements.

c) Investment property

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 State Department for Performance and Delivery Management recognizes such parts as individual assets with specific useful lives and depreciates them accordingly State Department for Performance and Delivery Management. 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.

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 State Department for Performance and Delivery Management incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IPSAS 21 or IPSAS 26. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the State Department for Performance and Delivery Management 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.

Notes to the Financial Statements (Continued)

f) Tangible Natural Resources

The State Department for Performance and Delivery Management 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 State Department for Performance and Delivery Management; the State Department for Performance and Delivery Management 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 State Department for Performance and Delivery Management 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 State Department for Performance and Delivery Management 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.

g) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the State Department for Performance and Delivery Management. 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 State Department for Performance and Delivery Management 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 State Department for Performance and Delivery Management will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Notes to the Financial Statements (Continued)

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 State Department for Performance and Delivery Management expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the State Department for Performance and Delivery Management 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, introduces new rules for hedge accounting and a new impairment model for financial assets. *The State Department for Performance and Delivery Management does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.* A financial instrument is any contract that gives rise to a financial asset of one State Department for Performance and Delivery Management and a financial liability or equity instrument of another State Department for Performance and Delivery Management. At initial recognition, the State Department for Performance and Delivery Management measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Notes to the Financial Statements (Continued)

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 State Department for Performance and Delivery Management expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the State Department for Performance and Delivery Management can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
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- 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.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

a) Financial assets

Classification of financial assets

The State Department for Performance and Delivery Management 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 State Department for Performance and Delivery Management'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 State Department for Performance and Delivery Management 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 State Department for Performance and Delivery Management classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

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

Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

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

Trade and other receivables

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

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the State Department for Performance and Delivery Management 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 State Department for Performance and Delivery Management 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 State Department for Performance and Delivery Management recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

b) Financial liabilities

Classification

The State Department for Performance and Delivery Management classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

Notes to the Financial Statements (Continued)

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 State Department for Performance and Delivery Management.

l) Provisions

Provisions are recognized when the State Department for Performance and Delivery Management 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 State Department for Performance and Delivery Management 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.

Notes to the Financial Statements (Continued)

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 State Department for Performance and Delivery Management 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 State Department for Performance and Delivery Management will incur in fulfilling the present obligations represented by the liability.

n) Contingent liabilities

The State Department for Performance and Delivery Management 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 for Performance and Delivery Management 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 State Department for Performance and Delivery Management 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 for Performance and Delivery Management creates and maintains reserves in terms of specific requirements.

q) Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

r) Employee benefits

Retirement benefit plans

The State Department for Performance and Delivery Management provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an State Department for Performance and Delivery Management pays fixed contributions into a separate State Department for Performance and Delivery Management (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. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

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 *MDA* regards a related party as a person or an State Department for Performance and Delivery Management with the ability to exert control individually or jointly, or to exercise significant influence over the State Department for Performance and Delivery Management, or vice versa. Members of key

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

management are regarded as related parties and comprise *the directors, the CEO and senior managers*.

v) Service concession arrangements

The State Department for Performance and Delivery Management analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the State Department for Performance and Delivery Management recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the State Department for Performance and Delivery Management also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

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 for Performance and Delivery Management has elected to apply paragraph 79 of IPSAS 33, which allows for the election by an State Department for Performance and Delivery Management 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The State Department for Performance and Delivery Management 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 State Department for Performance and Delivery Management. 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:

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Notes to the Financial Statements (Continued)

6. Transfers from Exchequer

Nature of transfer	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Total transfers Period ended June 30,2025
	Kshs	Kshs	Kshs
Recurrent			
Q1	85,471,018.35	-	85,471,018.35
Q2	166,710,323.95		166,710,323.95
Q3	119,531,873.10		119,531,873.10
Q4	255,588,153.85		255,588,153.85
Development	-	-	-
Total	627,306,369.75		627,306,369.75

(b)Exchequer Releases analysis

(c) Nature of transfer	Amount recognized in the statement of financial performance KShs	Amount Deferred under deferred income KShs	Total transfers period ended June 30,2025
Recurrent			
07.08.24	20,861,234.35		20,861,234.35
09.09.24	22,522,488.90		22,522,488.90
20.09.24	7,362,001.60		7,362,001.60
30.09.24	34,725,293.50		34,725,293.50
Sub-Total Q1	85,471,018.35		85,471,018.35
24.10.24	9,063,665.35		9,063,665.35
4.11.24	34,323,445.40		34,323,445.40
14.11.24	7,299,732.70		7,299,732.70
21.11.24	11,377,890.00		11,377,890.00
29.11.24	25,409,249.55		25,409,249.55
13.12.24	32,332,616.65		32,332,616.65
20.12.24	13,701,101.00		13,701,101.00
31.12.24	33,202,623.30		33,202,623.30
Sub-Total Q2	166,710,323.95	-	166,710,323.95
23.01.25	13,864,062.10		13,864,062.10
6-Feb-25	41,669,884.80		41,669,884.80

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17-Feb-25	21,522,053.45		21,522,053.45
10.03.25	42,475,872.75		42,475,872.75
Sub-Total Q3	119,531,873.10		119,531,873.10
01.04.25 FT 250912XGR3	40,991,257.80		40,991,257.80
16.4.25 FT 25106VPXFJ	26,539,419.35		26,539,419.35
25.04.25 FT2511565	28,693,700.00		28,693,700.00
30.04.25 FT 2512090	37,255,473.65		37,255,473.65
22.5.2025 FT	10,252,820.00		10,252,820.00
27.05.2025 FT	33,987,293.90		33,987,293.90
16.06.2025 FT251670776G	10,238,395.50		10,238,395.50
25.06.2025 FT2511T5N6QJ9	41,199,924.50		41,199,924.50
27.06.2025 FT25178S8F38	26,434,869.65		26,434,869.65
Sub-Total Q4	255,593,154.35		255,588,153.85
Total Q1+Q2+Q3+Q4	627,306,369.75		627,306,369.75

Note: Total exchequer receipts received during the period 2024/2025 was Kshs 627,306,369.

7. Transfers from Other Government entities

Name Of The MDA Sending The Grant/Transfer	Amount recognized to Statement of Financial performance Kshs	Amount deferred under deferred income Kshs	Total transfers FY 2024/25
			Kshs
Ministry/State Department Performance & Delivery Management	-	-	-
Ministry/State Department- OPCS 15/8/24- July	15,825,375.00	-	15,825,375.00
OPCS-1/9/24- Aug 2024	15,825,375.00		15,825,375.00
OPCS-3/10/24- Sep	16,149,272.45		16,149,272.45
OPCS Oct	16,622,637.35		16,622,637.35
OPCS Nov	15,218,429.00		15,218,429.00
OCPCS Dec 24	16,305,503.55		16,305,503.55
Total	95,946,592.00	175,307.05	95,771,284.95

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Notes to the Financial Statements (Continued)

8. Employee Costs

Description	FY 2024/2025	2023/2024
	Kshs	Kshs
Basic salaries of permanent employees	211,598,335	103,918,167.90
Basic wages of temporary employees	11,131,102	-
House allowance	72,652,284	26,778,735.75
Overtime	898,275	-
Entertainment allowance	10,859,599	2,862,900.00
Transport allowance	28,804,288	5,305,029.70
Extraneous allowance	9,903,053	3,806,858.00
Domestic servants allowance	1,681,860	666,000.00
Leave allowance	2,437,669	300,958.00
Personal allowance paid as part of salary	126,614,028	
Employee costs	349,966,465	143,638,649.00

* Other employee related costs- please provide a brief explanation for these costs

9. Use of Goods and Services

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Utilities, supplies and services	-	
Communication, supplies and services	12,737,898.00	6,067,370.00
Domestic travel and subsistence	75,583,305.90	47,472,658.00
Foreign travel and subsistence	-	12,377,695.00
Printing, advertising, and information supplies & services	16,146,356.00	5,028,049.00
Rentals of produced assets	33,919,245.60	-
Training expenses	20,016,249.05	11,177,530.00
Hospitality supplies and services	32,166,205.00	31,150,876.00
Specialized materials and services	5,206,750.50	2,545,821.30
Office and general supplies and services	11,292,870.00	12,969,621.50
Fuel Oil and Lubricants	10,171,695.60	8,171,900.70
Other operating expenses	15,917,724.05	17,055,306
Routine maintenance – vehicles and other transport equipment	7,830,428.55	2,542,195.35
Routine maintenance – other assets	4,555,808.00	1,260,339.70
	245,544,536.25	157,819,363.00

Notes to the Financial Statements (Continued)

10. Transfers to Other Government Entities

Description	2024/2025	2023/2024
	Kshs	Kshs
Transfers to national govt entities- OPCS	95,771,284.95	-
Transfer to other Central Government entities	-	-
Transfers to Projects	-	-
Transfers to car loan and mortgage schemes	-	-
Transfers to County Governments entities	-	-
Total	95,771,284.95	-

11. Depreciation and Amortization Expense

Description	FY 2024/2025
	Kshs
Property, plant and equipment	4,349,123
Intangible assets	-
Investment property carried at cost	-
Total	4,349,123

12. Social Benefits

Description	FY 2024/2025
	Kshs
Gratuity -civil servants	2,100,469.95
Transfers to orphans	-
Transfers to the physically challenged	-
Total social benefit expenses	2,100,469.95

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Notes to the Financial Statements (Continued)

13. Cash and Cash Equivalents

Description	Current FY 2024/2025	Opening statement 1 st July 20XX
	Kshs	Kshs
Recurrent Account	215,192.55	5,913,917.85
Development Account	-	-
Deposits Account	365,134.55	189,827.50
On - Call Deposits	-	-
Fixed Deposits Account	-	-
Cash on Hand	-	-
Total	580,327.10	6,103,745.35

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

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

Financial Institution	Account number	Current FY 2024/2025	Opening statement 1 st July 2024
		Kshs	Kshs
Recurrent Account		215,192.55	5,913,917.85
CBK001	1000733659		
Development Accounts		-	-
CBK002	1000733675		
Deposits Accounts		365,134.55	189,827.50
On - Call Deposits		-	-
Fixed Deposits Account		-	-
Others (Specify)		-	-
Cash on Hand		-	-
Mobile Money Accounts		-	-
Sub- Total		365,134.55	189,827.50
Grand Total		580,327.10	6,103,745.35

Notes to the Financial Statements (Continued)

14. Receivables from Exchange Transactions

Description	Current FY 2024/2025	Opening statement 1 st July 2024
	Kshs	Kshs
Temporary imprest	1,747,897	-
Less: impairment allowance	(0)	-
Total Receivables	1,747,897	-
a) Prepayment -Other Prepayments	-	-
b) R/D cheques	-	-
c) Standing Imprests	-	-
Total receivables (a+b)	1,747,897	-

14 (c) Ageing analysis for Receivables

Description	Current FY 2024/2025		Opening statement 1 st July 2024	
	Kshs		Kshs	
	Current FY	% of the total	1 st July	% of the total
Less than 1 year	469,371	%	-	%
Between 1- 2 years	1,278,526	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	1,747,897	%	-	%

14 (d) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

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

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Notes to the Financial Statements (Continued)

15. Inventories

Description	Current FY 2024/2025	Opening Statement 1st July 2024
	Kshs	Kshs
Consumable stores	167,185	-
Goods held for distribution	0	-
Spare parts and meters	0	-
Less: allowance for impairment	(-)	(-)
Total	167,185	-

Notes to the Financial Statements (Continued)

16. Property, Plant, and Equipment

	Land	Buildings	Motor vehicles	Infrastructure assets	Furniture and fittings	Computers & ICT Equipment	Work in progress	Service concession assets	Total
Depreciation Rate		2.5%	20%	20%	12.5%	33.3%			
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1 st July 2024	-	0	6,663,960	0	24,130,648	0	0	0	30,794,608
Additions	-	0	24,000,000	0	0	5,491,479.50	0	0	29,491,480
Disposals	(-)	(0)	-	(0)	-	-	(0)	(-)	(0)
Transfer/Adjustments	(-)	(0)	-	0	-	(0)	-	0	(0)
As At Jun 2025	-	-	30,663,960	0	24,130,648	5,491,479.50	0	0	60,286,088
Depreciation And Impairment									
As At July 2024									
Depreciation	-	(-)	(1,332,392)	(-)	(3,016,331)	(-)	-	-	(4,349,123)
Disposals	-	0	-	-	-	-	-	-	-
Impairment	-	(-)	(0)	(0)	-	-	-	-	(-)
Transfer/Adjustment	-	0	(0)	(0)	(0)	0	-	-	-
As At 30, June 2025	-	0	1,332,392	0	3,016,331	-	-	-	4,349,123
Net Book Values			29,331,568		21,114,317	5,491,479.50			55,936,965

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	Land	Buildings	Motor vehicles	Infrastructure assets	Furniture and fittings	Computers & ICT Equipment	Work in progress	Service connection assets	Total
Depreciation Rate		2.5%	20%	20%	12.5%	33.3%			
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Balance as at 1st July 2024	-	-	6,663,960	xxx	24,130,648	-	-	-	30,794,608
As At 30, June 2025	0	0	29,331,568	0	21,114,317	5,491,479.50	0	0	55,936,965

Note: (IPSASB 45 states Depreciation starts when the asset is available for use in the location and conditions necessary for use. Assets Purchased during the year will not be depreciated, while full depreciation is charged after one year of purchase using applicable rates.)

Notes to the Financial Statements (Continued)

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 item has been acquired at, 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.

17. Right- of-use assets

	<i>Buildings</i>	<i>Motor vehicles</i>	<i>Plant and equipment</i>	<i>Total</i>
	Kshs	Kshs	Kshs	Kshs
Cost				
As at 1 July 2024	-		-	-
Additions	-		-	-
As at 30 June 2025	-		-	-
Accumulated Depreciation				
As at 1 July 2024	-		-	-
Charge for the year	-		-	-
As at 30 June 2025	-		-	-
Carrying Amount				
As at 30 June 2025	=		-	-

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Notes to the Financial Statements (Continued)

18. Trade and Other Payables

Description	Current FY2024/25		Opening Statement 1 st July 2024	
	Kshs		Kshs	
With holding Tax	15,422			
Salary deductions	7110			
System Liabilities	-		-5,847,404.25	
Pending bills	3,080,802			
Total trade and other payables	3,080,802		-5,847,404.25	
Ageing analysis: (Trade and other payables)	Current FY	% of the Total	1st July	% of the Total
Under one year	3,080,802	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	3,080,802		-	

Notes to the Financial Statements (Continued)

19. Refundable Deposits and Prepayments

Description	Current FY2024/25		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Customer deposits	-		-	
Prepayments	-		-	
Other deposits	365,1345		189,827.50	
Total deposits	365,1345		189,827.50	
Ageing analysis: (Refundable deposits)	Current FY	% of the Total	1st July	% of the Total
Under one year	175,307	%	-	%
1-2 years	189,828	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	365,135		-	

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Notes to the Financial Statements (Continued)

20. Deferred Income

Description	Insert Current FY	Opening Statement 1 st July 20XX
	Kshs	Kshs
National Government	175307	-
International Funders	-	-
Public Contributions and Donations	-	-
Total Deferred Income	175,307	-

Analysed as:

Description	Amount
Current	175,307
Non- Current	-
Total	175,307

The deferred income movement is as follows:

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

Retirement benefit Asset/ Liability (Applicable to Pensions)

The State Department for Performance and Delivery Management operates a defined benefit scheme for all full-time employees from July 1, 2024. The scheme is administered by xxx while xxx are the custodians of the scheme. The scheme is based on xxx percentage of salary of an employee at the time of retirement.

An actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS 39 was carried out as at 30th June 2025 by actuarial valuers on this basis the present value of the defined benefit obligation and the related current service cost and past service cost were

Notes to the Financial Statements (Continued)

measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of valuation are as follows:

Recognition of Retirement Benefit Asset/ Liability

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

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

b) Amounts recognised in the Statement of Financial Position

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

The State Department for Performance and Delivery Management also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The State Department for Performance and Delivery Management's obligation under the scheme is limited to specific contributions

Notes to the Financial Statements (Continued)

legislated from time to time and is currently at KShs. XXX per employee per month. Other than NSSF the MDA also has a defined contribution scheme operated by XXX Pension Fund. Employees contribute 1.5% while employers contribute 1.5% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

21. Cash Generated from Operations

	<i>Period ended 30, June 2025</i>
	Kshs
Surplus for the year before tax	25,521,083
Adjusted for:	
Depreciation	4,349,123
Non-cash grants received	(-)
Contributed assets	(-)
Impairment	-
Gains and losses on disposal of assets	(-)
Contribution to provisions	-
Contribution to impairment allowance	-
Working capital adjustments	
Increase in inventory	(167,1845)
Decrease in receivables	(1,747,897)
Increase in deferred income deposit OPCS	175,307
Increase in payables	3,080,902
Increase in payments received in advance	-
Net cash flow from operating activities	29,706,673

22. Financial Risk Management

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

Notes to the Financial Statements (Continued)

i) Credit risk

The State Department for Performance and Delivery Management has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors.

The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the State Department for Performance and Delivery Management'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 State Department for Performance and Delivery Management's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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

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

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

Notes to the Financial Statements (Continued)

ii) Liquidity risk management

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

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

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

iii) Market risk

The State Department for Performance and Delivery Management has put in place an internal audit function to assist it in assessing the risk faced by the State Department for Performance and Delivery Management 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 State Department for Performance and Delivery Management'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

Notes to the Financial Statements (Continued)

risk rests with the Audit and Risk Management Committee. The State Department for Performance and Delivery Management'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 State Department for Performance and Delivery Management's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The State Department for Performance and Delivery Management has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The State Department for Performance and Delivery Management 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.

The carrying amount of the State Department for Performance and Delivery Management's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

FY 2024/25

	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As At 30 June 2025			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
Total Financial Assets	-	-	-
Financial Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Total Financial Liabilities	-	-	-

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Net Foreign Currency Asset/(Liability)	-	-	-
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Notes to the Financial Statements (Continued)

Foreign currency sensitivity analysis

FY 2024/25

	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As At 30 June 2025			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
Total Financial Assets	-	-	-
Financial Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Total Financial Liabilities	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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

	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
2025			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

Interest rate risk is the risk that the State Department for Performance and Delivery Management'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 State Department for Performance and Delivery Management to cash flow interest rate risk. The

Notes to the Financial Statements (Continued)

interest rate risk exposure arises mainly from interest rate movements on the State Department for Performance and Delivery Management's deposits.

Management of interest rate risk

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

Financial Risk Management

Sensitivity analysis

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

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

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Notes to the Financial Statements (Continued)

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The State Department for Performance and Delivery Management considers relevant and observable market prices in its valuations where possible.

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

	Level 1	Level 2	Level 3	Total
	Kshs	Kshs	Kshs	Kshs
As At 30 June 2025				
Financial Assets				
Quoted Equity Investments	-	-	-	-
Non- Financial Assets				
Investment Property	-	-	-	-
Land And Buildings	-	-	-	-
	-	-	-	-

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

Notes to the Financial Statements (Continued)

iv) Capital Risk Management

The objective of the State Department for Performance and Delivery Management's capital risk management is to safeguard the State Department for Performance and Delivery Management's ability to continue as a going concern. The State Department for Performance and Delivery Management capital structure comprises of the following funds:

	<i>Insert Current FY</i>
	Kshs
Revaluation Reserve	-
Retained Earnings	-
Capital Reserve	-
Total Funds	-
Total Borrowings	-
Less: Cash And Bank Balances	(-)
Net Debt/(Excess Cash And Cash Equivalents)	-
Gearing	-0%

23. Related Party Disclosures

Nature of related party relationships

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

Other related parties include:

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Xxx.
- v) Key management.
- vi) Board of directors.

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

24. Segment Information

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

Notes to the Financial Statements (Continued)

25. Contingent Assets and Contingent Liabilities

Contingent Assets

	2024/25
	Kshs
Contingent Assets	
Insurance Reimbursements	-
Assets Arising from Determination Of Court Cases	-
Reimbursable Indemnities and Guarantees	-
Receivables From Other Government Entities	-
Others (Specify)	-
Total	-

(Give details)

Contingent Liabilities

	2024/25
	Kshs
Contingent Liabilities	-
Court Case xx against the MDA	-
Bank Guarantees in Favour of Subsidiary	-
Contingent Liabilities arising from Contracts Including PPPs	-
Others (Specify)	-
Total	-

(Give details)

26. Capital Commitments

Capital Commitments	2024/25
	Kshs
Authorised for	-
Authorised and Contracted for	-
Total	-

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)

Notes to the Financial Statements (Continued)

27. Program for Results (PforR) Disclosure

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

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

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

28. Events after the Reporting Period

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

29. Ultimate and Holding

The State Department for Performance and Delivery Management 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.

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 Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Ref: OAG/PS/&ICT/SDP &DM/2023-2024(27) OF 16.12.24	1. Over-expenditure on use of goods and services of kshs 5,680,934	The over expenditure has been rectified and financial statement amended	Not resolved	Immediate
	2. Net pay below a third of basic salary	Those who are drawing salary below 1/3 are expected to regularize naturally, as some of their commitments will be offset with time and through annual salary increments.	resolved	Immediate
	3. Irregular secondment of the Government Delivery services officers to counties and Ministries by CS	this arrangement has been rescinded and officers were advised to work from GDS headquarters or be moved to where they are assigned duties on need basis as they offer necessary support to Ministries.	Not resolved	Immediate
	4. Retention of staff above 60 years	Officers were directed to retire from the public service upon reaching	Not resolved	Immediate

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		mandatory retirement age		
	5.Lack of an IT strategic Plan	State Dept ICT Strategic Plan will be cascaded from the MOICT developed Strategic Plan	Not Resolved	As soon as Ministry of ICT provides the Strategic Plan

Guidance Notes:

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



.....
 Accounting Officer

Date

Appendix II: Projects implemented by The State Department for Performance and Delivery Management

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)

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

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Appendix III: Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) Previous Year	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) Current Year
Land					
Buildings and structures					
Transport equipment	6,663,960	24,000,000	-	-	30,663,960
Office equipment, furniture and fittings	24,130,648	-	-	-	24,130,648
ICT Equipment	-	5,491,480	-	-	5,491,480
Machinery and Equipment					
Biological assets					
Infrastructure Assets- Roads, Rails					
Heritage and cultural assets					
Intangible assets					
Work in Progress					
Total	30,794,608	29,491,480			60,286,088

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Appendix IV: Transfers from Other Government Entities

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

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Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q 1	Q 2	Q 3	Q 4		
Tree planting activity	The state department planted 10,000 trees in Kisumu county.	Contribute to sustainable development through continued conservation measures to mitigate climate change in line with BETA transformation objective	Growing 10,000 trees in Got Alila, Siaya County					GOK	GOK

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Appendix VII: Disaster Expenditure Reporting Template

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