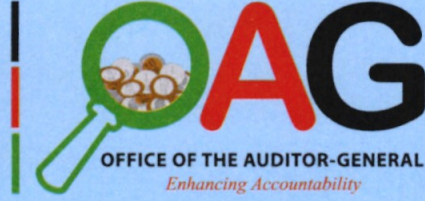
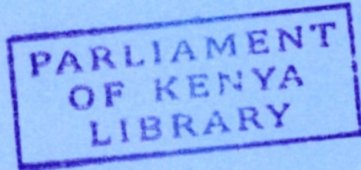


REPUBLIC OF KENYA



# REPORT




OF

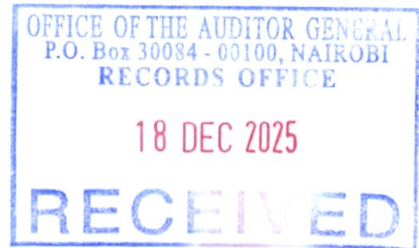
## THE AUDITOR-GENERAL

ON

## THE NATIONAL TREASURY

### FOR THE YEAR ENDED 30 JUNE, 2025

 <b>THE NATIONAL ASSEMBLY PAPERS LAID</b>	
DATE: 12 MAR 2026	DAY: THUR
TABLED BY:	Spk. Leader of the Opposition HON. OWEN BANDA
CLERK-AT-THE-TABLE:	MERCY CHUMO



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**THE NATIONAL TREASURY**

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

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**Transitional IPSAS Financial Statements**

**The National Treasury**  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

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## **1. ACRONYMS AND DEFINITION OF KEY TERMS**

### **A. Acronyms and Abbreviations**

AGPO:	Access to Government Procurement Opportunities
A-in-A	Appropriations in Aid
BETA:	Bottom-Up Economic Transformation Agenda
CARB:	County Allocation of Revenue Bill
CCF:	Climate Change Fund
CGS:	Credit Guarantee Scheme
CSD:	Central Securities Depository
DORB:	Division of Revenue Bill
IPSAS:	International Public Sector Accounting Standards (IPSAS)
IRMF:	Institutional Risk Management Framework
KRA:	Key Result Areas
MCDAs:	Ministries, Counties, Departments and Agencies
MDAs:	Ministries, Departments and Agencies
MSME:	Micro, Small and Medium Enterprises
NIFC:	Nairobi International Financial Centre
NHIF:	National Hospital Insurance Fund
NSSF:	National Social Security Fund
PFM:	Public Finance Management
PSSS:	Public Service Superannuation Scheme
RK-FINFA	Rural Kenya Financial Inclusion Facility
RTPs:	Restrictive Trade Practices
SACCOs:	Saving and Credit Cooperative Organizations
SAGAs:	Semi-Autonomous Government Agencies
VFM:	Value for Money

## B. Definition of Key Terms

**Appropriation in Aid:** Revenue collected by various Government Ministries, Departments and Agencies (MDAs) and spent at source after appropriation.

**Career Development Guidelines:** A policy document that provides clearly defined career structures, well-defined job descriptions and specifications, standards for recruitment, training, advancement, career planning, and succession management.

**Carbon Credits:** Are financial instruments where the buyer compensates another entity to undertake measures aimed at lowering its greenhouse gas emissions. The purchaser then receives recognition for these emissions reductions.

**County Allocation of Revenue Bill:** A Bill for an Act of Parliament, prepared in fulfilment of the requirements of Article 218(2) of the Constitution and Section 191 of the Public Finance Management Act, 2012, to provide for the equitable allocation of revenue raised nationally among the county governments in every financial year and the responsibilities of national and county governments pursuant to such allocation and for connected purposes.

**County Governments Additional Allocation Bill:** A Bill for Act of Parliament to provide for additional allocations (conditional and unconditional) to county governments; the responsibilities of National t and county governments pursuant to such allocations; and for connected purposes.

**Evaluation:** Refers to a systematic and objective assessment of ongoing or completed activities. The aim is to determine the relevance and level of achievement of activity objectives, effectiveness, efficiency, impact and sustainability. Evaluations also feed lessons learnt into the decision-making process.

**Emerging Issues:** This refers to recent occurrences /events /phenomena which might impact the sector negatively or positively. They include environmental, policy, legal, technological, economic, political, social and cultural.

**Monitoring:** Is a continuous assessment that aims at providing all stakeholders with early detailed information on the progress or delay of the ongoing assessed activities. It is an oversight of the activity's implementation stage.

**Public Financial Management Reforms:** These are reforms aimed at strengthening Public Finance Management (PFM) systems to enhance effectiveness of the budget processes, improve transparency and deployment of Public Private Partnership arrangements in funding infrastructural projects, among others.

**Risk:** The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.

**Value for Money (VFM) Audits:** To give assurance on prudent utilization of public resources and establish whether funds have been used economically, efficiently and effectively.

## **2. KEY NATIONAL TREASURY INFORMATION AND MANAGEMENT**

### **a) Background Information**

The National Treasury was established vide the Executive Order No. 1 of 2025. The basis for establishment of the National Treasury is found in Article 225 (1) of the Constitution of Kenya which states that an Act of Parliament shall provide for the establishment, functions and responsibilities of the National Treasury. This has been actualized in Section 11 and 12 of the Public Finance Management (PFM) Act 2012.

At Cabinet level, the National Treasury is represented by the Cabinet Secretary for National Treasury, who is responsible for the general policy and strategic direction of the Ministry.

### **b) Mandate of the National Treasury**

The National Treasury derives its mandate from Article 225 of the Constitution, Public Finance Management Act 2012 and the Executive Order No.1 of 2025. The National Treasury exercises its mandate in consistency with any other legislation as developed or reviewed by Parliament from time to time.

The core functions of the National Treasury as derived from the above legal provisions include;

- i. Overall Economic Policy Management;
- ii. Management of Public Finance;
- iii. Formulation of National Budget;
- iv. Public Debt Management;
- v. Formulation and Maintenance of Government Accounting Standards;
- vi. Bilateral and Multi-Lateral Financial Relations;
- vii. Capital Markets Policy;
- viii. Oversight of Revenue Collection as prescribed;
- ix. Competition Policy Management;
- x. Insurance Policy and Regulation;
- xi. Development and Enforcement of Financial Governance Standards;
- xii. Financial Sector Analysis and Management including SACCOS, NSSF and SHA;
- xiii. Financial Institutions Oversight;
- xiv. Management of National and County Governments Financial Management System and Standards;
- xv. Development of Kenya as an International Financial Centre;
- xvi. Anti-Money Laundering Policy; and
- xvii. Development and promotion of carbon trading (carbon credit markets) as an emerging asset class within the capital markets.

### **Vision**

“Excellence in economic and public finance management, and development planning for Kenya’s socio-economic transformation.”

**The National Treasury**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025.**

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**Mission**

“To provide leadership in prudent economic and public finance management and development planning through formulation, implementation and monitoring of policies for Kenya’s inclusive growth”.

**Core Values**

The National Treasury is guided by the following **STRICT** core values:

- Stakeholder participation;
- Transparency and accountability;
- Results oriented;
- Integrity;
- Customer focus; and
- Teamwork and commitment;

**Role of the National Treasury in the Devolved System of Government**

The National Treasury is mandated by law to: -

- i. Strengthen financial and fiscal relations between the National Government and County Governments and support County Governments in performing their functions;
- ii. Issue guidelines on the preparation of county development planning;
- iii. Prepare the annual legislative proposals on intergovernmental fiscal transfers;
- iv. Provide logistical support to intergovernmental institutions overseeing intergovernmental fiscal relations;
- v. Coordinate the development and implementation of financial recovery plans for County Governments that are in financial distress;
- vi. Build capacity of County Governments on public finance management matters for efficient, effective and transparent financial management as well as planning, monitoring and evaluation; and
- vii. Administer the Equalization Fund.

**c) Key Management**

The National Treasury’s day-to-day management is bestowed on following key offices.

**Office of the Principal Secretary**

The Principal Secretary is responsible for the day-to-day administration of the National Treasury operations and is the Accounting Officer and Authorized Officer. In addition, the Principal Secretary is charged with the responsibility of advising the Cabinet Secretary on policy, technical and administrative functions in the National Treasury.

**Organizational Structure of the National Treasury**

The National Treasury is organized into four (4) technical Directorates headed by Directors General and one (1) Administrative and Support Services Directorate headed by a Principal Administrative Secretary.

Each Director General is responsible for a Directorate comprising a cluster of Departments responsible for related policy functions. In addition, the National Treasury has two independent departments namely Public Procurement headed by a Director and Internal Auditor General Department headed by an Auditor General. The National Treasury also has a Public Finance Management Reforms Secretariat headed by a Programme Coordinator.

The Directorates and Departments are as follows:

**Directorate of Budget, Fiscal and Economic Affairs**

The Directorate is headed by a Director General, reporting to the Principal Secretary, National Treasury. It is organized into the following four (4) Technical Departments each headed by a Director:

- (a) Budget Department;
- (b) Macro and Fiscal Affairs Department;
- (c) Financial and Sectoral Affairs Department; and
- (d) Inter-Governmental Fiscal Relations Department.

**Directorate of Accounting Services**

The Directorate is headed by a Director General reporting to the Principal Secretary, National Treasury. It is organized into the following four (4) Technical Departments each headed by a Director:

- (a) Government Accounting Services;
- (b) Information Financial Management Systems (IFMIS);
- (c) National Sub-County Treasuries; and
- (d) Government Digital Payments Unit.

**Directorate of Public Debt Management Office**

The Directorate is headed by a Director General, reporting to the Principal Secretary. It is organized into the following three (3) Technical Departments each headed by a Director:

- (a) Resource Mobilization (Front Office);
- (b) Debt Policy, Strategy and Risk Management (Middle Office); and
- (c) Debt Recording and Settlement (Back Office).

**Directorate of Administrative and Support Services (Common Shared Services)**

The Directorate is headed by a Principal Administrative Secretary, reporting to the Principal Secretary. It is organized into ten (10) specialized functions offering common shared services. The common shared services of the National Treasury consist of functions that are not core to the National Treasury but offer critical support services to the National Treasury. The functions include:

- (a) Accounting;
- (b) Finance;
- (c) Human Resource Management and Development;
- (d) Central Planning and Project Monitoring;
- (e) Supply Chain Management;
- (f) Legal;
- (g) Public Communications;
- (h) General Administration;
- (i) Internal Audit; and
- (j) ICT.

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**Directorate of Public Investment and Portfolio Management**

The Directorate is headed by a Director General, reporting to the Principal Secretary. It is organized into the following five (5) Technical Departments each headed by a Director:

- (a) Government Investment and Public Enterprises;
- (b) National Assets and Liabilities Management;
- (c) Parastatal Reforms;
- (d) Pensions Department; and
- (e) Public Investment Management.

**Directorate of Public Private Partnership**

The Directorate is headed by a Director General, reporting to the Principal Secretary on matters relating to Public Private Partnership.

**Note:** Directorate of Public Investment and Portfolio Management and Directorate of Public Private Partnership have since been transferred from the National Treasury to the new State Department for Public Investment and Assets Management vide Executive Order No. 1/ 2025 dated June, 2025.

**d) Fiduciary Management**

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

S/No.	Designation	Name
1.	Principal Secretary	Dr. Chris Kiptoo, CBS
2.	Principal Administrative Secretary	Mr. Samson Wangusi, OGW
3.	Director General, BFEA	Mr. Albert Mwenda, MBS
4.	Director General, Accounting Services	FCPA. Bernard Ndung'u, MBS
5.	Director General, PIPM	Mr. Lawrence Kibet, EBS
6.	Director General, PDMO	Mr. Raphael O. Otieno
7.	Director General, PPP	Eng. Kefa Seda
8.	Director, Macro and Fiscal Affairs Department	Mr. Musa Kathanje, OGW
9.	Director, Budget Department	Mr. Francis Anyona, OGW
10.	Director, Financial and Sectoral Affairs Department	Mr. Ronald Inyangala, OGW
11.	Director, Public Procurement Department	Mr. Eric Korir
12.	Director, Intergovernmental Fiscal Relations Department	Mr. Samuel Kiptorus
13.	Internal Auditor General	Dr. CPA. Sammy Kimunguyi, CFE, CISA
14.	Director, Government Accounting Services Department	CPA, FA. Jona Wala
15.	Director, National Sub County Treasuries	CPA. Francis Kariuki, OGW
16.	Director, Integrated Financial Management Information System	Mr. Mboni Kyallo
17.	Director, National Assets and Liability Management	CPA. Geoffrey Malombe, ndc(k)
18.	Director, Government Investment and Public Enterprises	CPA. Kennedy Ondieki, EBS
19.	Director, Pensions Department	Mr. Michael Kagika, EBS

20.	Director, Parastatal Reforms	Dr. Karen Kandie, DBA
21.	Director, Public Investment Management Unit	Mr. Orumoi Jonah
22.	Director, Resource Mobilization Department	Mr. Amos Cheptoo
23.	Director, Debt Policy, Strategy and Risk Management Department	Mr. Daniel Ndolo
24.	Director, Debt Recording and Settlement Department	Mr. Jeremiah Tomno
25.	Director Administration (Ag.)	Mr. Denis Kirui
26.	Director Accounting Services/Head, Accounts Division	CPA. George K. Gichuru
27.	Head, Finance Unit	Mr. Ambrose Ogango
28.	Director/Head, Supply Chain Management Unit	Mr. Caleb Ogot
29.	Senior Deputy Internal Auditor General/Head, Internal Audit Unit	CPA. Lucy Mugwe
30.	Principal State Law Counsel, Legal Unit	Ms. Faith Chirchir
31.	Director, Human Resource Management and Development	Mr. Benson Giuthua, OGW
32.	Director, Information Communication and Technology	Mr. Edward Ruteere
33.	Director, Central Planning and Project Monitoring Department	Mr. John Olela
34.	Director, Public Communications Unit	Mr. Godfrey Isiye
35.	Ag. Director Government Digital Payments Unit	Mr. Silas Oswe
36.	Director, Exchequer Services	CPA. Jane Wacuka, OGW
37.	Programme Coordinator, Public Financial Management Reform Secretariat	Mr. Joel Bett

#### e) Fiduciary Oversight Arrangements

To manage the fiduciary risk, the National Treasury has put in place fiduciary oversight arrangements including setting up committees. The key oversight arrangements include:

##### i. Audit Committee

In line with the Public Finance Management Act, 2012 the National Treasury has established a Ministerial Audit Committee comprising five members, four of whom are independent. The Committee provides overall oversight and quality assurance including follow up on the effectiveness of implementation of audit recommendations.

The committee support the Accounting Officer with regard to the responsibilities on issues of risk management, internal controls, governance and associated assurance. The Committee also follow up on the implementation of the recommendations of internal and external auditors.

##### ii. Public Finance Management Committees

###### Budget Implementation Steering Committee

In order to effectively monitor the implementation of the National Government budget, the National Treasury has established a steering Committee chaired by the Cabinet Secretary, National Treasury. The Principal Secretaries for the National Treasury and State Department for Economic Planning provide general oversight in the Budget implementation.

###### Budget Implementation Technical Committee

## **The National Treasury**

### **Annual Report and Financial Statements for the financial year ended June 30, 2025.**

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The Committee is chaired by the Principal Administrative Secretary and comprises the Directors General and various Heads of Department. The Committee is responsible for monitoring the actual implementation of the identified measures and programmes and reporting detailed progress on the same regularly.

#### **Budget Implementation Ministerial Committee**

To monitor the implementation of the Ministry's budget, programmes and activities, the National Treasury has appointed a committee comprising of officers from all the Departments of the Ministry. The Committee reviews and analyses the progress made by Departments in the implementation of budget and the planned programmes and activities and advises the management accordingly.

#### **Public Finance Management Standing Committee (PFMSC)**

Established to provide strategic guidance on Public Finance Management according to the Public Finance Management (National Government) Regulations. The committee is crucial for ensuring prudent financial management and accountability at the National Treasury.

#### **Project Implementation Committee**

To monitor the implementation of the Government's Infrastructure Projects, the National Treasury has established a Project Steering Committee comprising Principal Secretaries from implementing Ministries and appointed a technical committee comprising officers from the technical departments of the Ministry. The Committees review and analyse the progress made by ministries in the implementation of domestically and externally funded projects and advises accordingly.

#### **Development Partner Oversight**

To effectively manage Official Development Assistance to the Government, the National Treasury has, under the Public Debt Management, a department responsible for all matters relating to Development Partners. The Department has various Units that coordinate different development partner activities in the Country.

#### **Public Financial Management Sector Working Group**

To facilitate the implementation of financial management reforms, the National Treasury has appointed senior officers to the Public Financial Management Sector Working Group. The Committee plays an oversight role in the implementation of financial reforms in the public service in collaboration with the development partners.

#### **iii. Top Management Committee**

To monitor the implementation of the Ministry's programmes and performance, the National Treasury has appointed Senior Management Committee comprising of Directors General. The Committee receives reports from departments, build consensus on National Treasury responses to emerging issues, challenges and risks and ensures that the decisions made are implemented in a timely manner. Additionally, the Treasury constituted Ad hoc Committees to handle specific assignments in the Financial Year 2024/25.

**iv. The National Treasury Monitoring and Evaluation Technical Committee (NTPMEC)**

The National Treasury undertakes monitoring and evaluation exercises to establish progress made in the implementation of various programmes and projects including those that are funded by the development partners.

The National Treasury Monitoring and Evaluation Technical Committee (NTPMEC) is a dedicated technical committee which was established by PS/NT on 28<sup>th</sup> May, 2024 to mainstream PM&E practices within the National Treasury and ensure effective oversight and evaluation of fiscal policies, budgetary allocations, and public investments.

The Committee is mandated to enhance the efficiency, transparency, and accountability of the planning, budgeting, financial management, and M&E practices within the National Treasury. It aims to provide systematic oversight, evaluation, and evidence-based recommendations for functional and operational efficiency and realization of intended strategic outcomes.

**The National Treasury Headquarters**

P.O. Box 30007- 00100,  
Treasury Building,  
Harambee, Avenue  
**NAIROBI, KENYA**

**The National Treasury Contacts**

Telephone: (254)020-2252299  
Email: [Communication@treasury.go.ke](mailto:Communication@treasury.go.ke)  
Website: [www.treasury.go.ke](http://www.treasury.go.ke)

**The National Treasury Bankers**

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

**Independent Auditors**

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

**Principal Legal Adviser**

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

### 3. PROFILE OF CABINET SECRETARY, THE NATIONAL TREASURY



**HON. FCPA. JOHN MBADI NG'ONGO, EGH** is the Cabinet Secretary (CS) for The National Treasury. Before his appointment, Hon. Mbadi had an extensive career in public service, most recently serving as a nominated Member of Parliament (MP) and the Chairperson of the Public Accounts Committee in the National Assembly.

The CS has a rich history in legislative leadership, having served as the elected MP for Suba South Constituency. His experience extends to roles such as Assistant Minister in the Office of the Prime Minister and Leader of Minority in the National Assembly. Throughout his parliamentary tenure, he was a member of numerous key committees, including the House Business Committee, Liaison Committee, Budget and Appropriations Committee, Selection Committee, Appointments Committee, Public Accounts Committee, Public Investments Committee, Constitutional Implementation Committee, the Ad Hoc Committee on the Cost of Living, and the Defence and Foreign Relations Committee. Notably, he was also a member of the Legislative Taskforce responsible for drafting the Public Finance Management Act of 2012.

In addition to his political and legislative accomplishments, the CS is a seasoned finance professional with 28 years of experience. He has held the position of Accountant at the University of Nairobi and served as the Chair of Medair East Africa. Hon. Mbadi holds a Bachelor of Commerce degree with a specialization in Accounting from the University of Nairobi and is a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK). His professional affiliations extend to the Architectural Association of Kenya (AAK), the Institute of Quantity Surveyors of Kenya, and the Chartered Institute of Arbitration.

His contributions have been recognized with honours such as the Chief of the Order of the Burning Spear (CBS) and Elder of the Order of the Golden Heart of Kenya (EGH). His skills span planning, budgeting, financial analysis, accounting, economics, and community development, complemented by strong leadership, effective communication, and interpersonal skills.

#### 4. PROFILE OF PRINCIPAL SECRETARY, THE NATIONAL TREASURY



**DR. CHRIS K. KIPTOO, CBS** is the Principal Secretary, the National Treasury. He was appointed Principal Secretary by H.E the President William Samoei Ruto on 1<sup>st</sup> December, 2022. Since his appointment, Dr Kiptoo has been at the forefront in implementing Fiscal consolidation, Public Debt management including the Eurobond, expenditure rationalization, revenue mobilization as well as reform of state-owned enterprises (SOEs).

Dr. Kiptoo is the immediate former Principal Secretary, Ministry of Environment and Forestry. Before that, he also served as a Principal Secretary at the State Department of Trade, Ministry of Industry, Trade & Cooperatives.

In his working career, Dr. Kiptoo has acquired a rich wealth of experience in economic policy analysis, mainly gained at the Central Bank of Kenya, Capital Market Authority and the International Monetary Fund, where he served in various capacities. His expertise especially relates to the design and implementation of monetary policy; balance of payments and exchange rates; fiscal operations and policy; financial sector matters including capital markets; national accounts/real sector; macroeconomic accounting, modelling and forecasting.

Additionally, Dr. Kiptoo has proven experience in environment and climate change policies, trade policy and regional integration, private sector development and advocacy, infrastructure development, institutional development of Government institutions and organisational management, all mainly gained at the Ministry of Environment and Forestry, State Department of Trade as well as Trade Mark East Africa.

Noteworthy, he also has four years of experience in economic policy coordination gained while working at the then Office of the Prime Minister.

## 5. STATEMENT BY THE CABINET SECRETARY, THE NATIONAL TREASURY

In accordance with Section 12 of the Public Finance Management Act, 2012, the National Treasury is responsible for coordinating the country's economic and financial management. Overall, the National Treasury has continued to maintain a policy environment that is conducive to economic growth and development of the country.

The FY 2024/25 marked the third year following the transition from the previous administration to the current one. The FY 2024/25 was manifested by accelerated implementation of programmes. However, revenue performance into the year fell short of target resulting in deployment of austerity measures and reprioritizations of activities.

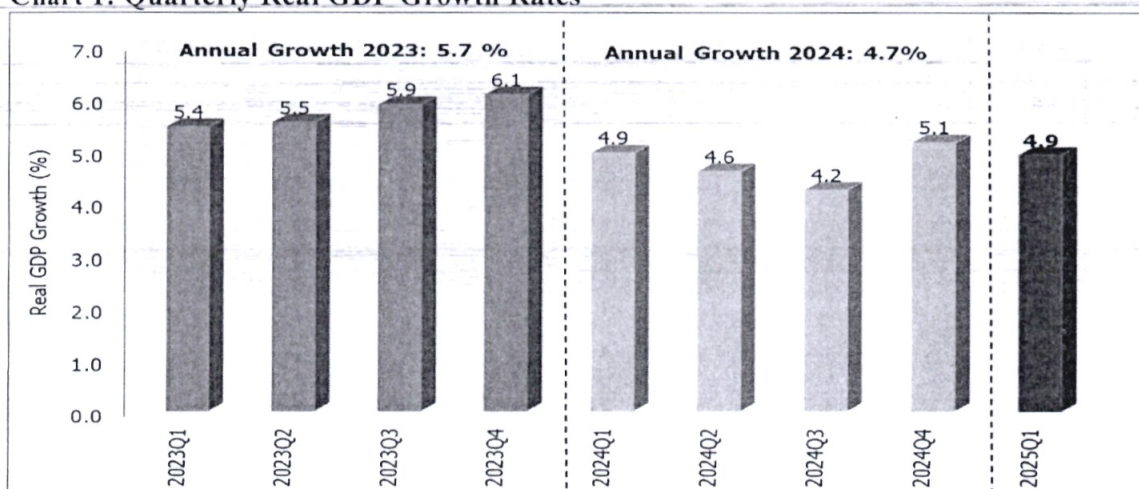
### Economic Growth

In 2024, the economy grew by 4.7 percent supported by positive growths in all sectors except construction and mining. This growth was lower compared to 5.7 percent in 2023 mainly due to adverse effects of floods in the second quarter and the anti-Finance Bill protests in the third Quarter of 2024 that disrupted economic activities.

The economy remained strong and resilient in the first quarter of 2025 with a growth of 4.9 percent, a similar growth compared to the corresponding quarter of 2024 (**Chart 1**). This growth was primarily underpinned by strong performance in the agriculture sector, a recovery of industrial activities, and the resilience of services sector.

All economic sectors recorded positive growth rates in the first quarter of 2025, though the magnitudes varied across activities. The diversified structure of the economy remains a key source of resilience for the economy to domestic and external shocks.

**Chart 1: Quarterly Real GDP Growth Rates**



Source of Data: Kenya National Bureau of Statistics

**The primary sector** grew by 6.2 percent in the first quarter of 2025 compared to a growth of 4.5 percent in the first quarter of 2024 (**Table 1**). This was as a result of the robust growth in the agriculture, forestry and fishing sub-sector and a recovery in the mining and quarrying sub sector. Activities in the **agriculture, forestry and fishing sub-sector** expanded by 6.0 percent in the first quarter of 2025 compared to a growth of 5.6 percent in a similar quarter in 2024. This performance was driven by favorable weather conditions experienced in most parts of the country involved in crop and animal production. This was evident in the significant increase in production of sugarcane, milk

deliveries and increased coffee exports. The sector's performance was further supported by improved external demand of cut flowers and vegetables. However, the sector's performance was somewhat curtailed by a decline in tea production.

The **mining and quarrying sub-sector** contributed to the overall primary sector performance with a strong rebound of 10.0 percent during the quarter, reflecting increased activity and renewed investment following a period of subdued performance in the previous year.

The **industry sector** recorded a growth of 2.6 percent in the first quarter of 2025, improving from 1.5 percent in the same quarter of 2024. This growth was driven by positive performance across manufacturing, electricity and water supply, and construction.

The **manufacturing sub-sector** grew by 2.1 percent compared to a growth of 1.9 percent in the first quarter of 2024. This growth was supported by both food and non-food manufacturing activities. In food manufacturing, the sector benefitted from strong increases in coffee auctions, milk deliveries, sugar production, and soft drink output. Non-food manufacturing also performed well, with increased production in cement and galvanized sheets. However, the sector faced some constraints due to a decline in credit to manufacturing enterprises.

The **electricity and water supply sub-sector** grew by 3.6 percent, compared to 2.8 percent in Q1 2024, largely due to a rise in total electricity generation. Renewable energy sources contributed significantly, with solar and wind generation increasing. Growth in the sector was curtailed by an increase in Thermal power generation while hydro and geothermal generation declined.

**Construction sub-sector** grew by 3.0 percent in the first quarter of 2025, up from 0.4 percent in Q1 2024, driven by increased consumption of key inputs such as cement and iron and steel. However, imported bitumen volumes declined, suggesting a potential slowdown in road construction activities.

In the first quarter of 2025, **the services sector** recorded a real GDP growth of 4.8 percent, a slowdown from the 6.8 percent growth posted in the corresponding quarter of 2024. The decline can be attributed to a combination of factors including rising prices, a slowdown in manufacturing, and the lingering effects of the COVID-19 pandemic. The Transportation and Storage sub-sector expanded by 3.8 percent, slightly lower than the 4.1 percent growth in Q1 2024, supported by increased land transport and port activity.

**Accommodation and Food Service activities** grew by 4.1 percent in the first quarter of 2025, a slowdown, compared to a growth of 38.1 percent in the first quarter of 2024. The growth is due to several factors, including the recovery from the COVID-19 pandemic, increased domestic tourism, and a growing middle class with more disposable income. The number of visitor arrivals via the two major airports, the Jomo Kenyatta International Airport (JKIA) and Mombasa International Airport (MIA) increased by 0.5 percent in the first quarter of 2025 compared to a 10.4 percent growth in the first quarter of 2024. This is due to Government initiatives geared towards promoting domestic tourism and improving infrastructure also contribute to this growth.

The **Information and Communication sub-sector** grew by 5.8 percent in the first quarter of 2025, compared to 9.2 percent growth in the corresponding quarter of 2024. This performance was supported by an increase in the volume of outgoing domestic voice traffic, use of domestic Short Messaging Services (SMSs) and mobile money transactions. Similarly, the total utilized international bandwidth increased in the first quarter of 2025, mainly attributed to the launch of an additional internet service provider in the country.

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The **Financial and Insurance sub-sector** recorded a slower growth of 5.1 percent in the first quarter of 2025 compared to 9.6 percent growth in the corresponding quarter of 2024. Despite the overall slowdown, the sector remained buoyed by increased activity in financial transactions and improved credit conditions.

**Table 1: Sectoral Real GDP Growth rate (Percent)**

Sectors	Annual Growth Rates		Quarterly Growth Rates		
	2023	2024	2023 Q1	2024 Q1	2025 Q1
<b>1. Primary Industry</b>	<b>5.7</b>	<b>3.9</b>	<b>5.4</b>	<b>4.5</b>	<b>6.2</b>
1.1. Agriculture, Forestry and Fishing	6.6	4.6	6.5	5.6	6.0
1.2. Mining and Quarrying	(6.5)	(9.2)	(10.6)	(16.1)	10.0
<b>2. Secondary Sector (Industry)</b>	<b>2.6</b>	<b>1.5</b>	<b>2.1</b>	<b>1.5</b>	<b>2.6</b>
2.1. Manufacturing	2.2	2.8	2.1	1.9	2.1
2.2. Electricity and Water supply	3.2	1.9	3.8	2.8	3.6
2.3. Construction	3.0	(0.7)	1.4	0.4	3.0
<b>3. Tertiary sector (Services)</b>	<b>6.8</b>	<b>6.1</b>	<b>6.6</b>	<b>6.8</b>	<b>4.8</b>
3.1. Wholesale and Retail trade	3.3	3.8	3.7	3.6	5.4
3.2. Accommodation and Restaurant	33.6	25.7	46.3	38.1	4.1
3.3. Transport and Storage	5.5	4.4	6.8	4.1	3.8
3.4. Information and Communication	10.3	7.0	10.4	9.2	5.8
3.5. Financial and Insurance	10.1	7.6	4.7	9.6	5.1
3.6. Public Administration	5.0	8.2	8.4	7.5	6.5
3.7. Others	6.1	5.2	5.7	5.8	4.4
of which: Professional, Admin & Support Services	9.4	9.4	8.6	9.4	4.6
Real Estate	7.3	5.3	6.6	6.9	5.3
Education	2.9	3.9	3.6	2.4	2.9
Health	4.5	6.3	4.8	5.4	4.8
Taxes less subsidies	3.2	4.4	2.7	2.9	5.7
<b>Real GDP</b>	<b>5.7</b>	<b>4.7</b>	<b>5.4</b>	<b>4.9</b>	<b>4.9</b>
of which Non-Agriculture	<b>5.8</b>	<b>4.8</b>	<b>5.5</b>	<b>5.0</b>	<b>4.5</b>

Source of Data: Kenya National Bureau of Statistics

The implementation of the FY 2024/25 budget faced notable challenges, primarily following the withdrawal of the Finance Bill 2024. Its withdrawal, alongside the associated public demonstrations, adversely affected economic activity and disrupted business operations across the country, compounding the fiscal pressures facing the Government. In response, the Government undertook a revision of the fiscal framework through Supplementary Estimates No. I in August 2024. This revision reflected a lower revenue base following the preliminary outcomes of FY 2023/24, while also addressing immediate cash flow constraints. These adjustments were critical to ensuring the continuity of public service delivery. In addition to the mid-year economic disruptions, the budget execution has been further constrained by shortfalls in revenue and emerging expenditure pressures.

Notably, the implementation of Collective Bargaining Agreements and funding requirements under the new university education financing model placed significant demands on the available fiscal space. These challenges led to cash flow pressures and a build-up of pending obligations, which necessitated careful fiscal management and reprioritization. To address these evolving dynamics, the Government prepared Supplementary Budget Estimates to accommodate revenue shortfalls experienced during the current fiscal year and accommodated expenditure pressures.

In this regard, the FY 2024/25, the fiscal balance (on commitment basis and excluding grants) amounted to KSh 1,044.5 billion (5.8 percent of GDP) against a targeted deficit of KSh. 648.8 billion (3.6 percent of GDP). The fiscal balance (on a commitment basis and including grants) in FY 2024/25 stood at 5.8 percent of GDP against a target deficit of 3.3 percent of GDP.

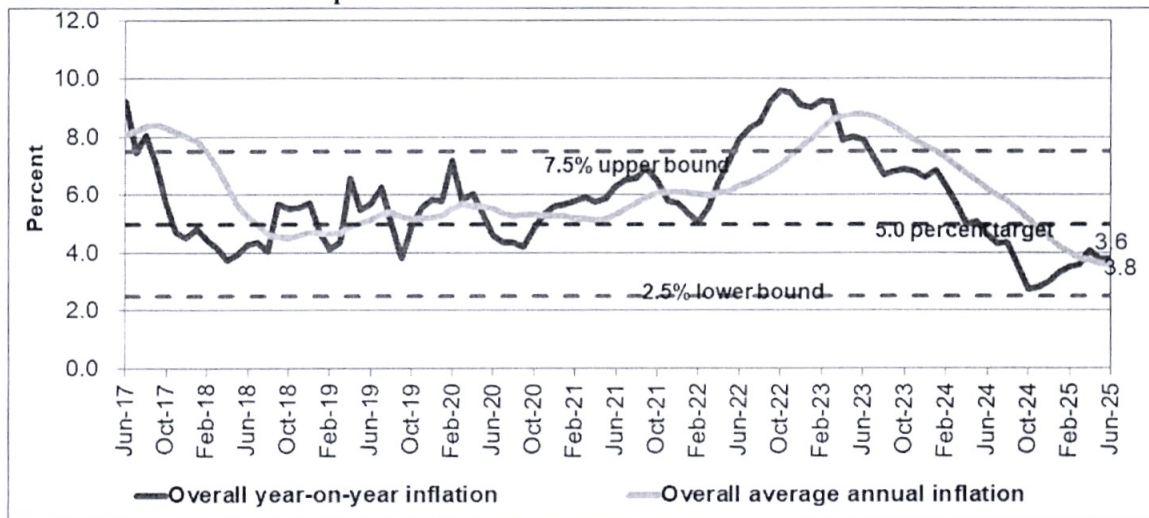
Total revenue collection by the end of June 2025, stood at KSh. 2,918.6 billion against a target of KSh 3,343.2 billion, resulting to a shortfall of KSh 424.6 billion. The shortfall was on account of below collection ordinary revenue of Ksh 497.0 billion. Ministerial A-I-A, however, was above the target collection by Ksh 72.5 billion. Total revenue inclusive of the ministerial A-I-A grew by 8.0 percent, an increase from a growth of 14.5 percent recorded in June 2024. Ordinary revenue collection in FY 2024/25 was KSh 2,420.2 billion against a target of KSh 2,917.2 billion, which was KSh 497.0.0 billion below the target.

The total expenditure and net lending for the period under review amounted to KSh 3,963.1 billion, against a target of KSh 3,992.0 billion. The resultant under expenditure of KSh 28.9 billion is attributed to below target absorption of development expenditures by the National Government. Recurrent expenditure for National Government amounted to KSh 2,937.2 billion against a target of KSh 2,841.9 billion leading to a above target expenditure of KSh 95.2 billion. The above target expenditure in recurrent category is mainly attributed to above target expenditure on Operation and Maintenance (O&M) and domestic interest payments.

### **Inflation**

The overall year-on year inflation remained under control and within the Government target range of  $5 \pm 2.5$  percent. Inflation declined to 3.8 percent in June 2025 from 4.6 percent in June 2024 (**Chart 2**). Easing inflation has been supported by abundant supply of food arising from favorable weather conditions, lower fuel inflation attributed to appreciation of the exchange rate and lower international oil prices, and the decline in non-food non-fuel (NFNF) inflation reflecting impact of previous monetary policy tightening. Overall average inflation declined from 6.2 percent in June 2024 to 3.6 percent in June 2025 and has remained below the mid-point of the target band of 5.0 percent since June 2024.

**Chart 2: Inflation Development**

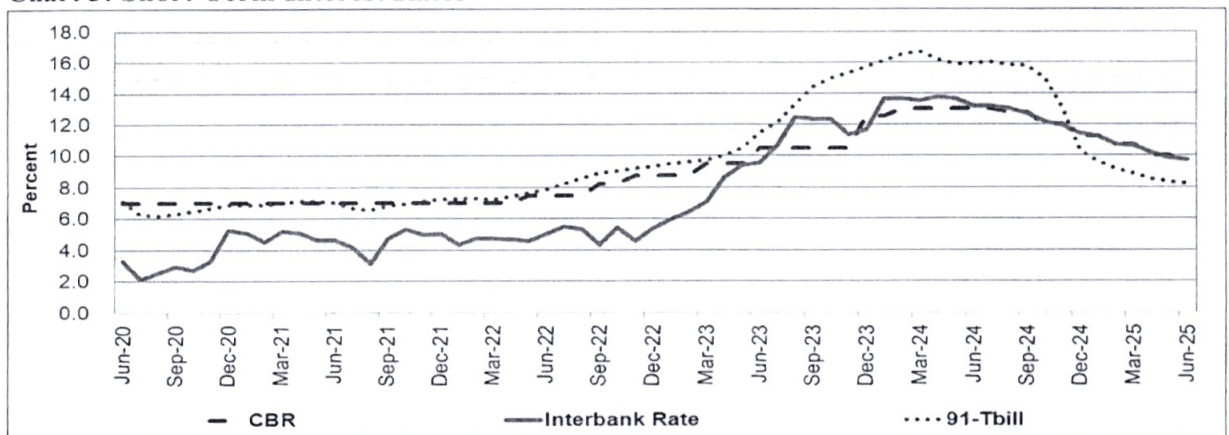


Source of Data: KNBS

Given that inflation was below the mid-point of the target range and the exchange rate had stabilized, the Central Bank of Kenya through the Monetary Policy Committee (MPC) gradually eased monetary policy by lowering the Central Bank Rate (CBR) from 13 percent in August 2024 to 11.25 percent in December 2024 and further to 9.75 percent in June 2025. The easing of the monetary policy stance supported lowering of interest rates to boost lending by banks to the private sector thereby supporting economic activities.

Interest rates declined in line with the easing of the monetary policy. The interbank rate declined to 9.7 percent in June 2025 compared to 13.1 percent in June 2024 and remained within the prescribed corridor around the CBR (set at  $CBR \pm 150$  basis points). The 91-day Treasury Bills rate also declined to 8.2 percent in June 2025 from 16.0 percent in June 2024.

**Chart 3: Short-Term Interest Rates**

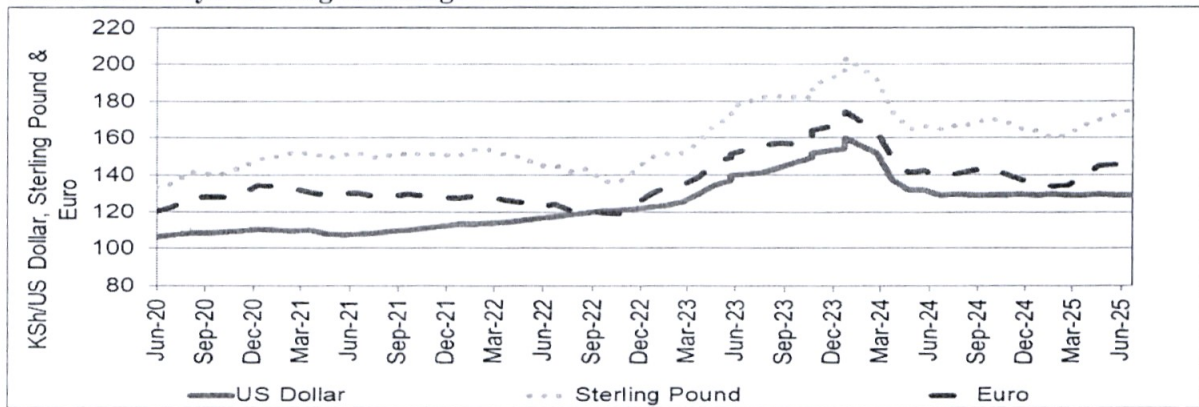


Source of Data: Central Bank of Kenya

Exchange Rates

The Kenya Shilling exhibited mixed performance against major international currencies. It remained relatively stable against the US Dollar, strengthening marginally by approximately 0.08 percent, indicating steady demand for the US Dollar and minimal volatility in the exchange rate. However, the Shilling weakened notably against the Euro and the Sterling Pound, depreciating by about 7.11 percent and 6.69 percent, respectively. In June 2025, it exchanged at an average of KSh 129.3 per US Dollar compared with KSh 129.4 per US Dollar in June 2024. Against the Euro, the Shilling traded at an average of KSh 149.2 by end of June 2025 compared to KSh 139.3 by end of June 2024, while against the Sterling Pound, it exchanged at an average of KSh 175.5 compared to KSh 164.5 over the same period.

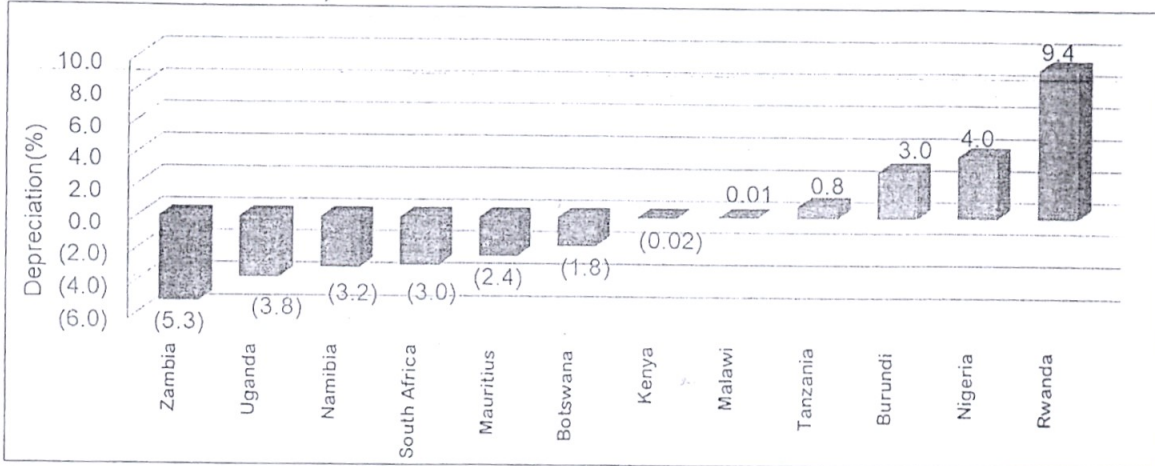
Chart 4a: Kenya Shilling Exchange Rate



Source of Data: Central Bank of Kenya

In comparison to Sub-Saharan Africa currencies, the volatility of the Kenya Shilling exchange rate has remained relatively low amid high demand for the US dollar in the international markets. The Kenya Shilling remained stable supported by resilient remittances, adequate foreign exchange reserves and strong exports receipts. Majority of other Sub-Saharan Africa Currencies depreciated during the same period, particularly: Malawian Kwacha, Tanzanian Shilling, Burundi Franc, Nigeria Naira, and Rwanda Franc (chart 4b).

Chart 4b: Performance of Selected Sub-Saharan Countries Currencies against the US Dollar (June 2024 to June 2025)



Source of Data: National Central Banks

### Pending Bills

The total outstanding National Government pending bills as at 31<sup>st</sup> March, 2025 amounted to KSh. 421.6 billion. These comprise recurrent bills of KSh. 162.0 billion (38.4 percent) and development pending bills of KSh. 259.7 billion (61.6 percent). The pending bills include payment to contractors/projects, suppliers, unremitted statutory and other deductions, pension arrears for Local Authorities Pension Trust, and others. The highest percentage of the SCs pending bills belong to Contractor/Projects and Suppliers. Ministries/State Departments and other Government Agencies pending bills constitutes mainly of historical pending bills.

The National Government policy on clearance of pending bills continues to be in force. All MDAs are therefore, expected to continue with prioritization of payment of the pending bills by settling them as a first charge in the current financial year budget in line with the Treasury guidelines for implementation of the financial year 2024/25 and the medium-term budget, Treasury Circular No. 7/2023.

### Bottom-Up Economic Transformation Agenda (BETA)

MDAs continued to prioritize allocations towards the achievement of the BETA priorities while addressing the policy, legal, regulatory, and governance issues to ensure optimal use of resources in execution of the planned interventions. BETA is geared towards economic turn around and inclusive growth and aims to increase investments in at least five sectors with high potential impact on the economy as well as household welfare.

These include: -

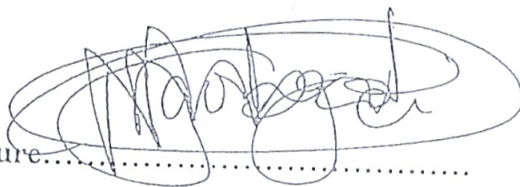
- i. Agricultural Transformation;
- ii. Micro, Small and Medium Enterprise (MSME);
- iii. Housing and Settlement;
- iv. Health care and
- v. Digital superhighway and Creative Industry.

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Fiscal policy for FY 2024/25 and the medium-term budget aimed to support the Bottom-Up Economic Transformation Agenda (BETA) through a growth friendly fiscal consolidation plan. The consolidation was supported by enhanced revenue mobilization, rationalization and prioritization of expenditure while protecting essential social and development budget. As part of the process, the Government embarked on the implementation of the National Tax Policy and the Medium-Term Revenue Strategy (MTRS) that further strengthened tax revenue mobilization efforts during the period under review and going forward.

Signature.....



Date ...18<sup>th</sup> August, 2025.....

HON. FCPA JOHN MBADI NG'ONGO, EGH  
CABINET SECRETARY  
THE NATIONAL TREASURY AND ECONOMIC PLANNING

## 6. STATEMENT BY THE PRINCIPAL SECRETARY

### Budget performance

The National Treasury expenditure for the FY 2024/25 stood at Ksh. 93.50 billion against an approved budget of Ksh. 122.18 billion as per supplementary III, translating to an overall absorption rate of 76.53%. This shows a minimal decline of 0.23% from 76.76% recorded in the financial year 2023/24. The National Treasury's printed estimate, supplementary estimates, expenditure and absorption rates are demonstrated in the summary table below:

Table on Budget and Expenditure for FY 2024/25 as at 30<sup>th</sup> June 2025

Vote	Printed Estimates FY 2024/25	Supplementary I Estimates FY 2024/25	Supplementary II Estimates FY 2024/25	Supplementary III Estimates FY 2024/25	Expenditure as at 30th June, 2025	Absorption rate (%age)
	Kshs. million					
Recurrent	75,596.0	66,721.4	78,013.0	82,266.0	66,988.5	81.4
Development	59,526.2	52,504.4	39,039	39,910.3	26,508.3	66.4
Total Budget	135,122.1	119,225.8	117,051.8	122,176.4	93,496.8	76.5

The Chart 1 below represents the trend of budget allocation trend through supplementary in 2024/25 FY

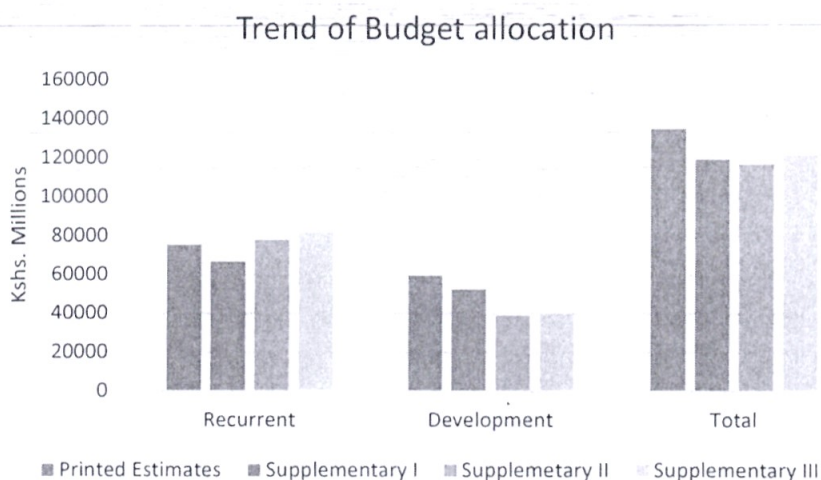
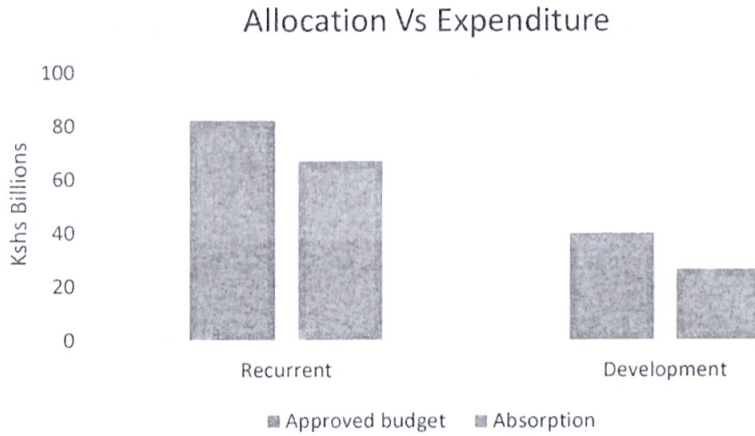


Chart 2 below presents the National Treasury total budget execution for the FY 2024/25.

**Chart 2: Allocation against Total Expenditure**



When disaggregated by recurrent and development expenditure, the budget execution indicates that the recurrent budget allocation of Ksh.66.99 billion was absorbed at 81.4% against an approved budget of 82.27 billion. This marked a decline from the absorption rate of 92.70% recorded in FY 2023/24.

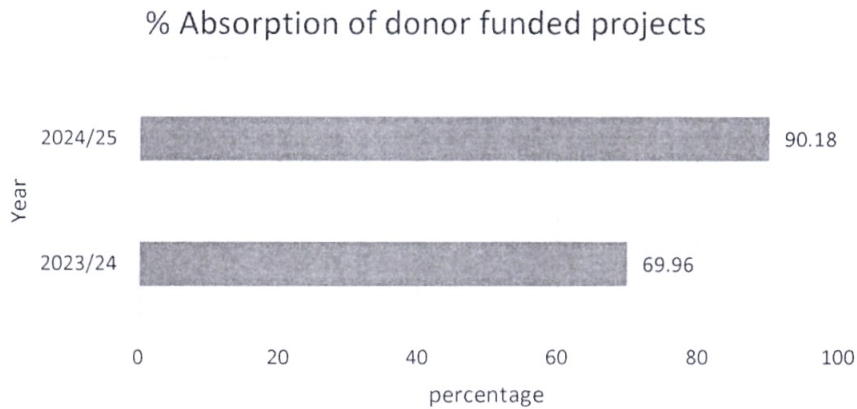
On the other hand, development expenditure absorption was Ksh .26.51 billion against an allocation of Ksh 39.91billion recording an absorption rate of 66.52 %. The under absorption in development expenditure is attributed to exchequer challenges.

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**Budget execution for externally funded resources for FY 2024/2025**

The externally funded projects recorded an absorption of Ksh. 29.61 billion against an allocation of Ksh. 32.84 billion translating to an absorption rate of 90.18%. This is a marked improvement from the 69.96% recorded in 2023/24. The improvement is attributed to increased commitments by donors. Absorption of Externally Funded Projects was affected by delays during preliminary processes e.g. in procurement resulting to delayed commencement. Also, delays in receiving of No Objection from Development Partners on implementation of most activities, inadequate GoK counterpart funding, budget cuts and weak performance by implementers as disbursement depends on milestones achieved.

**Chart 3: Budget execution for externally funded projects for FY 2024/25**



#### **Budget Execution by Programme**

The National Treasury implemented the 2024/25 FY budget within four economic programmes. These were: General Administration, Planning and Support Services; Public Financial Management; Economic and Financial Policy Formulation and Management; and Market Competition.

#### **Key Achievements under programmes**

The National Treasury registered Key Achievements during the Financial Year 2024/2025 as follows:

**Electronic Government Procurement (e-GP) System.** The National Treasury is set to fully roll out the system across all Procuring Entities within both the National and County Governments. This move is part of ongoing Public Finance Management Reforms aimed at enhancing efficiency, transparency, and value for money in public procurement. All Suppliers are required to Register for E-Government Procurement (e-GP) System by July 1, 2025. The implementation of the e-GP system follows a directive by His Excellency the President during the State of the Nation address delivered on 21st November 2024. In his speech, the President directed that the National Treasury to ensure the complete deployment of the e-GP system by the first quarter of 2025.

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The National Treasury undertook training of users and suppliers in Q3 and Q4 Of 2024/25 FY as shown in the summary table below:

	ITEM	Targeted figures	Number of Persons Trained	No of Procuring Entities benefitted	% achievement	Remarks
<b>A</b>	<b>No.of Users Trained</b>					
1	Ministries and State Departments	840	807	53	96%	All MDAs to have been trained by 30th June 2025
2	Counties and County Assemblies	705	700	46	99%	All County /County Assemblies to have been trained by 30th July 2025
3	State Corporations	6,400	3,297	306	52%	Webinnar Trainings (9th - 13th June, 2025)
	<b>Total</b>		<b>4804</b>	<b>405</b>		
<b>B</b>	<b>Trainers of Trainers (ToTS)</b>					
	Number of ToTs	160	60			New TOTs to be recruited in July 2025
<b>C</b>	<b>Suppliers</b>	Targeted Figures	No of Suppliers trained			
	No of Suppliers Trained	5000	1,786			Suppliers to register for weekly webinars on the e-GP website
<b>D</b>	<b>Registration of Procuring Entities</b>	Targeted Figures	No of PEs Registered			
	No of PEs Registered		358			Registration ongoing
<b>E</b>	<b>NO. OF SUPPLIERS REGISTERED</b>	Targeted Figures	No. of Registered Suppliers			
	TOTAL No of Suppliers Registered		999			Suppliers to self-register on e-GP System

**General Administration, Planning and Support Services programme,** the National Treasury leased 3,546 security vehicles for the National Police Service towards enhancing security;

**The Public Financial Management programme,** Total revenue collection by the end of June 2025, is estimated at KSh. 2,918.6 billion against a target of KSh 3,343.2 billion, resulting to a shortfall of KSh 424.6 billion. The shortfall was on account of below collection ordinary revenue of Ksh 497.0 billion. Ministerial A-I-A, however, was above the target collection by Ksh 72.5 billion. Total revenue inclusive of the ministerial A-I-A grew by 8.0 percent, an increase from a growth of 14.5 percent recorded in June 2024. Ordinary revenue collection in FY 2024/25 was KSh 2,420.2 billion against a target of KSh 2,917.2 billion, which was KSh 497.0 billion below the target.

The total expenditure and net lending for the period under review amounted to KSh 3,963.1 billion, against a target of KSh 3,992.0 billion. The resultant under expenditure of KSh 28.9 billion is attributed to below target absorption of development expenditures by the National Government. Recurrent expenditure for National Government amounted to KSh 2,937.2 billion against a target of KSh 2,841.9 billion leading to a above target expenditure of KSh 95.2 billion. The below target expenditure in recurrent category is mainly attributed to above target expenditure on Operation and

## The National Treasury

### Annual Report and Financial Statements for the financial year ended June 30, 2025.

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Maintenance (O&M) and domestic interest payments

**Economic and Financial Policy Formulation and Management programme**, the National Treasury developed the Framework for verification and payment of outstanding Contribution in Lieu of Rate (CILOR) for County Governments. In addition, the National Treasury implemented measures to attract three (3) NIFC firms. These include (i) facilitating discussions with regulators to introduce large scale global insurance provider into the market, (ii) collaborating with the Department of Immigration to facilitate fast-tracked investor and work permit issuance and (iii) supporting a foreign incoming Venture Capital firm with business registration.

**Mobilization of resources**, funds amounting to over Kshs 466,575 million were mobilized from external sources while domestic resources amounting to Kshs 294, 937 million from internal sources to support the budget.

**Market Competition and Creation of an Enabling Business Environment programme**, the National Treasury through the SAFER project transferred Kshs. 5.5 billion to Kenya Development Corporation (KDC) for onward lending to PFIs which will then lend to qualified MSMEs. With respect to access to justice, the National Treasury through the Competition Tribunal determined 100% of Appeals on Competition.

**Implementation of Digital Superhighway**, the National Treasury established Contact Centre Services to manage payment related queries from e-Citizen clients.

#### Emerging Issues

The emerging issues that impacted on the operations the National Treasury include: -

- i. Technological advancement in the ICT sector present opportunities to leverage ICT innovations in the conduct of business as well as risks relating to governance and data security. As the financial systems increasingly go digital, there is the associated risks with cyber-attacks;
- ii. The proliferation of fake news on social media platforms, which have a wider audience and faster response time sometimes portrayed the National Treasury in a negative manner;
- iii. Green Finance: with climate change concerns, there is the pressing need to integrate environmental, social, and governance (ESG) considerations into fiscal policies and investments;
- iv. Development of Sector specific Project Appraisal Manuals continues to be a priority to guide sector specific analysis. The National Treasury is required to develop over 40 sector specific appraisal manuals to guide the over 40 sectors on the nuanced appraisal process; and
- v. Debt sustainability concerns. Ensuring that debt levels remain sustainable while funding essential services is a critical challenge that continues to face the National Treasury.

## Challenges

Some of the challenges the National Treasury faced while implementing the 2024/25 budget include:-

- i. Resource Constraint persisted and affected implementation of budgets;
- ii. The rationalization of the budget, occasioned by underperformance of revenue collection and emerging government priorities affected the implementation of programmes. In the FY 2024/25, the National Treasury faced a total revenue collection shortfall of KSh 424.6 billion on account of shortfalls in both ordinary revenue;
- iii. Shortage of Key Technical Staff continues to affect operational efficiency in the core mandate:
  - (a) Despite recruitment of staff across certain cadres, the National Treasury continues to experience staff shortage across all cadres against authorized establishment. As indicated in the operational performance on human resource, the current staff capacity is at 55%. This is mainly attributed to natural attrition. The planned recruitment and promotion of staff by the appointing authorities has been slow hence affecting service delivery and succession management initiatives; and
  - (b) Operating environment is manifested, among others, by shortage of office space especially for key technical staff and, Inadequate resourcing of the Monitoring and Evaluation function.
- iv. Civil unrest occasioned by regular protests disrupted implementation of various activities thus disrupting service delivery. Business investment were destroyed and life lost thus impacting heavily on economic development of the country.

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To manage the above emerging issues and challenges and ensure successful implementation of the National Treasury goals and objectives, the Ministry undertook the following: -

- i. Raised domestic resources to support implementation of various ongoing programme through development of diverse methods for domestic resource mobilization;
- ii. Continued to implement succession planning towards progressively filling in staff shortage, continued training and timely promotions; and
- iii. Engaged other development partners for concessional loans and grants as well as pursued strategies to finance government projects.

**Recommendations**

In order to address the challenges and emerging issues, the following measures should be undertaken:

- i. Sustain efforts for effective mobilization of resources to finance public expenditure particularly towards facilitation and implementation of the Bottom-Up Economic Transformation Agenda and emerging Government priorities. Key in this respect is the need for adequate resourcing of Kenya Revenue Authority to deploy innovative tax administration for efficient and optimal collection of taxes.

In addition, the National Treasury will leverage on the digitization of all critical Government processes with a view to bringing convenience to citizens and raising revenue efficiently for Government services that are paid for electronically;

- ii. Reforms in Public Financial Management and taxation should be sustained to enable the National Treasury expand the fiscal space and enhance absorption capacity. This includes reforming institutions and restructuring of parastatals to wean some from reliance on exchequer;
- iii. Strengthening Tax Administration, The National Treasury will enhance KRA's capacity to leverage on technology to seal leakages; enhancements of iTax and Integrated Customs Management System (iCMS); and use of e-TIMS (Tax Invoice Management System). These policy strategies will expand the primary surplus in the fiscal framework and stabilize the growth of public debt thereby boosting the country's debt sustainability position;
- iv. Continued implementation of succession planning, especially with respect to recruitment of key technical staff to achieve optimal staffing levels for enhanced operational efficiency;
- v. Strengthening Monitoring and Evaluation Framework and capacity through automation of the Planning and M&E processes;
- vi. Continued leveraging on ICT to ensure timely delivery of targets and foster efficiency; and
- vii. Implementing the recommendations arising from the 2023/24 project rationalization review to achieve optimal project portfolio and increase fiscal space.

Going forward, the National Treasury will support the Government's priority on scaling up efforts on policy interventions and structural reforms under BETA so as to navigate the global turbulence, accelerate economic recovery, and address overarching development challenges namely creating jobs, eradicating poverty and mitigating climate change. As part of the efforts, the National Treasury will accelerate investments in: (i) reforming markets (ii) domestic resource mobilization and application of those resources to development projects; (iv) reform and restructure of State-Owned Entities and (v) digitization of government services.

Signature .....



Date .....

28/11/2025

**DR. CHRIS KIPTOO, CBS**  
**PRINCIPAL SECRETARY/ NATIONAL TREASURY**

**7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES  
FOR THE FY 2024/25**

**Introduction**

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The key development objectives of the National Treasury's 2023-2027 Strategic Plan are to:-

- (a) Strengthen organization capacity for quality service delivery;
- (b) Enhance mobilization, allocation and utilization of public resources;
- (c) Ensure stable and sustainable macro-economic environment; and
- (d) Ensure market structures that encourage competition and orderly conduct of business.

**Progress on Attainment of Strategic Development Objectives**

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 tracking progress and performance measurement:

Below is the progress implementation of the stated objectives: -

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Table 1: Programme Performance

a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual (cummulative 12 months)	Variance	Remarks
<b>THE NATIONAL TREASURY</b>							
<b>Programme 1: General Administration, Planning and Support Services</b>							
<b>Programme Outcome: Efficient and effective service delivery</b>							
<b>SP 1. Administration Services</b>	Administration	Records management automated	% of implementation of activities	100	100	0	Target achieved. Contractor on boarded and digitization process ongoing
		Vehicles Leased	No. of vehicles leased	3,548	3,548	0	Target fully met
		National Treasury Media Centre Operationalized	% Operationalization of the Media Centre	60	60	0	Target fully met
	State Corporations Appeals Tribunal (SCAT)	Appeal cases determined	No. of appeal cases determined	1	13	12	Target surpassed
		New Tribunal Court registries /circuit hearing established in counties	No. of court registries	2	1	-1	Target not achieved. Section 22(12) of State Corporations Act Cap 446 provides that the Tribunal can only hold sittings in Nairobi. However, the tribunal held virtual hearings from all regions.

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual (cumulative 12 months)	Variance	Remarks
SP 2. Human Resources Management Services	Administration	Reorganized Structure of the TNT	Reorganized Structure of the TNT	1	1	0	Target achieved. Currently attending to appeals by respective departments on the approved structure
		Career Guidelines for TNT	Approved Career Guidelines	1	0	-1	Target not achieved. The activity is planned for 2025/26 FY
SP 3. Financial Services	Public Service Superannuation Scheme (PSSS)	Onboarding of Public Servants onto PSSS	% level of eligible Public Servants on-boarded onto PSSS	100	100	0	Eligible public servants are on boarded in real-time, while current employees are supported through ongoing contributions to the PSSS. The numbers per quarter grew by 534 in Q 1; 521 in Q2 and 46,442 in Q3, and 1023 in Q4 . Current membership is 489,589.
	Pensions Department	Processed pension claims	% Pension claims received & processed	100	85	-15	Claims paid per quarter: 233 in Q1;196 in Q2; 232 in Q3; 90 in Q4 and 112 claims received in June 2025 are pending : Total Claims received in the Year were 863
			No. of days taken to process and pay pensions claims	60	60	0	Target achieved

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual (cummulative 12 months)	Variance	Remarks
		Acquire and operationalize a new Pensions Management Information System (PMIS)	% level of operationalization of PMIS system	100	75	-25	Training on the system is planned to be undertaken in FY 2025/26
	Kenya Revenue Authority	Ordinary revenue collected	Revenue collected (Kshs Trillion)	3.34	2.92	(0.42)	Target not fully met.
<b>Programme 2: Public Financial Management</b>							
<b>Programme Outcome: Transparent and accountable management of public resources</b>							
<b>SP 5. Resource Mobilization</b>	Resource Mobilization Department	Donor Funds Disbursed	Funds disbursed to MDAs as a % of the external resources mobilized	100	86	-14	Target not achieved dueto low absorption by MDAs
			External resources mobilized as a % of fiscal gap	55	53	-2	Target not fully achieved due to non-disbursement of the 7th Development Policy Operation (DPO7) by the World Bank.
		Annual Borrowing Plan	No of Annual Borrowing Plans	1	1	0	Target achieved
	Debt Policy Strategy and Risk Management	Bonds Issued	No. of Sovereign/ Green bonds issued	1	2	1	Target achieved, the government issued 1.5 billion dollar, whose proceeds were used to buy back part of USD 2 billion Eurobond Maturing in June 2024

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<b>a</b>	<b>Delivery Unit</b>	<b>Key output</b>	<b>Key Performance Indicators</b>	<b>Annual Target 2024/25</b>	<b>Actual (cummulative 12 months)</b>	<b>Variance</b>	<b>Remarks</b>
			No. of benchmark bonds issued	12	6		First Quarter Target achieved, this was due to 3 new benchmark bonds were issued and 3 early issued were re-opened to new investors.
	PPP Directorate	Government Projects under PPP framework	No. of PPP projects approved	12	11	-1	Target not fully met
	Global Fund	Anti-Retroviral Therapy (ART) Supplies	No. of patients receiving ART (Millions)	1.37	1.37	0	Target achieved
		Artemisinin-Based Combination Therapy (ACT) Supplies	No. of People receiving ACT (Millions)	5.9	5.7	-0.2	The total number of confirmed malaria cases annually is about 6 million. The number of doses of ACT distributed to ensure continuous supply at facility is 7 million doses annually. On a quarter about 1.5 million doses are expected to be issued to facilities.
		Tuberculosis (TB) Supplies	% of TB patients treated and tested for HIV	100	100	0	Target achieved
<b>SP 6. Budget Formulation Coordination and Management</b>	Macro and fiscal Affairs Department	National Budget	Budget Review and Outlook Paper	1	1	0	Target achieved
			Budget Policy Statement	1	1	0	Target achieved

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual (cummulative 12 months)	Variance	Remarks
			Finance Bill	1	1	0	Target achieved. To boost revenues, three bills were prepared: i) Tax Laws (Amendment) Bill, 2024; ii) Tax Procedures (Amendment) Bill, 2024; and iii) Business Laws (Amendment) Bill, 2024 which were enacted in December 2024.
	Budget Department	National Budget	Annual Appropriation Bill	1	1	0	Target achieved
			Supplementary Appropriation Bills	2	2	0	Target achieved
			Guidelines for FY 2025/2026 MTEF Budget issued by 30th August 2024.	1	1	0	Treasury Circular No. 11/2024 issued on 23 <sup>rd</sup> August, 2024
			FY 2025/26 Budget Estimates finalized and submitted to Parliament by 30th April 2025.	1	1	0	Target achieved
<b>SP 7. Audit Services</b>	Internal Audit Department	Value for Money Audits	No. of Value for Money (VFM) Audits reports	30	45	15	Target surpassed due to MDAs requests
		Government Entities	No. of Government	5	13	8	Target surpassed due to more requests from MDAs to be trained.

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual (cummulative 12 months)	Variance	Remarks
		capacity built on IRMF	Entities capacity built on IRMF				
		Audit Committees Capacity Built	No. of Audit Committees Capacity Built.	5	7	2	Target overachieved due to more requests from MDAs
<b>SP 8. Accounting Services</b>	Accounting Services Department	Consolidated Financial Statements	No. of Consolidated Financial Statements prepared	4	4	0	Target achieved
		Officers trained on International Public Sector Accounting Standards (IPSAS)	No. of officers trained on International Public Sector Accounting Standards (IPSAS)	200	221	21	Target achieved.
		Transition and re-engineer the system to Accrual Accounting	Percentage of transition	100			To be reported in subsequent FY
		Treasury Single Account designed and documented	Percentage of achievement	50	50	0	Target achieved

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<b>a</b>	<b>Delivery Unit</b>	<b>Key output</b>	<b>Key Performance Indicators</b>	<b>Annual Target 2024/25</b>	<b>Actual (cummulative 12 months)</b>	<b>Variance</b>	<b>Remarks</b>
		Capacity Built Accounting Personnel on implementation of transition to accrual accounting and TSA	No. of Accounting Personnel Capacity Built on implementation of transition to accrual and TSA	1000	850	150	Training will be undertaken once TSA is rolled out
	National Sub-County Treasuries	Operational Vote book Mangement System for National sub-County Treasuries roled out	No. of sub-County Treasuries with Operational Vote book Mangement System	315	315	0	Target achieved
		Sensitized National sub-County Accountants on Migration from Cash accounting to accrual accounting	No. of NSC Accountants sensitized	1000	663	-337	Target not achieved due to budget constraints
	IFMIS Department	PFM users trained on IFMIS Modules	No. of PFM users trained on IFMIS Modules	2,000	2,100	100	Target surpassed due to government digitizing most of its services
		IFMIS upgrade to the latest version	No of IFMIS versions running on version 12.2.10	1	1	0	Target achieved

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual (cummulative 12 months)	Variance	Remarks
		Exchequer rollout to the counties	Number of counties requisitioning online	10	10	0	Target achieved
		Treasury single account designed and documented	Percentage of achievement	100	100	0	Target achieved
		Exchequer release process to MDACs automated	Percentage of automation	100	75	-25	Requirement gathering and design completed
		IFMIS integrated with Debt Management Systems	Percentage of integration	100	25	-75	Requirements and integration design completed
	Kenya Accountants and Secretaries National Examinations Board (KASNEB)	Offering financial support to trainees pursuing financial management courses	No. of Trainees offered financial Support Services	106,000,000	163,232,888	57,232,888	Significant increase in financial support recieved by trainees relative to the annual target due to high demand for financial support and strealined application processes
		Engaging training institutions offering kasneb courses	No of Trainees trained in KASNEB Foundation Financial management & Literacy Programs	500	10	-490	Only 10 trainees inducted in Phase I. This was due to delays in finalizing the financial literacy curriculum and pilotim=ng of the programme.

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual (cummulative 12 months)	Variance	Remarks
		Institutions and schools sensitized on financial management	No of Institutions / schools sensitized on financial support services	50	68	18	Target achieved. An increase in the number of institutions sensitized is due to implementation of a marketing plan targeting training institutions
		Institutions and schools sensitized on Financial Support Services	No. of Trainees offered financial Support Services	5000	4338	-662	4,338 trainees received financial support services occasioned by the continuous award model and aggressive promotion of the KASNEB Foundation financial Aid Program to training institutions and students
<b>SP 9. Supply Chain Management Services (SCMs)</b>	Public Procurement Department	AGPO enterprises registered	No. of AGPO enterprises registered	21,000	21,335	335	Target surpassed due to enhanced sensitization
		AGPO beneficiaries trained	No. of AGPO beneficiaries trained	2,000	2,235	235	Target surpassed due to partnerships with other Government Institutions to train more beneficiaries.
		PFM staff trained on Public Procurement and Asset Disposal System	Percentage of achievement	100	60.5	-39.5	4,804 of 7,945 targeted officers trained on EGP system

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual (cummulative 12 months)	Variance	Remarks
		e-Government Procurement System Government deployed in Government institutions	No. of government procuring Entities on e-Government Procurement System	12	358	346	Process hastened after completion of pilot phase with 12 entities
		Reviewed Public Procurement Legal Frameworks	No. of Reviewed Public Procurement Legal Frameworks	1	1	0	Public Procurement and Asset Disposal Act reviewed, approved by Cabinet & awaiting Parliamentary approval
		Public Procurement and Asset Disposal Manuals /guidelines developed	No. of Public Sector entities monitored for compliance with IPSAS	1	1	0	Sustainable public procurement frameworks/guidelines developed, undergone public participation and awaiting Cabinet approval
	Public Procurement Administrative Review Board (PPARB)	Procurement Services	% of Public Procurement dispute cases resolved within 21 days	150	160	10	Target surpassed. More cases filed at the Review Board were heard and determined within 21 days
	Public Procurement Regulatory Authority (PPRA)	Procurement Services	No of MCDAs monitored on compliance with Public Procurement and Asset Disposal Act, 2015	2650	5540	2890	Annual target exceedingly met

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<b>a</b>	<b>Delivery Unit</b>	<b>Key output</b>	<b>Key Performance Indicators</b>	<b>Annual Target 2024/25</b>	<b>Actual (cummulative 12 months)</b>	<b>Variance</b>	<b>Remarks</b>
<b>SP 10. Public Financial Management Reforms</b>	Public Finance Management Reforms (PFMR) Secretariat	Skills and capacity building in PFM	No. of officers trained on Public Finance Management	8,000	8,900	900	Target overachieved due to high reforms uptake by the MDAs
			Cummulative % of PFM reforms implemented in PFMR Strategy 2023-2028	40	35	-5	Target underachieved due to budget cuts
<b>SP 11. Government Investment and Assets</b>	Government Investment and Public Enterprises	Govt. Investment Management Services	% of State Corporations Budgets reviewed	100	100	0	Target achieved, relevant Budgets for SC reviewed
			No. of national government investment reports prepared	1	1	0	Target Achieved. Report prepared and sent to Parliament.
	National Assets and Liabilities Management Unit	MDAs sensitized on Government Assets and Liabilities management policy and guidelines	No. of MDAs sensitized	100	82	-18	Target not fully achieved due to budget constraints
			Asset registers from MDAs analyzed	100	100	0	Target achieved
			Asset and Inventory Management Modules to rolled out to 40	2.5	2.38	-0.12	Target not fully met due to budgetary constraints

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual (cummulative 12 months)	Variance	Remarks
		MDAs and 24 Counties					
		Quarterly feedback provided to MDAs	Percentage of achievement	2.5	2.5	0	Target fully achieved
	Privatisation Commission	Government Privatization Services	No. public entities privatized	4.00	-	-4	Implementation of Kenya Wine Agencies Limited (KWAL) – EOI was advertised on 12th August 2024 and RFP sent to the shortlisted bidders on 5th September 2024 with a closure date of 26th September 2024. The process was scuttled by the court ruling on Privatisation Act, 2023 on 24th September 2024.
			No. of specific privatisation proposals developed	2.00	2.00	-	Two specific privatization proposals were prepared. These proposals were for the Kenya Meat Commission (KMC) and the Ark Limited and both were submitted to the National Treasury.

The National Treasury

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual (cumulative 12 months)	Variance	Remarks
	Kenya Trade Network Agency	Cargo dwelling time at ports of entry reduced	No. of days taken to clear goods at the ports of entry	3	3	0	Target Achieved
<b>Programme 3: Economic and Financial Policy Formulation and Management</b>							
<b>Programme Outcome: Stable macroeconomic environment for economic growth</b>							
<b>SP 12. Fiscal Policy Formulation, Development and Management</b>	Macro and Fiscal Affairs	Stable Inflation	Inflation rate (%)	5 ± 2.5	3.8	0	Target met due to tight monetary policy measures. The main drivers of inflation were increases in cost of food and non-alcoholic beverages, transport, housing water electricity, gas & other fuels
	Financial Reporting Centre	Complete Terrorism Financing risk assessment	TF Risk assessment report	1	1	0	TF Risk assessment completed in Q2
		Update national Anti-Money Laundering and Countering Financing of Terrorism strategies	Updated AML/CFT strategies	1	2	1	Updated AML strategy adopted in Q1 and updated CFT strategy adopted in Q3
		Onsite and offsite inspections of DNFBPs and Non-Banking	Number of onsite & Off site inspections on DNFBPs	98	98	0	Target achieved

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual (cummulative 12 months)	Variance	Remarks
		Financial Institutions					
		Outreach sessions of Customer Due Dilligence, Enhanced Due Dilligence, Beneficial Ownership and Politically Exposed Persons on DNFBPs	Number of sessions for CDD, EDD, BO and PEPs on DNFBPs	40	40	0	Target achieved. The training covered preventive measures including CDD/EDD/BO/PEPS and STR Reporting
		Registration of Reporting entities	Number of registered reporting entities	600	600	0	Target achieved
	Inter-Governmental Fiscal Relations	County Allocation of Revenue Bill (CARB) & Division of Revenue Bill (DORB) & County Governments Additional Allocations Bill prepared	County Allocation of Revenue Bill (CARB) & Division of Revenue Bill (DORB), County Governments Additional Allocations Bill prepared (CGAAB), and Cash Disbursement Schedule	4	4	0	Target timely met

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<b>a</b>	<b>Delivery Unit</b>	<b>Key output</b>	<b>Key Performance Indicators</b>	<b>Annual Target 2024/25</b>	<b>Actual (cummulative 12 months)</b>	<b>Variance</b>	<b>Remarks</b>
		Inter-Governmental Fiscal Relations Repository System	% level of Inter-Governmental Fiscal Relations Repository System development	50	100	50	The portal link is <a href="https://igfr.treasury.go.ke">https://igfr.treasury.go.ke</a>
		Draft review of PFM (PIM) Regulations, 2022 produced	Percentage of review	100	10	-90	Target not fully achieved due to budget constraints
		Public Investment Management/ Public Private Partnership (PIM/PPP) Framework developed	% level of development of PIM/PPP Framework	100	80	-20	Work in Progress - currently undertaking consultations with senior management
	Nairobi International Financial Centre Authority	Investments and Regional Financial Institutions certified with NIFC	No. of Certified NIFC firms	3	0	-3	Target not achieved
	Financial and Sectoral Affairs	Legislative framework in financial & Sectoral developed.	No. of legal frameworks developed (three Capital Markets Regulations, and Unclaimed Financial Assets Regulations)	3	3	0	Target achieved

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual (cummulative 12 months)	Variance	Remarks
		Kenya Credit Guarantee Company (KCGC) incorporated and operationalized	% level of guarantee company operationalized	100	90	-10	Target partially achieved
		Green Financing Facility (GFF) loans disbursed	No of farmers benefiting from the GFF loans	3,000	354	-2,646	Target partially achieved whereby, GFF operations manual along with the green taxonomy developed.
<b>SP 13. Debt Management</b>	Debt Policy, Strategy and Risk Management Department	Medium Term Debt Strategy Developed	No. of Medium-Term debt strategy developed	1	1	0	Target achieved
		Published Annual Debt Report	No. of Annual Debt Reports Published	1	1	0	Target achieved
		Annual Public Debt Management Performance report	No. of developed Annual Public Debt Management performance report	1	1	0	Target achieved
	Debt Recording and Settlement Department	Mature serviceable public debt serviced	% of mature serviceable public debt serviced	100	100	0	Target achieved
		Published External Public Debt Register on the TNT website	No. of Published External Public Debt Stock & Register on the TNT website	1	1	0	Target achieved

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual (cummulative 12 months)	Variance	Remarks
SP 14. Microfinance Sector Support and Development	Financial and Sectoral Affairs	Operationalize the Credit Guarantee Scheme (CGS)	Capital injected into the Credit Guarantee Scheme in KSh. (Billions)	1	0	-1	Target not achieved
<b>Programme 4: Market Competition and Creation of Enabling Business Environment</b>							
<b>Programme Outcome: Sustained high productivity and competitive markets</b>							
SP 15. Elimination of Restrictive Trade Practices	Competition Authority of Kenya	Consumer Protection and Regulatory Services	% of consumer complaints investigated and concluded	70	48	22	485 cases handled out of which 332 were finalized.
			% of Merger and acquisitions applications determined	100	96	4	26 out of 27 received mergers finalized
			Cases of Deterrence of Abuse of Buyer Power concluded as a % of total investigations	65	23	42	43 cases received out of which 15 were finalized
			% of cases on restrictive trade practices investigated and finalized	100	29	71	52 cases handled out of which 15 were finalized
SP 17. Access to Justice	State Corporations Appeals Tribunal (SCAT)	Improve access to courts and reduction of average distance to courts	No. of registries operationalized	2	1	-1	Operationalized the Nairobi registry and started receiving cases

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a	Delivery Unit	Key output	Key Performance Indicators	Annual Target 2024/25	Actual (cummulative 12 months)	Variance	Remarks
		Appeal cases received & determined	Number of appeal cases determined	10	16	6	The Tribunal had targeted to receive 10 cases but it received 16 cases and 5 cases were determined and the rest are scheduled to be determined
	Competition Tribunal	Cases on restrictive trade practices investigated, finalised and determined	% of cases on restrictive trade practices investigated, finalised and determined	100	93	7	25 out 27 cases finalised

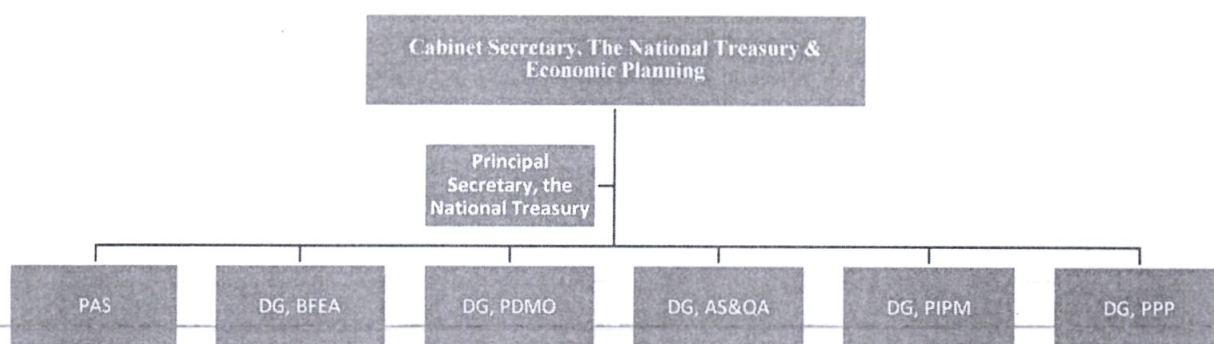
## 8. STATEMENT OF GOVERNANCE

### i. Brief of Key Leadership Structure

The National Treasury and Economic Planning is divided into three entities: The National Treasury, the State Department for Economic Planning and the State Department for Public Investment and Assets Management. It is represented by the Cabinet Secretary who is responsible for the general policy and strategic direction of the Ministry.

At the top management level, the National Treasury is headed by the Principal Secretary who is the accounting officer and is responsible to the Cabinet Secretary in the performance of his duties. The National Treasury has six Directorates headed by Directors General and a Principal Administrative Secretary who is responsible for Administration and Support Services.

### The National Treasury Leadership Structure



**PAS** : Principal Administrative Secretary, Directorate of Administrative Services;

**DG, BFEA**: Director General, Directorate of Budget, Fiscal and Economic Affairs;

**DG, PDMO** : Director General, Directorate of Public Debt Management Office;

**DG, AS&QA**: Director General, Directorate of Accounting Services & Quality Assurance;

**DG, PIPM**: Director General, Directorate of Public Investment & Portfolio Management;

**DG, PPP**: Director General, Directorate of Public, Private Partnership.

**Note:** The Directorate of Public Investment & Portfolio Management and Directorate of Public, Private Partnership have since been transferred to the State Department for Public Investment and Assets Management.

**ii. Management Committees Established and Their Roles**

The National Treasury has appointed managements committees to monitor the implementation of programmes, projects and report on their performance. They include:

**Top Management Committee**

Top Management Committee comprises of Cabinet Secretary, Principal Secretary and Directors General. The Committee receives reports from departments, build consensus on National Treasury responses to emerging issues, challenges and risks and ensures that the decisions made are implemented in a timely manner.

**iii. The Audit Committee**

In line with the Public Finance Management Act 2012, the National Treasury has established a Ministerial Audit Committee comprising of the Chairperson and four members, of which four are independent. The members were appointed on 15<sup>th</sup> December, 2022.

The Committee provides overall oversight and quality assurance including follow up on the effectiveness of implementation of audit recommendations. The Committee is active and meets on a quarterly basis to deliberate on their functions.

**iv. Risk Management, compliance, conflict of interest**

The National Treasury embarked on the development of its Risk Management Policy Framework. Risk Champions for all Directorates were appointed and trained and Risk registers have been developed.

**v. Recent Trainings and development in governance for those in key leadership**

The National Treasury supported those in key leadership positions to attend leadership and strategic management courses at the Kenya school of Government and other reputable international institutions.

**vi. Public participation activities**

The National Treasury underscores the importance for public participation as provided for under the Constitution of Kenya and Public Finance Management (PFM) Act, 2012 by giving Kenyans opportunities to interrogate proposed amendments to the PFM Act, 2012 and make submissions on their views for consideration in policy making and implementation so as to strengthen and deepen good governance.

The National Treasury carried out Public Sector Hearings for the Proposed Budget for the FY 2025/26 and the medium term by holding both physical meetings and virtual hearings. The National Treasury provided an opportunity to all Kenyans across the country to interrogate the Public Finance Management Act 2012 Amendments that aimed at aligning the debt anchor to international best practices.

**vii. Compliance with laws and regulations**

The National Treasury complies with the Constitution of Kenya, all applicable laws and regulations in line with acceptable national and international standards as well as its internal policies.

In order to enhance compliance to existing legislations and regulations, the National Treasury, through the Legal Unit has lined up a series of interventions to be progressively implemented. To begin with, in the FY

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2023/24, the National Treasury being a data recipient and a data controller, initiated efforts to ensure compliance to the Data Protection Act 2019 and the right to privacy as per Article 31 of the Constitution. The effort entailed undertaking a precursor training on data protection for auditees. The training benefited thirty-six (36) the National Treasury staff as part of the steps for comprehensive legal and regulatory compliance audit.

## 9. MANAGEMENT DISCUSSION AND ANALYSIS

### Report on Operational and financial performance of the organization for the last three-to-five-year period

#### Operational Performance

Operational performance is examined from two main indicators. These are: (i) performance contract management (ii) human resource staff capacity.

#### Performance Contract Management

In the Financial Year 2020/ 21, the National Treasury and Planning was ranked 5<sup>th</sup> in the Top Five Performing Ministries with an Average Composite Score of 3.2124 which is a good performance. There was a decline in performance compared to that of 2019/2020 whereby TNT&P was ranked the best performing Ministry with a Composite Score of 3.0209.

In the FY 2021/2022 the National Treasury and Economic Planning retained a ranking of position 5 with a composite score of 3.1173 representing 'good performance'. The composite score was an improvement from the 3.2124 recorded in 2020/21.

In the FY 2022/2023 the National Treasury and Economic Planning was ranked position 9 with a composite score of 3.3158 representing 'good performance'. Compared to the performance of the previous years, there was a slight decline since the Ministry had a composite score of 3.1173 in 2021/22 FY and 3.2124 in 2020/2021 FY.

In the FY 2023/2024 the National Treasury and Economic Planning had a composite score of 3.2296 representing 'good performance'. This is an improvement from the FY 2022/23 composite score of 3.3158.

**Note:** The Performance Contract for FY 2024/25 has not been evaluated.

A summary of performance contract indicators for two years and ranking for the last five years are given in the table below.

**Table 2: Summary of performance of the National Treasury and Economic Planning in ranking of Ministries Departments and Agencies over five Financial Years**

2019/2020 FY		2020/2021 FY		2021/2022 FY		2022/2023 FY		2023/24 FY	
Overall Score:	3.0209	Overall Score:	3.2124	Overall Score:	3.1173	Overall Score:	3.3158	Overall Score:	3.2296
Overall Rank:	Position 1	Overall Rank:	Position 5	Overall Rank:	Position- 5	Overall Rank:	Position – 9	Overall Rank:	Position – Not published
Overall Grade:	70-100%	Overall Grade:	70-100%	Overall Grade:	70-100%	Overall Grade:	70-100%		
		Performance category:	Good						

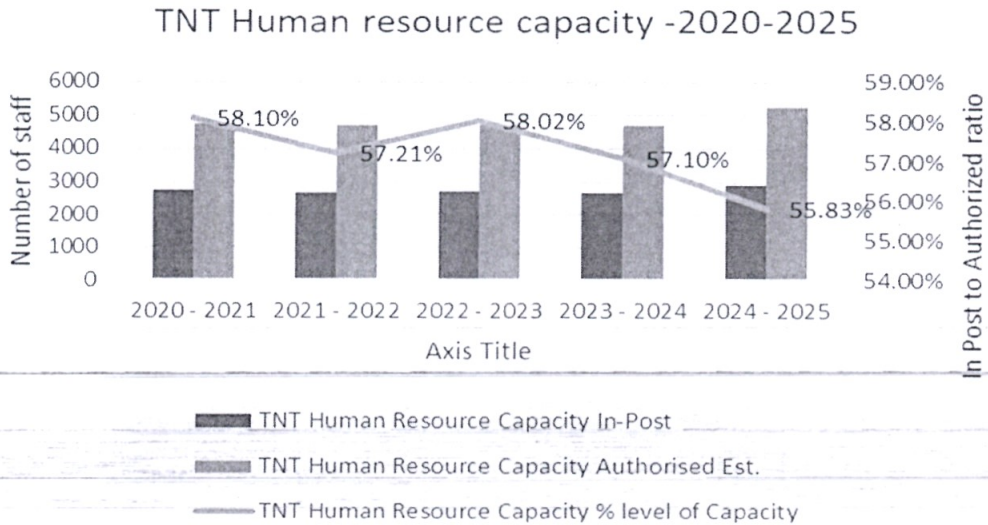
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Performance category: Good Core Mandate Score: 1.8089	Core Mandate Score: Not measured	Performance category: Good	Performance category: Good	Overall Grade: 70-100%  Performance category: Good
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**Human resource staff capacity.**

Human resource capacity is a component of operational efficiency in the National Treasury. In this regard, the National Treasury currently operates at 55.80 per cent staff capacity in relation to authorized establishment. This is a decline from staff operational capacity of 57.1% in 2023/24 FY and 58% FY in 2022/23. The decline in staff capacity is attributed to slow succession management in relation to increasing staff requirement as indicated by authorized establishment. Chart below illustrates the current staff capacity against authorised establishment.

**Human resource capacity for the period FY 2020/21 to 2024/25**



In terms of cadre, the National Treasury ratio of technical to support staff currently stands at 70.83 and 29.17 per cent of in-post staff.

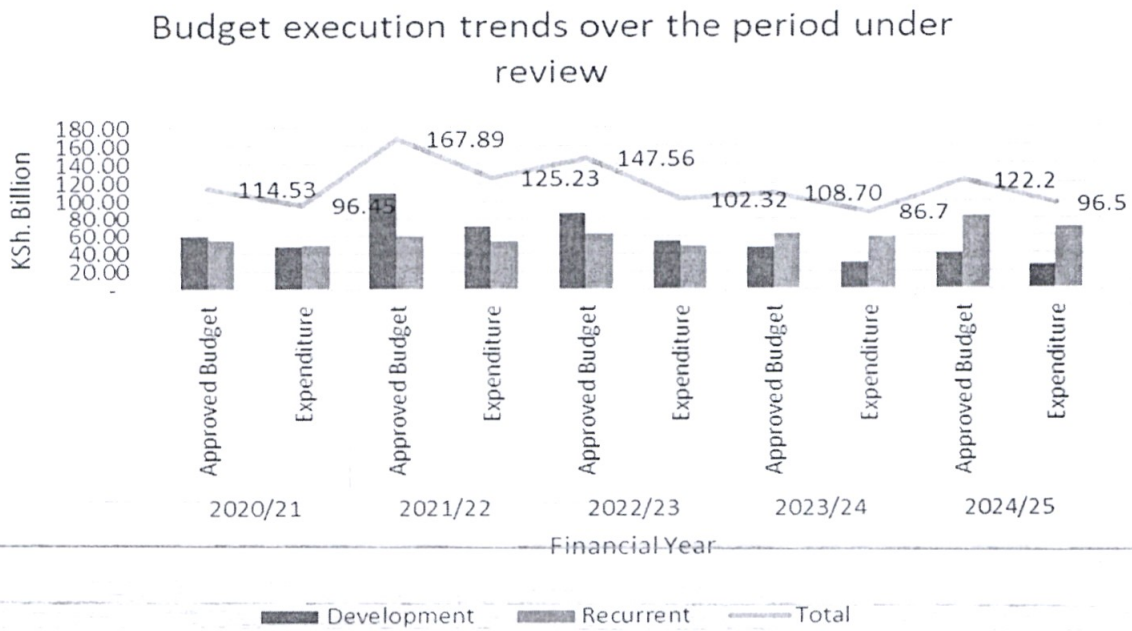
The National Treasury trained 933 staff of different carders on relevant skills sets during the period under review.

**Financial Performance**

Over the last five-year period, the National Treasury recorded mixed trend in performance in financial stewardship relating to absorption of GoK funds. Chart below illustrates the National Treasury financial performance in relation to expenditure for the period 2020/21- 2024/25FY.

The allocations to the National Treasury recorded increasing trend with highest allocations recorded in the FY 2021/22. The increase in allocation is attributed to transferring of marine and transport functions to the National Treasury. These functions were transferred back to the Ministry of Transport and Infrastructure in the FY 2023/24.

**The National Treasury total budget against expenditure for 2020/21- 2024/25 (Ksh. Billions)**



The table below illustrates budget allocations vs expenditure per programme.

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Table 5: Allocation Per Programme Vote 1071 FY 2024/25

Programme	Printed Estimates FY 2024/25	Supplementary Estimates 2024/25	I FY Estimates 2024/25	II FY Estimates 2024/25	Supplementary Estimates FY 2024/25	Expenditure as at 30th June, 2025
<b>(Kshs. Million)</b>						
<b>1. General Administration, Planning and Support Services</b>	76,480.3	58,740.1		78,019.2	84,150.9	36,919.9
Administration Services	42,499.5	25,508.2		36,349.6	42,080.2	35,025.2
Human Resource Management Services	121.4	114.8		114.8	114.8	112.5
Financial Services	33,204.6	33,070.9		41,008.5	40,909.5	736.5
ICT Services	654.8	46.3		546.3	1,046.3	1,045.7
<b>2. Public Financial Management</b>	46,862.9	49,502.2		31,699.2	26,448.2	24,393.2
Resource Mobilization	24,696.4	24,716.2		13,088.9	14,403.5	14,311.5
Budget formulation, Coordination and Management	12,522.2	17,143.6		9,231.9	2,024.9	2,020.0
Audit Services	901.4	861.2		861.2	904.2	859.7
Accounting Services	3,058.4	2,342.0		3,150.0	3,425.0	3,298.8
Supply Chain Management	900.6	1,129.2		2,089.2	2,389.2	2,274.9
Public Financial Management	827.0	526.4		594.4	564.4	422.0
Government Investment and Assets	3,957.0	2,783.6		2,683.6	2,737.0	1,206.2
<b>3. Economic and Financial Policy Formulation and Management</b>	11,270.5	10,475.0		6,715.3	10,959.3	9,886.6
Policy Formulation and Management	9,003.3	8,217.7		5,536.1	9,930.1	8,927.3
Debt Management	155.4	148.4		148.4	148.4	145.4

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Micro Finance Sector Support and Development	2,111.8	2,108.9	1,030.9	880.9	813.9
4. Market Competition	508.5	508.5	618.0	618.0	618.0
Elimination of Restrictive Trade	508.5	508.5	618.0	618.0	618.0
<b>Grand Total</b>	<b>135,122.1</b>	<b>119,225.8</b>	<b>117,051.8</b>	<b>122,176.4</b>	<b>71,817.6</b>

**Major Risks Facing the National Treasury**

The National Treasury faces several key risks, including high debt levels, climate change impacts, and challenges in revenue mobilization. These factors can strain the country's fiscal stability and limit its ability to invest in priority programs.

**1. High Public Debt:**

- Kenya's public debt, both domestic and external, is a significant concern, with a high proportion of it held by multilateral and bilateral lenders. The National Treasury aims to manage debt levels by gradually reducing the stock of Treasury bills and lengthening the maturity of public debt instruments. Challenges in revenue collection can exacerbate debt sustainability issues, potentially leading to cash flow problems and the accumulation of unpaid bills.

**2. Climate Change Impacts:**

- Climate change poses a major risk to key sectors like agriculture and tourism, impacting economic resilience and potentially affecting government revenue. The National Treasury is prioritizing climate resilience as a crucial aspect of development and economic growth. Climate-related disasters also lead to increased government spending on disaster relief and recovery efforts, further straining the budget.

**3. Revenue Mobilization Challenges:**

- Difficulties in mobilizing sufficient revenue to meet budgetary needs are a recurring issue. Economic downturns, high inflation, and exchange rate depreciation can negatively impact revenue collection. The National Treasury is working to enhance fiscal consolidation efforts and rebuild fiscal buffers to mitigate revenue shortfalls.

**4. Fiscal Risks from State Corporations:**

- Many state corporations face liquidity challenges and have accumulated significant arrears, posing a fiscal risk to the government. A significant number of state corporations are loss-making, further straining public finances. The National Treasury is working to improve the management and oversight of state corporations to mitigate these risks.

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Addressing these risks requires a multi-pronged approach, including sound macroeconomic policies, effective debt management strategies, investment in climate resilience, improved revenue collection, and enhanced fiscal discipline across all government entities.

**Material Arrears in Statutory and other Financial Obligations**

As at 30th June, 2025, the organization had minimal material arrears in statutory and other financial obligations. The status is summarized as follows:

a) Statutory Deductions

All mandatory statutory deductions, including PAYE, NHIF, NSSF, and pension contributions, were remitted in full and on time to the respective institutions during the financial year. There were no outstanding arrears reported in relation to employee benefit remittances.

b) Pending Bills

The organization recorded pending bills, mainly related to: Unsettled invoices for supplies and services already rendered, delays in processing payments due to procurement documentation gaps or budget absorption constraints and a small portion attributed to late exchequer releases in the last quarter.

These pending bills are fully recognized in the financial statements and have been prioritized for settlement in the first quarter of the FY 2025/26.

**The National Treasury Key Projects/ Investments implemented or ongoing**

The Table below indicates a summary of 18 key projects for the National Treasury indicating project cost, cumulative expenditure, Absorption rate and project status.

**Table 3: Key projects implemented by the National Treasury in 2024/25 FY**

S/No.	Project	Project Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate	Remarks
1.	National Treasury Special Global Fund - Malaria Grant - KEN-M (NFM3) - BETA	547,823,464.00	312,819,406.00	57.10%	Project Completed
2.	National Treasury Special Global Fund - HIV-AIDS Grant - KEN-H (NFM3) - BETA	6,143,272,199.00	5,478,371,242.00	89.18%	Project Completed

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3.	National Treasury Special Global Fund - TB Grant - KEN-T (NFM3) - BETA	579,301,743.00	359,292,987	62.02%	Project Completed in March 2025
4.	National Treasury Special Global Fund - Malaria Grant - KEN-M (NFM4) - BETA	244,335,971.00	215,917,579.00	88.37%	Project ongoing
5.	National Treasury Special Global Fund - HIV-AIDS Grant - KEN-H (NFM4) - BETA	4,186,572,056.00	4,186,572,056.00	100.00%	Project ongoing
6.	National Treasury Special Global Fund - TB Grant - KEN-T (NFM4) - BETA	593,269,152.00	197,347,205.00	33.26%	Project ongoing
7.	National Treasury Infrastructure Finance and Public Private Partnerships Project (IFPPP), Credit/Grant No.: 51570-KE - BETA	43,000,000.00	43,000,000.00	100.00%	Project Completed
8.	National Treasury Infrastructure Finance Public Private Partnerships-Additional Financing (IFPPP2-AF), Credit/Grant No.: 61201-KE - BETA	689,086,883.00	689,086,883.00	100.00%	Project Completed
9.	National Treasury support to Public Financial Management (PFMR)	150,000,000.00	26,386,200.00	17.59%	Project ongoing
10.	National Treasury Regional Integration Implementation Program	116,553,557)	115,553,557.00	99.14%	Project ongoing
11.	National Treasury Public Debt Management Support Project	59,000,000.00	34,811,027.00	59.00%	Project ongoing
12.	National Treasury Capacity Strengthening Project	50,000,000.00	6,415,211.00	12.83%	Project ongoing
13.	National Treasury Green Climate Fund Readiness Project	22,600,000.00	16,002,597	70.81%	Project ongoing

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14.	National Treasury Kenya Affordable Housing Project - BETA	8,150,000,000.00	8,150,000,000.00	100.00%	Project ongoing
15.	National Treasury Supporting Access to Finance & Enterprise Recovery (SAFER) - BETA	5,900,000,000.00	5,006,270,769.00	84.85%	Project ongoing
16.	Kenya Financing Locally Led Climate Action Programme (FLLCoA) - BETA	2,000,000,000	1,525,157,868.00	76.26%	Project ongoing
17.	National Treasury Rural Kenya Financial Inclusion Facility (RK-FINFA) - BETA	650,000,000.00	604,241,997.00	92.96%	Project ongoing
18.	Operationalization of Kenya Mortgage Refinancing Company (KMRC) - BETA	2,717,000,000.00	2,717,000,000.00	100.00%	Project Completed

**Future Developments and other information**

In the next five (5) Year period, the National Treasury plans to implement the following Four (4) Key Result areas and attendant strategies as stipulated in the Strategic Plan for the period 2023-2027:

**1. Stable and sustainable macroeconomic environment**

Under this Key Result Area, the National Treasury plans to:

- i. Develop and implement macroeconomic and fiscal policies that support stable macroeconomic environment and stimulate economic recovery to 5.6 percent growth in FY 2027/28; boost the ratio of gross national savings to GDP to 13.3 percent in the FY 2027/28; increase the ratio of national investments to 18.6 percent GDP in the FY 2027/28;
- ii. Oversee implementation of monetary policy that targets to maintain inflation rate at 5 percent +/-2.5 percent; low and stable lending interest rates; stable and competitive exchange rates; and strong official foreign exchange reserves;
- iii. Establish the Kenya Credit Guarantee Company to administer CGS – This will entail establishing a functional Credit Guarantee Company to administer Credit Guarantee Scheme (CGS);

- iv. Agricultural and Rural Financial Inclusion (RK- FINFA) – this will enhance access, efficiency and stability of agricultural and rural finance by smallholder farmers and agribusiness MSME;
- v. Implement the Green Financial Markets programme to enhance access to green finance and strengthen the enabling environment to attract green finance and investments needed to transition to a low-carbon, climate resilient and green economy;
- vi. The National Treasury has embarked to redesign the taxation instruments to make them more supportive to economic activity without distorting the market and eroding investment incentives. This will boost revenue collection and raise tax effort from the current 16.0 percent of GDP in FY 2023/24 to where it was previously, above 20 percent of GDP. This will be done through the implementation of the National Tax Policy and the Medium-Term Revenue Strategy for the period FY 2024/25 - 2026/27 that will provide a combination of tax administration and policy measures to enhance revenue mobilization; and
- vii. Operationalize Nairobi International Financial Centre (NIFC) to develop a more predictable, efficient and globally competitive financial environment

## **2. Resource mobilization for financing public expenditure**

Under this Key Result Area, the National Treasury plans to:

- i. Broaden the tax base and enhance tax compliance;
- ii. Digitization of government payment services;
- iii. Mobilization of external and domestic resources;
- iv. Diversification of borrowing sources;
- v. Undertake periodical portfolio review, assessment and reporting;
- vi. Enhance public debt management efficiency and transparency;
- vii. Support contracting authorities in preparation of PPP projects and procurement of private investors;
- viii. Support contracting authorities in the management of PPPs in operation;
- ix. Enhance mobilization of resources for the Project Facilitation Fund (PFF);
- x. Establish and sustain relations with investors in PPPs;
- xi. Enhance PPP legal and regulatory framework;
- xii. Enhance the capacity of County Governments on tax analysis and revenue forecasting; and
- xiii. Development of legal framework for County Government tax processes.

## **3. Policy, legal and institutional frameworks for development planning, budgeting, and intergovernmental and stakeholder relations**

Under this key Result Area, the National Treasury plans to: -

- i. Enhance uptake of government procurement opportunities by the marginalized groups;

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- ii. Promote value for money in public procurement;
- iii. Enforce compliance on public sector accounting standards and other government regulations;
- iv. Support effective implementation and reporting of reform interventions in the PFM Reforms Strategy 2023-2028;
- v. Prepare and disseminate guidelines on PFM with County Governments;
- vi. Enhance compliance with PFM laws by County Governments;
- vii. Enhance compliance of all public sector entities with assets and liabilities policies and guidelines;
- viii. Prepare legislative proposals on sharing of resources between the two levels of governments and among the counties are in place;
- ix. Enhance the capacity of SCs in budgeting, performance contracting, financial reporting, and monitoring;
- x. Develop Public Investment Policy and Guidelines;
- xi. Digitalize and automate the budget process;
- xii. Improve efficiency and effectiveness in pensions administration and management;
- xiii. To strengthen transparency and accountability in public investment management; and
- xiv. Provide objective assurance on Management of resources in public sector entities.

**4. Strengthened institutional capacity and internal business processes**

Under this Key Result Area; the National Treasury will implement the following;

- i. Scale up efforts to towards optimal staffing levels;
- ii. Undertake Employee capacity building and development;
- iii. Institutionalize knowledge management;
- iv. Restructure the Organizational for enhanced productivity;
- v. Enhancement of communication mechanism and brand identity; and
- vi. Enhance the efficiency and effectiveness of planning and project monitoring.

## 10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The National Treasury's mandate is to formulate, implement and monitor prudent economic and financial policies at national and county levels of government as guided by the following SMART core values include:

Core Value	Description
Stakeholder participation	Adopt a participatory approach to policy formulation, planning, budgeting, monitoring and evaluation to facilitate inclusiveness, ownership and consensus.
Transparency and accountability	Committed to openness, prudence and accountability in service delivery.
Results oriented	Pursuing timely and effective attainment of targeted results at all levels
Integrity	Uphold high moral standards and professional competence in service delivery.
Customer focus	Putting customers first and continuously provide equitable, timely and quality services that match or exceed their expectations.
Teamwork and commitment	Embracing teamwork and commitment through collaborative efforts of all actors to achieve common goals.

### Sustainability Strategy and Profile

The Kenyan economy has remained resilient and is now recovering from the recent multiple domestic and external shocks. These shocks included geopolitical conflicts and adverse effects of climate change.

In order to mitigate the negative impact of these shocks, the following policy interventions have been implemented under the Bottom-Up Economic Transformation Agenda (BETA) centered around three main areas:

- i. Fostering stability in the economy and public finance as a pre-condition for secure and sustained economic growth;
- ii. Strengthening implementation of growth enhancing, structural and institutional reforms; and
- iii. Sustaining measures to boost longer-term resilience and economic growth including public investment for accelerated private investment, supporting manufacturing for job creation, fostering environmental sustainability, climate change mitigation and adaptation.

The focused interventions, structural reforms and policies of the Government over the last two years have started to yield some positive results namely:

- i) Kenya's growth outlook indicates a stable macroeconomic environment Growth of 5.3 percent in 2025 enhanced agricultural productivity; resilient services sector; and ongoing implementation of priorities under BETA for inclusive growth;

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- ii) Inflation has significantly declined and remained below the target midpoint of 5.0 percent since June 2024, reflecting the effectiveness of monetary policy, and lower energy and food prices. Inflation declined to 4.1 percent in April 2025 from 5.0 percent in April 2024;
- iii) To reduce the cost of credit, monetary policy has gradually eased by lowering the Central Bank Rate from 13.0 percent in August 2024 to 10.0 percent in April 2025, in response to low inflation and a stable exchange rate. This approach aims to lower interest rates, encouraging banks to lend more to the private sector and stimulate economic activity;
- iv) The foreign exchange market remained stable since March 2024 despite increased global uncertainties, effects of a stronger U.S. Dollar and geopolitical tensions in the Middle East and Eastern Europe; and
- v) The Kenya Shilling exchange rate exchange rate has stabilized against other major international currencies. In April 2025, the exchange rate against the US dollar averaged at Ksh 129.5 compared to an average of Ksh 159.7 in January 2024, an appreciation of 18.9 percent.
- vi) Real GDP grew by 4.7 percent in 2024 supported by positive growths in all sectors except construction and mining. This growth was lower compared to 5.7 percent in 2023 mainly due to adverse effects of floods in the second quarter and the anti-Finance Bill protests in the third Quarter of 2024 that disrupted economic activities. The economy remained strong and resilient in the first quarter of 2025 with a growth of 4.9 percent, and is projected to rebound and grow by 5.3 percent in 2025;
- vii) Nominal GDP rose to 16.2 trillion in 2024 from Ksh 13.5 trillion in 2023; a 12% increase. Similarly, GDP per capita income increased to Ksh 309,460 in 2023 from Ksh 291,770 in 2023;
- viii) Total new jobs (both formal and informal) generated in the economy were 782.3 thousand in 2024. Of this, wage employment in the modern sector grew by 4.1% which translated to creation of 122.8 thousand new jobs;
- ix) The overall year-on-year inflation is under control and within the Government target range of  $5\pm 2.5$  percent. Inflation declined to 3.8 percent in June 2025 from 4.6 percent in June 2024;

- x) In June 2025, it exchanged at an average of KSh 129.3 per US Dollar compared with KSh 129.4 per US Dollar in June 2024. Against the Euro, the Shilling traded at an average of KSh 149.2 by end of June 2025 compared to KSh 139.3 by end of June 2024, while against the Sterling Pound, it exchanged at an average of KSh 175.5 compared to KSh 164.5 over the same period.

In order to support the Government's Bottom-Up Economic Transformation Agenda (BETA), the National Treasury has implemented a growth responsive fiscal consolidation plan over the last two years designed to reduce debt vulnerabilities and rebuild fiscal buffers amid significant global and domestic challenges. Special focus has been placed on broadening the revenue base and containing non-priority expenditures while enhancing social safety nets with the support of our Development Partners.

#### **Environmental performance/climate change/mitigation of natural Disaster**

The National Treasury has constituted a committee comprising officers from the key Departments of the Ministry to oversee all matters relating to environmental sustainability. The National Treasury participated in tree planting exercise which saw over 1,499,260 seedlings planted at Muumandu in Machakos County, Sorget in Kericho County, Kaptaget in Elgeyo Marakwet County. Additionally, to ensure a conducive work environment, the National Treasury has contracted a company to manage cleaning and waste disposal services.

#### **Employee welfare**

Employee welfare is critical for effective implementation of the programmes and projects of an organization. Noting the importance of human resources, the National Treasury has a department established to handle Human Resources Management and Development. The Ministry has also established a Human Resource Management Advisory Committee and Departmental Training Committees that processes all the promotions, discipline, training, appraisal and general employee matters in line with the Public Service guidelines and procedures. Recruitment of officers is guided by the principles of the public service such as inclusivity among others.

In addition, a committee on occupational safety and health has been established to follow up of the safety conditions in the work place. In order to attract and retain competent officers, the National Treasury conducted capacity building for the staff in various technical subjects and recruited officers at the entry grade to fill skills gaps and enhance human resource capacity.

During the review period, we implemented succession management plan by declaring vacant posts to be filled by the Public Service Commission at the higher levels. This is a preparation for the anticipated exit from service in the next two years arising from retirement of officers who will have attained the exits mandatory retirement age. Further, the National Treasury has continued to build the capacity on the online staff appraisal management system in collaboration with the Public Service Commission to ensure seamless implementation of the system.

#### **Operational Practices/Market place practices**

The National Treasury is responsible for promoting fair trade practices in the economy. To ensure effective implementation of this function assigned by the Constitution, one of the programmes

**The National Treasury**  
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implemented by the Treasury is ensuring that existing market structures encourage competition and orderly conduct of business in order to support high productivity and competitive markets. This is undertaken mainly by the Competition Authority of Kenya, a State Corporation under the National Treasury. Further, to guarantee fairness in the allocation of procurement contracts, the National Treasury ensures strict adherence to the provisions of the Public Procurement and Assets Disposal Act and its regulations. In addition, invoices for goods and services received/rendered are paid based on first-in-first-out (fif) method.

**Community Engagements**

Towards Corporate social responsibility, members of staff from the National Treasury participated in tree planting exercise which saw over 1,499,260 seedlings planted at Muumandu in Machakos County, Sorget in Kericho County, Kaptaget in Elgeyo Marakwet County. The National Treasury took part in the 9<sup>th</sup> edition of the Kaptaget Integrated Livelihood Program's Annual Tree Growing Initiative to advance Kenya's reforestation efforts.

### **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 MDA shall prepare financial statements in respect of that MDA. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the *National Treasury* is responsible for the preparation and presentation of the National Treasury's financial statements, which give a true and fair view of the state of affairs of the National Treasury 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 National Treasury, (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 National Treasury; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

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

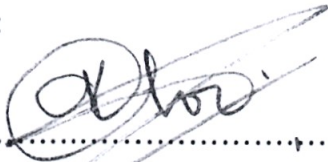
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The Accounting Officer in charge of the *National Treasury* confirms that the National Treasury has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the National Treasury's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

**Approval of the financial statements**

The *National Treasury's* financial statements were approved on 28/11/ 2025 and signed by:



.....  
**DR. CHRIS KIPTOO, CBS**  
**PRINCIPAL SECRETARY**  
**THE NATION TREASURY**

# REPUBLIC OF KENYA

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## **REPORT OF THE AUDITOR-GENERAL ON THE NATIONAL TREASURY FOR THE YEAR ENDED 30 JUNE, 2025**

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### **PREAMBLE**

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, is effective in the use of resources, or that its internal control, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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 The National Treasury 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 The National Treasury 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 and Economic Planning 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 National Treasury Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Emphasis of Matter**

#### **1. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.122,176,370,707 and Kshs.113,732,718,491 respectively, resulting in under-funding of Kshs.8,443,652,216. Similarly, The National Treasury spent Kshs.113,693,384,611 against actual receipts of Kshs.113,732,718,491 resulting to an under-utilization of Kshs.39,333,880.

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

#### **2. Pending Accounts Payable**

The statement of financial position reflects trade and other payables balance of Kshs.20,811,926,257 as disclosed in Note 19 to the financial statements. The balance includes bills incurred before 01 July, 2024 totalling Kshs.17,637,257,074 or 85% of the total balance which had not been settled as at 30 June, 2025.

Failure to settle bills during the year to which they relate, adversely affects the budgetary provisions for the subsequent period.

My opinion is not modified in respect of these matters.

### **Key Audit Matters**

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

## **Other Matter**

### **Unresolved Prior Year Matters**

In the prior year's audit report, two issues were raised on unsupported prior year adjustment and un-updated fixed assets register under the Report on Financial Statements. Further, three issues were raised on wasteful /avoidable expenditure on court award, irregular reallocation of funds and funding of a partially owned government entity under the Report on Lawfulness and Effectiveness in Use of Public Resources. In addition, one issue was raised on weaknesses in processing of work injury benefits under the Report on Effectiveness of Internal Controls, Risk Management and Governance.

Review of the issues revealed that they remained unresolved as at 30 June, 2025.

### **Other Information**

Management is responsible for the Other Information set out on page iv to lxxv which comprise of Key National Treasury Information and Management, Profile of the Cabinet Secretary, Profile of the Principal Secretary, Statement by the Cabinet Secretary, Statement by the Principal Secretary, Statement of Performance against Predetermined Objectives, Statement of Governance, Management Discussion and Analysis, Environmental and Sustainability Reporting and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

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

### **Conclusion**

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

## Basis for Conclusion

### 1. Long Outstanding Deposits

The statement of financial position reflects refundable deposits balance of Kshs.3,147,208,776 as disclosed in Note 20 to the financial statements. Included in this balance is Kshs.289,371,528 relating to general deposits. However, review of the aging analysis for the general deposits revealed that balances totalling Kshs.50,745,140 as detailed below had been outstanding for more than five (5) years with some dating back to 2013.

<b>Deposit Category</b>	<b>Balance as per Financial Statements (Kshs)</b>	<b>Balance Outstanding for Over 5 years (Kshs)</b>
Contractors Retention Funds	59,761,590	23,284,239
Deposit on Sale of Boarded Vehicles	773,099	47,000
CBK Receipts (local Loan Support Fund)	4,045,400	4,045,400
RTGS Deposits	26,874,966	20,146,254
Undefined Items (0004-sacco)	902,157	902,157
Unremitted Third-Party Balances	2,953,526	2,320,090
Other Deposits	194,060,790	-
<b>Total</b>	<b>289,371,528</b>	<b>50,745,140</b>

The long outstanding deposits of Kshs.50,745,140 had not been remitted to the Unclaimed Assets Authority as required by Section 3(b) of the Unclaimed Financial Assets Act, CAP 494 which requires that unless otherwise provided in this Act or by any other law, assets shall be subject to the custody of the Authority as unclaimed assets, if the conditions raising a presumption of abandonment under Sections 4 to 18 are satisfied and if the holder has not previously paid the assets to the apparent owner or other person entitled to the assets.

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

### 2. Anomalies in Transfers to Other Government Entities

The statement of financial performance reflects transfers to other government entities of Kshs.67,618,381,702 as disclosed at Note 13 to the financial statements. The transfers include payments totalling Kshs.2,221,650,207 to various Ministries, Departments and Agencies issued in form of Authority to Incur Expenditure (AIEs).

Review of the expenditure supporting documents revealed the following anomalies;

- i. An amount of Kshs.1,884,170,000 was issued for settlement of pending bills in a State Department. However, information provided for audit indicated that the subject State Department had no pending bills declared in the previous year's audited financial statements and no approved list of pending bills that were to be settled by the AIE was provided for audit review. Further, amounts totalling

Kshs.212,480,207 were transferred to various State Departments to undertake routine activities in the Departments.

The above expenditure totalling Kshs.2,096,650,207 had also not been budgeted at The National Treasury or at the respective State Departments. This was contrary to Section 68(1)(a) of the Public Finance Management Act, 2012 that provides inter alia that an accounting officer for a national government entity, shall ensure that the resources of the respective entity are used in a way that is lawful and authorized.

- ii. Amounts totalling of Kshs.125,000,000 were transferred to the State Department for Diaspora Affairs to cater for emergency and unforeseen expenses. However, emergencies are supposed to be funded from the Contingencies Fund in line with Section 21(2) of the Public Finance Management Act, 2012 which requires inter alia that the Cabinet Secretary may make advances from the Contingencies Fund if, satisfied that an urgent and unforeseen need for expenditure has arisen for which there is no specific legislative authority. Management did not explain the reason for not disbursing the funds from the Contingencies Fund.

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

### **3. Delayed Settlement of Court Award Leading to Increased Interest Costs**

The statement of financial performance reflects use of goods and services expenditure of Kshs.36,654,175,238 which includes other operating expenses of Kshs.20,144,345,216 as disclosed in Note 12 to the financial statements. The other operating expenses include an expenditure of Kshs.1,000,000,000 in respect of a part payment of the decretal sum of Kshs.4,099,636,848 exclusive of interest and other legal costs awarded to a firm by the High Court on 21 December, 2022 being compensation for idle resources, loss of profits and arbitration costs following a dispute that arose during implementation of Phase III of a project to construct a National Disaster Recovery Site.

The decretal amount was to attract interest at a rate of 12% per annum until payment in full. As at 30 June, 2025, only Kshs.1,882,400,262 had been paid and the outstanding balance as at 30 June, 2025 stood at Kshs.4,091,619,712 due to accrued interest. As at the date of this report, Management had not provided a roadmap or a proposed plan for the settlement of the award.

Failure to provide adequate budgetary provision for the settlement of the award exposes The National Treasury to additional avoidable interest costs.

### **4. Non-Compliance with the Constitution on Payments to the Equalization Fund**

As previously reported, review of records maintained by the Equalization Fund Secretariat revealed that only Kshs.15,930,000,000 out of the total entitlement to the Fund of Kshs.67,807,602,775 from financial year 2011/2012 to 2024/2025 had been transferred to the Equalization Fund Account leaving a balance of Kshs.51,877,602,775 which had not been remitted to the Fund as at 30 June, 2025.

This is contrary to Article 204(1) of the Constitution which requires payment to the Fund of one-half percent of all revenue collected by the National Government each year.

In the circumstances, The National Treasury was in breach of the law.

## **5. Increased Expenditure under Article 223**

During the year under review, The National Treasury approved additional budget allocations under Article 223 of the Constitution of Kenya amounting to Kshs.88.6 billion out of which Kshs.63.4 billion was released to Ministries, Departments and Agencies (MDAs).

Further, review of the requests for additional budgetary allocations approved revealed some were comprising of routine and contractual expenses and which the respective MDAs should have anticipated and included in their original budgets. No satisfactory explanation was provided on why routine and contractual expenses were excluded from the budget estimates thereby necessitating withdrawals under Article 223 of the Constitution.

In the circumstances, the increased use of Article 223 by The National Treasury to fund budgetary allocation on routine and anticipated expenditure diminishes the role of the National Assembly in the budget making process as provided by the law.

## **6. Irregular Treasury Tax Undertakings**

Review of The National Treasury's Recurrent Revenue Statement and correspondences with Kenya Revenue Authority revealed that The National Treasury made treasury undertakings amounting to Kshs.1,353,256,472 in the year under review. Management explained that the undertakings were issued in response to compelling national interests, humanitarian obligations and strategic development needs and that they were not guided by any law. The undertakings were therefore contrary to Article 210(1) of the Constitution of Kenya which provides that no tax or licensing fee may be imposed, waived or varied except as provided by legislation. Further, no budgetary allocation was made for the settlement of the undertakings.

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

## **7. Direct Procurement of Legal Services**

The statement of financial performance reflects use of goods and services expenditure of Kshs.36,654,175,238 as disclosed in Note 12 to the financial statements which includes other operating expenses of Kshs.20,144,345,216. Included in the other operating expenses is Kshs.178,500,000 in respect of legal services offered by a local law firm during the bond issuance through private placement under the partnership framework between the Government of Kenya and Abu Dhabi Fund for Development as well as during issuance of international sovereign bond.

Review of procurement records revealed that the direct procurement method was used and justified on the basis of continuity and standardization with previous Eurobond transactions. However, the subject transactions including the previous Eurobonds were distinct and unrelated, meaning the need for standardization may not have

applied. This was contrary to Section 91(1) of the Public Procurement and Asset Disposal Act, 2015 which provides that open tendering shall be the preferred procurement method for goods, works and services.

In the circumstances, Management was in breach of the law and value for money may not have been obtained in the contracts.

## **8. Delays in Implementation of the Electronic Government Procurement Contract**

The National Treasury awarded a contract to a consortium, for tender for design, development/customization, supply, installation and maintenance of an Electronic Government Procurement (E-GP) System on 25 April, 2022 at a contract price of USD 2,981,289.22 (Approximately Kshs.344,794,744) for a contract duration of three (3) years effective 25 April, 2022 to 25 April, 2025.

As at 14 October 2025, Management had paid USD1,352,969.08 (Approximately Kshs.176,161,377) representing 45% of the contract price.

Review of contract documents and other related records revealed the following unsatisfactory matters;

- i. Within twenty-eight (28) days of the notification of contract award, the tenderer was to provide a performance security, denominated in Kenya Shillings or an equivalent freely convertible currency, for an amount equal to 10% of the contract price, from a bank. However, no evidence of the performance security was provided for audit review.
- ii. The first addendum, extending the contract from 25 April, 2025 to 30 June, 2026 at no additional cost, was signed by the accounting officer on 29 April, 2025. This was four (4) days after the contract had expired.
- iii. Review of the status report as at 14 October, 2025, revealed that lots 3,5 and 7 under Phase 1 and lots 1,2,3,4 and 5 under Phase 2 of the project had either not been completed or were awaiting implementation. This is despite the initial contract having lapsed on 25 April, 2025.
- iv. Review of the Contract Implementation Team minutes for the 14<sup>th</sup> Meeting held in October 2025, highlighted various challenges affecting the implementation of the system, which included systemic challenges, user challenges, a large number of procurement entities onboarded on the system, and backlog in supplier registration and longer lead times in resolving identified challenges.

In the circumstances, the delayed completion and full implementation of the System may result in The National Treasury not realizing value for money in the contract.

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

As previously reported, during the year under review, seventy-six (76) employees earned a net salary less than one-third ( $\frac{1}{3}$ ) of their basic salary. This was contrary to Section 19(3) of Employment Act, 2007 which states, *inter alia*, that the total amount

of all deductions that may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds ( $\frac{2}{3}$ ) of such wages.

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

#### **10. Irregularities in the Secondment of Staff**

Review of the Human Resource practices within The National Treasury revealed instances of non-compliance with Section B.33 (1) of the Human Resource Policies and Procedures Manual for Public Service, 2016. Key issues include the retention of four (4) officers on secondment from Central Bank of Kenya (CBK) and Kenya Trade Network Agency (KenTrade) and seconding officers to other entities beyond the prescribed two-term limit of three years each.

Further, two (2) officers from CBK and KenTrade who were on secondment to the Government Digital Payments unit were paid and continue to draw monthly extraneous allowances amounting of Kshs.40,000 per person. However, the terms of the secondment for the said officers are that their remuneration is paid from their principal employers and not The National Treasury. The payment of the allowances was therefore irregular.

Further, officers seconded to The National Treasury from various institutions across the public service continued to draw their salaries from their principal employers and The National Treasury was required to reimburse the same to those institutions. However, as at 30 June, 2025, Kshs.88,968,909 had not been reimbursed to these institutions.

In the circumstances, Management was in breach of guidelines on secondment of staff.

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

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

#### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

#### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall

governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

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

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


**19 December, 2025**


The National Treasury  
Annual Report and Financial Statements for the year ended June 30, 2025.

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

	Notes	Period Ended 30th June 2025
		Kshs
<b>Revenue from non-exchange transactions</b>		
Transfers from Exchequer	6	93,469,041,103
Proceeds from foreign borrowings	7	369,752,027
Transfers from Domestic and Foreign Partners	8	10,547,665,284
<b>Total</b>		<b>104,386,458,415</b>
<b>Revenue from exchange transactions</b>		
Miscellaneous Incomes	9	9,346,260,076
<b>Total</b>		<b>9,346,260,076</b>
<b>Total revenue</b>		<b>113,732,718,491</b>
<b>Expenses</b>		
Employee costs	11 (a)	4,008,237,701
Use of goods and services	12 (a)	36,654,175,238
Transfers to other Government Entities	13	67,618,381,702
Depreciation and amortization expense	14	35,919,224
Other Grants and Subsidies	15	4,715,566,967
<b>Total expenses</b>		<b>113,032,280,830</b>
<b>Surplus/Deficit for the year</b>		<b>700,437,660</b>

The Financial Statements set out on pages 1 to 9 were signed by:

  
.....  
**DR. CHRIS KIPTOO, CBS**  
**PRINCIPAL SECRETARY**  
**THE NATIONAL TREASURY**

  
.....  
**GEORGE K. GICHURU**  
**Head of Accounting Unit**  
**ICPAK M/NO.9262**

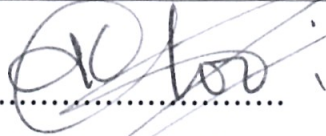
14 Statement of Financial Position as at 30 June 2025.

	Notes	Period Ended 30th June 2025	Opening Statement 1st July 2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	16	3,186,093,940	3,133,666,888
Receivables from Exchange Transactions	17	735,263,928	1,349,760,493
<b>Total Current Assets</b>		<b>3,921,357,867</b>	<b>4,483,427,381</b>
<b>Non-Current Assets</b>			
Property, Plant, and Equipment	18	108,485,339	-
<b>Total Non-Current Assets</b>		<b>108,485,339</b>	<b>-</b>
<b>Total Assets (A)</b>		<b>4,029,843,207</b>	<b>4,483,427,381</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	19	20,811,926,257	21,979,938,493
Refundable Deposits	20	3,147,208,776	3,120,104,950
Provision for Gratuity	21	19,747,774	18,850,545
<b>Total Current Liabilities</b>		<b>23,978,882,807</b>	<b>25,118,893,988</b>
<b>Total Liabilities (B)</b>		<b>23,978,882,807</b>	<b>25,118,893,988</b>
<b>Net Assets (A-B)</b>		<b>(19,949,039,601)</b>	<b>(20,635,466,607)</b>
<b>Represented By:</b>			
Accumulated Surplus		(19,949,039,601)	(20,635,466,607)
<b>Net Assets</b>		<b>(19,949,039,601)</b>	<b>(20,635,466,607)</b>

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

The National Treasury  
Annual Report and Financial Statements for the year ended June 30, 2025.

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.....  
DR. Chris Kiptoo, CBS.  
Principal Secretary.



.....  
George K. Gichuru  
Head of Accounting Unit  
ICPAK M/No. 9262

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

	Accumulated Surplus	Total
	kshs	kshs
<b>As at 30th June 2024 (cash basis)</b>	<b>1,363,322,432</b>	<b>1,363,322,432</b>
Property Plant and Equipment (PPE)	-	-
Trade-Payables	(21,979,938,493)	(21,979,938,493)
Provisions	(18,850,545)	(18,850,545)
<b>As at July 1, 2024</b>	<b>(20,635,466,606)</b>	<b>(20,635,466,606)</b>
Surplus/ deficit for the period	700,437,660	700,437,660
Returns to exchequer	(14,010,655)	(14,010,655)
Additions to reserves		-
<b>As at 30th June, 2025</b>	<b>(19,949,039,601)</b>	<b>(19,949,039,601)</b>

The National Treasury  
Annual Report and Financial Statements for the year ended June 30, 2025.

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

		<i>Period Ended 30th June 2025</i>
	<b>Notes</b>	<b>Kshs</b>
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Transfers from Exchequer	6	93,469,041,103
Transfers from Other Government entities	7	369,752,027
Transfers from Domestic and Foreign Partners	8	10,547,665,284
Miscellaneous Incomes	9	9,346,260,076
Other Receipts	10	27,103,826
<b>Total receipts</b>		<b>113,759,822,317</b>
<b>Payments</b>		
Employee costs	11 (b)	4,007,340,472
Use of goods and services	12 (b)	37,207,690,908
Transfers to other Government Entities	13	67,618,381,702
Other Grants and Subsidies	15	4,715,566,967
<b>Total payments</b>		<b>113,548,980,048</b>
<b>Net cash flows from/(used in) operating activities</b>		<b>210,842,269</b>
<b>Cash flows from investing activities</b>		
Purchase of PPE	18	(144,404,563)
Purchase of Intangible Assets		-
<b>Net cash flows from/(used in) investing activities</b>		<b>(144,404,563)</b>
<b>Cash flows from financing activities</b>		
Return to Exchequer		(14,010,655)
<b>Net cash flows from financing Activities</b>		<b>(14,010,655)</b>
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		<b>52,427,051</b>
Cash and cash equivalents at the start of the period		3,133,666,889
<b>Cash and cash equivalents at the end of the period</b>		<b>3,186,093,940</b>

The National Treasury  
Annual Report and Financial Statements for the year ended June 30, 2025.

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

Recurrent and Development Combined

Description	Original budget	Adjustments	Final budget	Actual on a comparable basis	Budget utilization difference	% of utilization
	A	B	C=a+b	D	E=c-d	F=d/c %
<b>Revenue</b>						
Transfers from exchequer	97,952,873,417	(2,701,785,873)	95,251,087,544	93,469,041,103	1,782,046,441	98%
Proceeds from Domestic and Foreign Grants	21,051,190,448	(9,852,536,151)	11,198,645,297	10,547,665,284	650,989,013	94%
Proceeds from Foreign Borrowings	1,065,499,380	(800,499,380)	265,000,000	369,752,027	(104,752,027)	140%
Miscellaneous Incomes	15,052,574,355	409,054,511	15,461,628,866	9,346,260,076	6,115,368,790	60%
<b>Total revenue</b>	<b>135,122,137,600</b>	<b>(12,945,766,893)</b>	<b>122,176,370,707</b>	<b>113,732,718,491</b>	<b>8,443,652,216</b>	<b>93%</b>
<b>Expenses</b>						
Employees Costs	9,247,448,627	(5,277,728,538)	3,969,720,044	3,995,090,472	(25,370,428)	101%
Use of goods and services	33,659,154,656	1,344,821,866	35,003,976,522	37,207,690,908	(2,203,714,386)	106%
Transfers to other government units	73,766,922,837	(3,376,320,036)	70,390,602,801	67,618,381,702	2,772,221,099	96%
Other grants and transfers	9,657,434,355	-	9,657,434,355	4,715,566,967	4,941,867,389	49%
Social benefits	23,000,000	-	23,000,000	12,250,000	10,750,000	53%
Other payments	4,000,000,000	(4,000,000,000)	-	-	-	0%
<b>Total recurrent expenses</b>	<b>130,353,960,475</b>	<b>(11,309,226,753)</b>	<b>119,044,733,722</b>	<b>113,548,980,048</b>	<b>5,495,753,674</b>	<b>95%</b>

**The National Treasury**  
**Annual Report and Financial Statements for the year ended June 30, 2025.**

Capital items						
Total expenses						
Development	4,768,177,125	(1,636,540,140)	3,131,636,985	144,404,563	2,987,232,422	5%
Total expenses	135,122,137,600	(12,945,766,893)	122,176,370,707	113,693,384,611	8,482,986,096	93%
Surplus/deficit	-	-	-	39,333,880	(39,333,880)	

**(a). Variance Analysis**

- Budget underutilization under transfers to other government units, other grants transfers, and social benefits were caused by lack of exchequer
- Revenue was under realized under other income due to non-adoption of Finance Bill 2024

**(b). Reallocation within the year**

- The changes between the original and final budget are as a result of reallocations within the budget

The entity financial statements were approved on 22/11 2025 and signed by:



DR. Chris Kiptoo, CBS.  
 Principal Secretary.



George K. Gichuru  
 Head of Accounting Unit  
 ICPAK M/No. 9262

**Budget Reconciliation to the Statement of Cash Flows**

**The National Treasury**  
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	Amount in Kshs
<b>Actual Surplus Amounts as per the statement of Budget</b>	<b>39,333,880</b>
Cash and cash equivalents at the start of the period	3,133,666,889
Return to Exchequer	(14,010,655 )
Changes in Refundable deposits	27,103,826
<b>Closing Cash and Cash Equivalent as per the statement of Cash flows</b>	<b>3,186,093,940</b>

**The National Treasury**  
**Annual Reports and Financial Statements for the year ended June 30, 2025.**

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**18. Notes to the Financial Statements**

**1. Establishment**

*The National Treasury* is established by and derives its authority and accountability from Article 225 of the Constitution of Kenya 2010, the Public Finance Management Act 2012 and the Executive Order No.1 of 2025. *The National Treasury* is wholly owned by the Government of Kenya and is domiciled in Kenya. The National Treasury's principal activities are Formulation of National Government budget, Management of public finance, Public debt management and Overall Economic Policy management.

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

**Statement of compliance**

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

For the purpose of these financial statements, the *National Treasury* has been categorized as a Schedule 1 national government MDA in line with Section 4 of the Public Finance Management Act, 2012 read together with Regulation 211 (2) of the Public Finance Management (National Government) Regulations, 2015. Schedule 1 national government entities include Ministries, Departments, Agencies, constitutional institutions and independent offices. MDAs are reporting entities whose primary objective is to provide policy and coordination of government services.

The use of public resources by National Treasury 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.

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Transitional Exception Table (IPSAS Accrual First Adoption)

IPSAS Standard / Area	Transitional Relief / Exemption	Requirement under IPSAS 33	Status on First Adoption	Steps being taken towards Full Compliance	Timeline for Full Compliance
IPSAS 17/45 – Property, Plant and Equipment (PPE)	Entity may elect to recognize PPE prospectively from the transition date instead of full retrospective restatement.	Measurement at cost or fair value required.	PPE not yet fully recognized;	1. We have recognised all new purchases in our books. 2. We have initiated a process to identify, classify and value all our PPEs.	To be completed within 3 years.
IPSAS 31 – Intangible Assets	Recognition of intangibles not required at transition if information is not available without undue cost/effort.	Intangibles recognized if meet definition/criteria.	Deferred recognition of certain internally developed software.	We have initiated a process to identify and classify intangible assets between operating and capital intangible assets.	Within 3 years.
IPSAS 25 / IPSAS 39 – Employee Benefits	Recognition of liabilities (e.g., pensions, gratuity) may be deferred.	Must recognize actuarial valuations of obligations.	Provision not yet established; disclosure only.	We have recognised gratuity in our books.	Actuarial valuation to be completed in 3 years for pensions.
IPSAS 19 – Provisions, Contingent Liabilities and Contingent Assets	Initial recognition can be postponed.	Must recognize provisions that meet criteria.	Discloses provided, but provisions not recognized.	We have initiated a process to identify any contingent asset and liabilities that and bring them to our books.	Recognition phased in over 3 years.

The National Treasury  
Annual Reports and Financial Statements for the year ended June 30, 2025.

<p><b>IPSAS 23 – Revenue from Non-Exchange Transactions</b></p>	<p>Recognition of certain tax revenues and transfers may be deferred.</p>	<p>Full recognition required.</p>	<p>Only cash-basis revenue recorded.</p>	<p>We have recognised fully revenue from Non-Exchange Transactions.</p>	<p>Within 3 years.</p>
<p><b>IPSAS 12 – Inventories</b></p>	<p>Recognition of opening inventories may be deferred.</p>	<p>Inventories measured at lower of cost or NRV.</p>	<p>Stock balances not fully recognized.</p>	<p>To be recognised in year Two.</p>	<p>Within 2 years.</p>
<p><b>IPSAS 1 – Presentation of Financial Statements</b></p>	<p>Full compliance required immediately.</p>	<p>Statement of financial position, financial performance, changes in net assets/equity, and cash flows required.</p>	<p>Fully complied.</p>	<p>Fully complied except on comparative years and comparative figures due differences in basis of accounting.</p>	<p>Immediate.</p>
<p><b>IPSAS 43 Leases</b></p>	<p>Requires recognizing a right-of-use asset and a lease liability on the balance sheet, and providing public sector entities with three years to prepare for the changes</p>	<p>Entity will apply IPSAS 43 for any leases it enters into during and after its transition period</p>	<p>Leases not yet recognized;</p>	<p>TNT has consolidated and documented all existing leases in readiness for the adoption of IPSAS 43 for leases held</p>	<p>Ongoing until full compliance.</p>

### **Reporting period**

The reporting period for these financial statements is for the period ended 30<sup>th</sup> June 2025.

### **Basis of preparation**

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

### **Critical accounting judgements**

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

#### Recognition of revenue

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

#### Recognition of non-exchange expenses and liabilities

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

**The National Treasury**  
**Annual Reports and Financial Statements for the year ended June 30, 2025.**

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The *National Treasury* 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 *National Treasury* 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 *National Treasury* policy objectives and targets. Where a policy choice gives rise to an obligation that exists independently of the *National Treasury's* future actions, expenses (and other related liabilities) are recognized for that policy.

Purpose and nature of financial instruments

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

Climate change obligations

Kenya's current National Determined Contribution (NDC) to deliver on the goals of the Paris Agreement sets a headline target of a 32 per cent emission reduction by 2030 relative to the business-as-usual scenario of 143 MtCO<sub>2</sub>eq. MDAs 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 National Treasury 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 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an MDA.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the MDA if relevant</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the MDA if relevant</i></p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that</p>

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Standard	Effective date and impact:
	<p>satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>State the expected impact of the standard to the MDA if relevant</i></p>
<p>IPSAS 46 Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul>
	<p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the MDA if relevant</i></p>
<p>IPSAS 47- Revenue</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an MDA shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the MDA if relevant</i></p>
<p>IPSAS 48- Transfer Expenses</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial</p>

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

*iii) Early adoption of standards*

The *National Treasury* did not early – adopt any new or amended standards in the financial year or *the MDA adopted the following standards early (state the standards, reason for early adoption and impact on MDA's financial statements.)*

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Fees, taxes and fines**

The National Treasury 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 National Treasury 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 National Treasury 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 National Treasury 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 *31<sup>st</sup> July 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 MDA upon receiving the respective approvals in order to conclude the final budget. The MDA's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification 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 page 8 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 National Treasury recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**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 National Treasury 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 National Treasury 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.

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

**f) Tangible Natural Resources**

The National Treasury 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 National Treasury; the National Treasury 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 National Treasury discloses the tangible natural resource in the notes to the financial statements. Where a tangible natural resource is recognized as an asset as the result of an event that is not a transaction in an orderly market, including non-exchange transactions, the asset shall be measured initially at its deemed cost. An MDA shall apply IPSAS 46, Measurement, when measuring the deemed cost of such a recognized tangible natural resource. A recognized tangible natural resource acquired through an exchange transaction shall be measured at its cost. Historical cost model is applied after initial recognition less any depreciation and impairment losses.

**g) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the National Treasury. 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 National Treasury 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 National Treasury 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 National Treasury expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the National Treasury 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 MDA does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one MDA and a financial liability or equity instrument of another MDA. At initial recognition, the MDA measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**Notes to the Financial Statements (Continued)**  
**Summary of Significant Accounting Policies (Continued)**

**a) Financial assets**

**Classification of financial assets**

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

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**Subsequent measurement**

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

**Amortized cost**

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

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**Impairment**

The MDA assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The MDA recognizes a loss allowance for such losses at each reporting date. 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 MDA 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 *MDA*.

**l) Provisions**

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

**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 National Treasury 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 National Treasury will incur in fulfilling the present obligations represented by the liability.

**n) Contingent liabilities**

The National Treasury 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 National Treasury 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 National Treasury 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 MDA creates and maintains reserves in terms of specific requirements

**Changes in accounting policies and estimates**

The National Treasury 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)

q) Employee benefits

**Retirement benefit plans**

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

r) 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.

s) 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.

t) Related parties

The *National Treasury* regards a related party as a person or an *MDA* with the ability to exert control individually or jointly, or to exercise significant influence over the *National Treasury*,

or vice versa. Members of key management are regarded as related parties and comprise *the directors, the CEO and senior managers*.

**u) Service concession arrangements**

The *National Treasury* 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 *National Treasury* 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 *National Treasury* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**v) 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.

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**w) Comparative figures**

In preparing these financial statements, the National Treasury has elected to apply paragraph 79 of IPSAS 33, which 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 as at the time of first-time adoption of the accrual basis of accounting.

**x) Subsequent events**

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

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

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

**Useful lives and residual value**

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

- a) The condition of the asset based on the assessment of experts employed by the MDA.
- 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
			<i>Period Ended 30th June 2025</i>
	Kshs	Kshs	Kshs
Recurrent	66,600,542,845		66,600,542,845
Development	27,428,498,259	560,000,000	26,868,498,259
Development			-
<b>Total</b>	<b>94,029,041,103</b>	<b>560,000,000</b>	<b>93,469,041,103</b>

ANALYSIS OF EXCEHEQUERS BY SOURCE OF FUNDS 2024-2025	
DESCRIPTION	AMOUNT
RECURRENT GOK	66,600,542,845
DEVELOPMENT GOK	7,883,855,826
<b>TOTAL GOK</b>	<b>74,484,398,671</b>
DEVELOPMENT DONOR	19,544,642,433
<b>TOTAL DONOR</b>	<b>19,544,642,433</b>

See Annex 1.

7. Proceeds from foreign borrowings

Description	<i>Period Ended 30th June 2025</i>
Kshs	
Proceeds from foreign Borrowings-Direct Payments (East Africa Transport, Trade & Development Facilitation Project)	369,752,027
<b>Total Proceeds from borrowings</b>	<b>369,752,027</b>

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Notes to the Financial Statements (Continued)

8. Transfers from Domestic and Foreign Partners

Description	Period Ended 30th June 2025
	Kshs
Grants in Cash from Bilateral donors	10,929,989
Grants in Cash from Multilateral donors	10,536,735,295
<b>Total Transfers from Domestic and Foreign Partners</b>	<b>10,547,665,284</b>

Name of Donor	2024-2025
	Kshs.
Technical and Capacity building Support	10,929,989
Public debt management support	10,856,010
Special global fund TB NFM 3	459,646,597
Special global fund HIV NFM 3	5,519,257,237
Special global fund MALARIA NFM 3	609,739,339
National Treasury Capacity Strengthening	5,020,500
Special global fund TB NFM 4	433,438,726
Special global fund HIV NFM 4	3,165,344,391
Special global fund MALARIA NFM 4	333,432,495
<b>TOTAL</b>	<b>10,547,665,284</b>

9. Miscellaneous Incomes

Description	Period ended 30th June 2025
	Kshs
Administrative Fees and Charges	22,500,000
Administrative Fees and Charges collected as AIA	4,592,548,828
Current Grants from International NGOs collected as AIA (African Union and other International Org. Subscription Fund)	4,731,211,249
<b>Total Miscellaneous Incomes</b>	<b>9,346,260,076</b>

See Annex 2

*Notes to the Financial Statements (Continued)*

**10. Other Receipts**

Description	<i>Period Ended 30th June 2025</i>
	Kshs
Other Receipts (Deposits)	27,103,826
<b>Total Other Receipts</b>	<b>27,103,826</b>

The other receipts relate to increase in refundable deposits.

**11. Employee Costs**

Description	Period ended 30th June 2025
	Kshs
Basic salaries of permanent employees	2,272,621,490
Basic wages of temporary employees	148,784,046
Personal allowances – part of salary	1,573,684,935
Pension and other social security contributions	
Employer contributions to compulsory national social security schemes	
Employer contributions to compulsory national health insurance schemes	
Government Pension and Retirement Benefits	12,250,000
<b>Total Employee costs</b>	<b>4,007,340,472</b>

**11. (a) Employee Costs incurred during the year**

Description	Period ended 30th June 2025
	Kshs
Employee cost as per IFMIS	4,007,340,472
Add Gratuity provision for the year	14,787,774
Less Gratuity paid during the year	(13,890,545)
<b>Total Employee cost Incurred during the year</b>	<b>4,008,237,701</b>

Notes to the Financial Statements (Continued)

11. (b) Employee Costs paid during the year

Description	Period ended 30th June 2025
	Kshs
Employee cost as per IFMIS	4,007,340,472
<b>Total Employee cost as per IFMIS</b>	<b>4,007,340,472</b>

12. Use of Goods and Services

Description	Period ended 30th June 2025
	KSH
Utilities, supplies and services	152,025,434
Communication, supplies and services	20,985,734
Domestic travel and subsistence	248,368,471
Foreign travel and subsistence	77,788,709
Printing, advertising, and information supplies & services	11,872,808
Rentals of produced assets	98,142,313
Training expenses	125,218,510
Hospitality supplies and services	218,829,670
Insurance costs	3,197,677,789
Specialized materials and services	10,662,713,371
Office and general supplies and services	200,129,869
Fuel Oil and Lubricants	59,894,841
Routine maintenance – vehicles and other transport equipment	39,414,129
Routine maintenance – other assets	22,690,578
Other operating expenses	20,144,345,216
<b>Total Use of Goods and Services-IFMIS</b>	<b>35,280,097,442</b>
Add expense items posted under acquisition of assets-IFMIS	2,542,090,031
<b>Total Use of Goods and Services</b>	<b>37,822,187,473</b>

Notes to the Financial Statements (Continued)

12. (a) Use of Goods and Services -incurred during the year

Description	Period ended 30th June 2025
	KSH
Use of goods as per IFMIS	37,822,187,473
Add Trade payables incurred during the year	3,174,669,184
Less Trade payables paid during the year	(4,342,681,419)
<b>Use of Goods and Services -for Statement of performance</b>	<b>36,654,175,238</b>

12 (b) Use of Goods and Services -paid during the year

Description	Period ended 30th June 2025
	KSH
Use of goods as per IFMIS	37,822,187,473
Less previous year receivables	(1,349,760,493)
Add current year receivables	735,263,928
<b>Use of Goods and Services -for Statement of cash flows</b>	<b>37,207,690,908</b>

13. Transfers to Other Government Entities

Description	Period ended 30th June 2025
	Kshs
Current Grants to Government Agencies and other Levels of Government	46,119,260,056
Capital Grants to Government Agencies and other Levels of Government	17,743,061,324
Other Capital Grants and Trans	3,756,060,322
<b>Total Transfers to Other Government Entities</b>	<b>67,618,381,702</b>

See Annex 3

RECONCILIATION OF THE TRANSFER NOTE		
AMOUNT AS PER IFMIS		67,711,626,063
LESS CAPITALISED ASSETS	-ITEM 2630100	(28,944,152)
	-ITEM 2630200	(26,456,860)
	-ITEM 2640500	(37,843,349)
CURRENT AMOUNT AS PER NOTE		67,618,381,702

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Notes to the Financial Statements (Continued)

14. Depreciation and Amortization Expense

Description	Period ended 30th June 2025
	Kshs
Property, plant and equipment	35,919,224
<b>Total Depreciation and Amortization Expense</b>	<b>35,919,224</b>

15. Other Grants and Subsidies

Description	Period ended 31 March 2025
	Kshs
Membership dues and subscriptions to international organizations ( AU & Other Int. Subscriptions)	4,715,566,967
<b>Total Grants and Subsidies</b>	<b>4,715,566,967</b>

16. Cash and Cash Equivalents

Description	Period ended 30th June 2025	Opening statement 1st July 2024
	Kshs	Kshs
Recurrent Account	2,434,208	5,599,729
Development Account	35,243,096	7,225,815
Deposits Account	289,371,528	134,867,516
Deposits-PDL	2,817,409,194	2,985,237,434
Deposit-GOVERNMENT DIGITAL PAYMENT	40,428,054	
DEP 312 REV DEPOSIT ACCOUNT	0	
Cash on Hand	1,207,859	736,394
Mobile Money Accounts		
<b>Total</b>	<b>3,186,093,940</b>	<b>3,133,666,888</b>

See Annex 4

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Notes to the Financial Statements (Continued)

17. Receivables from Exchange Transactions

Description	Period ended 30th June 2025	Opening statement 1st July 2024
	Kshs	Kshs
Advance to Projects	719,570,506	1,344,086,022
Government Imprests	4,952,300	3,808,910
Salary advances	753,395	848,262
Inter-Ministerial Agency Transfers	9,987,727	1,017,299
<b>Total Receivables</b>	<b>735,263,928</b>	<b>1,349,760,493</b>
a) Current receivables	735,263,928	1,349,760,493
b) Non-current receivables		
<b>Total receivables (a+b)</b>	<b>735,263,928</b>	<b>1,349,760,493</b>

See Annex 5

17.(b). Ageing analysis for Receivables

Description	Period ended 30th June 2025		Opening statement 1st July 2024	
	Kshs		Kshs	
	Current FY	% of the total	1st July	% of the total
Less than 1 year	735,263,928	100%	1,349,760,493	100%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (a+b)</b>	<b>735,263,928</b>	<b>100%</b>	<b>1,349,760,493</b>	<b>100%</b>

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Notes to the Financial Statements (Continued)

18. Property, Plant and Equipment

Description	Transport Equipment	Computers & ICT Equipment	Furniture and Fittings	Other Assets (Plant machinery and Equipments)	Total
Depreciation Rate	20.00%	33.33%	12.50%	12.50%	
Cost	Ksh	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1st July 2024					-
Additions	26,767,179	76,133,352	40,618,780	885,252	144,404,563
Disposals					-
Transfer/Adjustments					-
As At 30th June 2025	26,767,179	76,133,352	40,618,780	885,252	144,404,563
Depreciation And Impairment					-
Opening Bal as 1st July 2024					-
Depreciation	5,353,436	25,377,784	5,077,348	110,657	35,919,224
Disposals					-
Impairment					-
Transfer/Adjustment					-
As At 30th June 2025	5,353,436	25,377,784	5,077,348	110,657	35,919,224
Net Book Values					-
Opening Bal as at 1st July 2024					-
As At 30th June 2025	21,413,743	50,755,568	35,541,433	774,596	108,485,339

See Annex 6- Fixed asset register

Notes to the Financial Statements (Continued)

19. Trade and Other Payables

Description	Period ended 30th June 2025	Opening Statement 1st July 2024
	Kshs	Kshs
Staff Payables	88,968,909	
Trade payables	20,722,957,349	21,979,938,493
<b>Total trade and other payables</b>	<b>20,811,926,257</b>	<b>21,979,938,493</b>

19 (b) Ageing analysis for Trade and Other Payables

Description	Period ended 30th June 2025		Opening Statement 1st July 2024	
	Kshs		Kshs	
Trade payables	20,722,957,348		21,979,938,493	
Employee payables	88,968,909		-	
Other payables	-		-	
<b>Total trade and other payables</b>	<b>20,811,926,257</b>		<b>21,979,938,493</b>	
<b>Ageing analysis: (Trade and other payables)</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>1st July</b>	<b>% of the Total</b>
Under one year	3,174,669,184	15.25%	4,568,749,767	20.79%
1-2 years	9,270,950	0.05%	18,753,265	0.09%
2-3 years	18,753,265	0.09%	-	0.00%
Over 3 years	17,609,232,859	84.61%	17,392,435,461	79.12%
<b>Total (tie to above total)</b>	<b>20,811,926,258</b>		<b>21,979,938,493</b>	

See Annex 7

20. Refundable Deposits and Prepayments

Description	Period ended 30th June 2025	Opening Statement 1st July 2024
	Kshs	Kshs
Deposits Account	289,371,528	134,867,516
Deposits-PDL	2,817,409,194	2,985,237,434
GOVERNMENT DIGITAL PAYMENT	40,428,054	
<b>Total deposits</b>	<b>3,147,208,776</b>	<b>3,120,104,950</b>

See Annex 8

Notes to the Financial Statements (Continued)

21. Provisions

Description	Gratuity Provision	Total
	Kshs	Kshs
<b>Opening bal 1st July</b>	<b>18,850,545</b>	<b>18,850,545</b>
Additional provisions	14,787,774	14,787,774
Provision utilised	(13,890,545)	(13,890,545)
Change due to discount and time value for money		
<b>Total provisions period end</b>	<b>19,747,774</b>	<b>19,747,774</b>
Provision for Gratuity	19,747,774	19,747,774
<b>Total provisions period end</b>	<b>19,747,774</b>	<b>19,747,774</b>

See Annex 9

Notes to the Financial Statements (Continued)

22. Cash Generated from Operations

	Period ended 30th June 2025
<b>Surplus for the period before tax</b>	<b>700,437,660</b>
<b>Adjusted for:</b>	
Depreciation	35,919,224
Increase in receivables	614,496,565
Increase in payments received in advance	27,103,826
Decrease in trade payables	(1,168,012,236)
Increase in Gratuity	897,229
<b>Net cash flow from operating activities</b>	<b>210,842,269</b>

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

**a) Amounts recognised in the Statement of Financial Position**

The MDA also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The MDA's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 320 per employee per month. Other than NSSF the MDA also has a defined contribution scheme operated by Public Service Super Annuation Pension Fund. Employees contribute 31% while employers contribute 31% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

**23. Financial Risk Management**

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

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

**i) Credit risk**

The MDA 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 MDA's management based on prior experience and their assessment of the current economic environment.

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 MDA has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

**ii) Liquidity risk management**

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

**iii) Market risk**

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

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

**a) Foreign currency risk**

The *MDA* 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 *MDA* manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

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

**b) Interest rate risk**

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

**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 MDA analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

**Fair value of financial assets and liabilities**

**a) Financial instruments measured at fair value.**

**Determination of fair value and fair values hierarchy**

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

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

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)**

**31 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)*

**32 Events after the Reporting Period**

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

**33 Ultimate And Holding MDA**

The MDA ultimate parent is the Government of Kenya.

**34 Currency**

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

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19. Appendix

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
Basis of opinion  1.Unsupported prior year adjustment	Receivables from the project accounts had a Prior year adjustment Kshs.328,646,234.00 which had not been confirmed.	This was an omission that was however amended in the financial statements that were later forwarded for audit review, the prior year adjustment amount of kshs. 328,646,234 was supported.	Not Resolved	Awaiting appearance at the PAC
2.Long outstanding Deposits	General deposits. withheld from contractors had been held for more than 5 years	Letters have been written to all retention depositors that are more than 5 years old requesting them to claim their deposits failure to which the same will be transferred to the Exchequer Account; and Letters have also been written to other depositors requesting them to avail bank details to facilitate payment of their deposits	Not Resolved	Awaiting appearance at the PAC
3. Un-updated Fixed assets register	Details of cost and NBV of assets not included in the register.	The following measures have been taken to address the issue of fixed assets register; (i) An Asset and Liability Management Standing Committee was appointed to oversee implementation of National Treasury Asset Register. The committee was appointed on 29 <sup>th</sup> November, 2023 with specific terms of reference, amongst them being to ensure compliance with the provisions of the Policy on Asset and Liability Management in the Public Sector. (ii) An Asset and Liability Management Unit was also appointed by the Accounting Officer on 29 <sup>th</sup> November, 2023 as provided under Part 4.8 of the Asset and Liability Management policy guidelines. The functions of the Unit as specified in the appointment letter include maintaining an updated register of assets and liabilities, serving as the secretariat to the Asset and	Not Resolved	Awaiting appearance at the PAC

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		<p>Liability Management Standing committee and advising the Accounting Officer on matters relating to optimal use of assets.</p> <p>(iii) A capacity building program was conducted for Asset Management Committee and Unit members in the month of May, 2024 to enable them discharge their respective responsibilities effectively.</p> <p>(iv) The National Treasury has completed collection of information on headquarters assets across all directorates/departments/units using the template prescribed under the assets policy guidelines and is currently in the process of consolidating and onboarding the same on the IFMIS inventory and assets module.</p> <p>(v) Assets entry IFMIS rights have been assigned to the relevant users; and  Draft assets register has been prepared and availed for audit review in soft copy.</p>		
<p><b>Emphasis of Matter</b></p> <p>1. Budgetary control performance</p>	<p>The budget was under-funded affecting the planned activities</p>	<p>This donor funded project did not receive additional donor funding during the FY 2023/2024 and used this balance to pay expenditure totaling Kshs. 279,693,696 incurred during the year.</p> <p>This led to the deficit reflected in the statements of receipt and payments for the year ended 30<sup>th</sup> June, 2024</p>	<p>Not Resolved</p>	<p>Awaiting appearance at the PAC</p>
<p>2. Pending accounts payable</p>	<p>Pending bills including historical bills incurred before 1<sup>st</sup> July 2023 had not been settled.</p>	<p>The Bills totaling Kshs. 1,454,405.00 relating to the year 2022/2023 were not settled in the year under review due to:</p> <p>(i) inability to submit valid tax compliance certificates at the time; and  (ii) The supplier issuing an erroneous invoice. The firm later issued the correct invoice.</p> <p>The pending bills totaling Kshs. 1,447,300/- have since been paid.</p>	<p>Not Resolved</p>	<p>Awaiting appearance at the PAC</p>

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<p><b>Other matters</b></p> <p><b>1.0 Unresolved prior year matters</b></p> <p><b>1.1 Loans to Kenya Airways Limited</b></p>	<p>Loans amounting to Kshs. 41,270,000,000 were disbursed before loan agreements were signed. Further, accumulated interest remained outstanding.</p>	<p>Loans agreement preparation process had started but it had not been finalized by then. Loan agreement preparation is a lengthy process that involves several parties among them; the National Treasury, the line Ministry (Roads and Transport), Implementing Agency KQ and Attorney General. The parties are required to give their Comments before the agreement are submitted to Attorney General for legal clearance.</p> <p>Loan Agreements have since been signed and are supported by three (3) separate agreements of Kshs. 5 billion, Kshs. 20 billion and Kshs. 16.27 billion between the National Treasury and Kenya Airways.</p> <p>KQ has not managed to service the loans interest (Kshs 1,778,075,609) due to cash flow challenges and is currently looking for a strategic partner as a turnaround strategy. However, the National Treasury continues to demand the Loan due</p>	<p>Not Resolved</p>	<p>Awaiting appearance at the PAC</p>
<p><b>1.2 Unapproved expenditure on purchase of shares</b></p>	<p>Kshs.6,196,584,631 was used to acquire 60% shareholding at Telkom Kenya which expenditure had not been approved by the National Assembly.</p>	<p>The National Treasury has established a Multi-Agency taskforce as recommended by The National Assembly to review the interpretation and application of this article</p>		
<p><b>2. Status of implementation of the National Assembly Recommendations</b></p>	<p>Management had not provided a status report on the implementation of the recommendations of report adopted by the National Assembly for</p>	<p>The report has since been prepared and availed for audit review.</p>	<p>Not Resolved</p>	<p>Awaiting appearance at the PAC</p>

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	the year ended 30 <sup>th</sup> June 2021			
<p><b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES</b></p> <p><b>1. Incomplete contracts under the closed Financial sector Support Project.</b></p>	<p>Various milestones had not been achieved by the time of closure of FSSP</p>	<p>The FSSP's incomplete contracts were largely occasioned by the COVID-19 pandemic that affected the performance of consulting teams, and duration of the assignments. Following a request by the NT to the World Bank to extend the FSSP for completion of ongoing activities, the WB reviewed the project development objectives, all activities supported, and assessed milestones achieved, and opted to close the project. The WB's Implementation and Completion Report (ICR), affirmed that the project met its intended objectives, with an efficacy rating of Satisfactory, with positive implications on value for money.</p> <p><b>Note:</b> The above milestones were in themselves complete and facilitated KDIC relaunch of brand (from DPFB), communication strategy and materials for public awareness which was successfully conducted.</p> <p>KDIC did not proceed with the last two milestones of the consultancy, due to passage of time and emerging issues which necessitated revision of their PR campaign going forward. Value for Money was also achieved with this consultancy</p>	<p>Not Resolved</p>	<p>Awaiting appearance at the PAC</p>
<p><b>2. Irregular secondment of staff</b></p>	<p>Officer on secondment from Kenya Trade Network Agency (KENTRADE) had exceeded the two term limit (two years each). Further an officer on a lapsed secondment to the NGCDF had not resumed duties</p>	<p>The National Treasury under the Guidance of the Presidency embarked on the digitization of payments in the Government. This led to the establishment of a taskforce where officers were seconded from Kenya Trade Network Agency (KENTRADE) to provide expertise and technical support to the Taskforce.</p>	<p>Not Resolved</p>	<p>Awaiting appearance at the PAC</p>

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<p><b>3. Non-compliance with the One-Third of Basic Salary Rule</b></p>	<p>184 employees earned a net salary less than one-third of their basic salary less than</p>	<p>This situation arose due to the following factors:</p> <p><b>i. Introduction of Additional Statutory Deductions</b>  The implementation of new statutory deductions such as the Housing Levy, NSSF, and SHIF were Government Policy Directives affecting all Ministries, Departments, and Agencies (MDAs) at both the National and County Government levels. As such, the National Treasury had no control over these deductions.</p> <p><b>ii. Officers Under Interdiction or Suspension</b>  Employees placed under interdiction or suspension receive half of their basic salary. Given their pre-existing statutory deductions and loan commitments, the one-third rule was infringed.</p> <p><b>iii. Transfer of Officers from County Governments</b>  Some officers were transferred from County Governments, where they previously earned higher salaries. They had financial commitments based on their former earnings, making the transition more challenging due to the reduction in their income. With their pre-existing financial commitments, the one-third rule was inevitably affected.</p>	<p>Not Resolved</p>	<p>Awaiting appearance at the PAC</p>
<p><b>4. Non-adherence to the constitution on Disbursement of Funds to the Equalisation Fund</b></p>	<p>Only Kshs. 13,430,000,000 of the expected total entitlement of Kshs.59,498,944,563 had been disbursed from the years 2011/2012 as at 30<sup>th</sup> June 2024</p>	<p>This is attributed to the factors below:</p> <p>1. In the first three financial years after the establishment of equalization fund i.e. 2011/2012, 2012/2013 and 2013/2014 the Fund had no allocation since:</p> <p>a) The first policy identifying the marginalized areas had not been developed by the Commission on Revenue Allocation (CRA); and</p> <p>b) Absence of an instrument (legal and administrative framework) to administer the Fund. This took time to be put in place. Thus in the earlier years, for the purpose of prudent public finance principles, it would not have been in the country's best interest to hold funds in the Equalization Fund bank account;</p> <p>2. In the year 2016, the Council of Governors challenged the administration of the Fund leading to nullification of the fund and</p>	<p>Not Resolved</p>	<p>Awaiting appearance at the PAC</p>

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		<p>further direction by the court that TNT put in place regulations/instruments and the Fund be administered as a Conditional Grant to the Counties. TNT has since put in place instruments and regulations to administer the Fund, and further budgeted for Kshs.8.0 billion in the FY 2024/25 for the EF;</p> <p>3. Mode and scope of beneficiaries of the EF changed overtime from few Counties to many Counties, and has also been reviewed to be project specific even when funds are sent to the Counties. The change also contributed in the delay in the disbursement of the funds; and</p> <p>4. Lack of sufficient Exchequer has also contributed to the outstanding sum. This was experienced in FY 2023/24 and earlier years.</p> <p>Notwithstanding the above, TNT is trying everything possible to ensure funds due to the EF shall be budgeted for and remitted to the Fund progressively to ensure amounts due are fully made available.</p>		
<p><b>5. Wasteful/Avoidable expenditure</b></p>	<p>A decretal sum of Kshs. 4,099,636,848 was awarded to a contractor in respect of loss of profit and other incidental costs. The amount was rising due to accrued interest. Evidence of negotiations was not provided.</p>	<p>The Attorney General (AG) Vide Letter Ref:AG/ARB/MF/8/18 dated 21<sup>st</sup> September, 2023 <b>requested</b> for nomination of officers to the negotiation committee on the following terms;</p> <ul style="list-style-type: none"> <li>i. Negotiation of capping of Interest</li> <li>ii. Negotiate on a discounted Principal Sum (Decretal Sum);</li> <li>iii. Deliberate and agree on modalities of delivery of electrical equipment to the project site</li> </ul> <p>The National Treasury vide letters Ref:TNT/ARB/MIS/01 and TNT/ARB/MIS/01/54(b) dated 4<sup>th</sup> October, 2023 and 13<sup>th</sup> December, 2023 respectively submitted the names of its nominees to the AG for appointment to the negotiation committee.</p> <p><b>Progress made to date;</b></p> <ul style="list-style-type: none"> <li>i. The committee met and agreed on the modalities of delivery of electrical equipment and the same inspected on “as is” basis as per the attached committee report</li> <li>ii. On 19<sup>th</sup> December, 2024 the equipment were delivered to</li> </ul>	<p>Not Resolved</p>	<p>Awaiting appearance at the PAC</p>

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		<p>the project site and received by the Ministry of ICT officers appointed by the State Department of ICT and the Digital Economy Principal Secretary vide letter Ref:MICT/ICTDE/CON/18/01/VOL.G(130) dated 19<sup>th</sup> November, 2024</p> <p>iii. The committee recommended that the State Department of ICT and the Digital Economy together with State department of Public Works to inspect the electrical equipment based on the designs. The inspection will inform the committee regarding the negotiation on the discounted Principal Sum together with capping of interest and whether or not the data center can be operationalized.</p> <p><b>Status of the Project</b> The project was handed over to Ministry of ICT on 11<sup>th</sup> January 2019. Minutes of the site handover are attached. The subject contract was procured through the PPDA Act of 2005 that has since been replaced by Public Procurement and Disposal Act of 2015. The PPAD Act of 2015 provides for Contract Implementation Team (CIT) under section 151 to manage specialized contracts thereby mitigating future occurrence and further losses.</p>		
<b>6. Irregular Reallocation of Funds</b>	An amount of Ksh.s1,200,000,000 was disbursed directly to various entities as AIE for mitigation of floods.	<p>i. An allocation for civil contingency fund was budgeted during the for financial year 2023/2024 under development vote;</p> <p>ii. Authority letter approving charge on the same through AIE's disbursement and accountability remained under the budget provision;</p> <p>iii. There was no reallocation of funds as such as the same funds were accounted for on the same item in view of the urgency of mitigating floods impact; All this was done and was applicable as provided in PFM act as relates to application of contingency fund.</p>	Not Resolved	Awaiting appearance at the PAC

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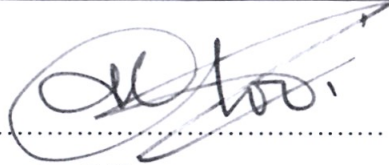
<p><b>7. Funding a partially owned government entity</b></p>	<p>National Shipping Line Ltd was funded through the ministry of mining though partially owned by a private party and carrying out commercial activities.</p>	<p>KNSL was formed in 1987 under the Company’s Act and is the National Carrier of the Kenya Government. KNSL is a State Corporation in the Ministry of Mining, Blue Economy and Maritime Affairs. The Company is owned by two shareholders being Kenya Ports Authority (KPA) (53%) on behalf of Government and Shipping Agencies Services, SARL (47%). Shipping Agencies Services, SARL is a subsidiary of Mediterranean Shipping Company (MSC) who are a major global shipping line. The Company is a State Corporation by virtue of KPA owning 53% of the shareholding</p>	<p>Not Resolved</p>	<p>Awaiting appearance at the PAC</p>
<p><b>REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE</b></p> <p><b>Weaknesses in processing Work Injury Benefits</b></p>	<p>Weaknesses such as late reporting of injuries against the provisions of the law and missing supporting documents at the time of lodging claims</p>	<p><b>1. Delayed Accident Notifications to the Director of Work Inju</b> The delay was caused by the following factors; (a) One of the mandatory requirements in claim processing is the medical report. Some claim delay arose due to severity of the injuries which required the claimant to completely heal before lodging a claim and a medical summary report be issued from the medical facility; and (b) Accident notifications are normally made to the director of work injury benefits by individual Ministries, Departments and Agencies. Some Ministries, Departments and Agencies and employees were not conversant with the reporting procedures and time lines. <b>2. Delay in Payments</b> The delay in payment was caused by the following: (a) Some delays were occasioned by documentation gaps noted in the claim documents which needed to be addressed before processing of the claims. All claims with documentation gaps were formally returned to the MDAs/claimants for purposes of addressing the identified gaps with a clear indication of the issues that needed to be addressed. (b) Transfer of the GPA and WIBA Function from the</p>	<p>Not Resolved</p>	<p>Awaiting appearance at the PAC</p>

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		<p>National Treasury to the NHIF.</p> <p>(i) During the fourth Cabinet meeting held on 28<sup>th</sup> September, 2017, the Cabinet directed the transfer of both Group Personal Accident (GPA) and Work Injury Benefits Act (WIBA) function from the National Treasury to the then National Hospital Insurance Fund (NHIF). The transfer was based on a number of considerations amongst them being that this would facilitate consolidation of covers for medical expenses and injury compensation for ease of administration and efficiency;</p> <p>(ii) Arising from the Cabinet decision, consultative forums involving various stakeholders including the NHIF, Association of Kenya Insurers, Insurance Regulatory Authority, Union of Civil Servants, Ministries of Public Service, Health, Agriculture and Livestock, East Africa Community, Labour and Social Protection and the National Treasury were held with a view to ensuring effective implementation of the Cabinet decision;</p> <p>(iii) The date of 1<sup>st</sup> January, 2018 was identified for the transfer of the function. However, owing to a number of reasons including the need to obtain input from the Attorney General in the drafting of the contract document and the need to prepare adequately for the transfer, the proposed commencement date was not possible. The NHIF ultimately indicated its readiness to take up the function with effect from 1<sup>st</sup> July, 2019; and</p> <p>(iv) The transition stakeholder engagement included discussions around the modalities of budgetary allocation towards settlement of valid outstanding claims as well as modes of verification and pay point for the outstanding claims. The transition discussions, therefore, partly caused some delay.</p> <p>(c) Verification of Claims already lodged with the National Treasury</p> <p>(i) At the time of the transfer of GPA and WIBA to the NHIF, there were a number of outstanding claims that had already been lodged with the National Treasury. To address the issue of outstanding claims, the Principal Secretary National Treasury</p>		
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		<p>appointed a team of eight officers under the leadership of the Head of Internal Audit on 5th October, 2020 to undertake a verification exercise of the outstanding GPA and WIBA cases with a view to determining those that were payable;</p> <p>(ii) The verification exercise involved visits to police stations where the accidents were said to have been reported as well as verification with the office of the Director of Work Injury Benefits, being the office responsible for computation of work injury compensation under the WIBA law; and</p> <p>(iii) In view of the intricate nature of the verification exercise and the countrywide spread of the claimants, the verification process took longer than earlier anticipated.</p> <p>(d) Insurance Compensation Budget  FY 2018/2019 to FY 2021/2022 there was no budgetary allocation towards settlement of insurance claims reported at the National Treasury pending conclusion of transition modalities as well as conclusion of the work of claims' audit team appointed to verify and advise on claims previously reported to the National Treasury.</p>		
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Accounting Officer

Date 28/11/2025

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Appendix II: Projects implemented by The National Treasury

Ref	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)
1.	Global Fund HIV/AIDS	KEN-H-TNT GA-4147	GLOBAL FUND	3.5 YRS	USD 14,428,340 (Ksh179,073,992)	YES	Prepared their Accounts
2.	Global Fund TB	KEN-T-TNT GA-4148	GLOBAL FUND	3.5 YRS	USD 55,381,065 (Ksh8,055,495,884)	YES	Prepared their Accounts
3.	Global Fund Malaria	KEN-M-TNT GA- 4149	GLOBAL FUND	3.5 YRS	USD 57,859,369 (Ksh8,348,146,481)		Prepared their Accounts
4.	Public Financial Management Reforms	E/ICEF/2022/P/L.16	WORLD BANK & AFD	5YRS	1,331,031,643	YES	Prepared their Accounts
5.	Financing Locally-Led Climate Action Program	P173065 BMZ-No. 2016 65 108/2018 65 138	IDA, DANIDA, SIDA, KfW	5 YRS 5YRS	USD 261.4M EUR 0.31M	YES YES	Prepared their Accounts

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6.	Infrastructure FPP Project	IFPPP 5157-KE & IFPPP-AF 6121-KE	IDA IDA	IFPP11YRS & IFPP- AF7YRS	IFPPP USD 40 Mill & IFPPP- AFEUR 46.9 M	YES	Prepared their Accounts
7.	Study & Capacity Building						Prepared their Accounts
8.	Financing Locally led Climate Action Programme						Prepared their Accounts
9.	Green Climate Fund Readiness Programme						Prepared their Accounts
10.	EA Regional Trade & Transport Facilitation Programme	Project/Credit Number 5638-KE	World Bank	8.5 YRS	USD 10.9 Mill (Ksh. 365 Mill)	YES	Prepared their Accounts
11.	Horn of Africa Gateway Development Project	Project/Credit Number 6768-KE	World Bank	8 YRS	EUR 645 Mill (Ksh 978 Mill)	YES	Prepared their Accounts
12.	Public Debt Management Support Project	5500155013708	AFDB	4.9 YRS	122,080,000	YES	Prepared their Accounts
13.	Kenya Affordable Housing Project	IBRD8958-KE	IBRD	6YRS	574,368,000	YES	Prepared their Accounts
14.	Single Widow Support Project						Prepared their Accounts

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15.	Regional Integration Implementation Programme						Prepared their Accounts
16.	Kenya Mortgage and Finance Company	IBRD8958-KE	IBRD	6YRS	24,960,000,000	YES	Prepared their Accounts
17.	Supporting access to finance and enterprise recovery(SAFER)						Prepared their Accounts
18	Rural Kenya Financial inclusion facility	IFAD Loan No. 2000004121/22	IFAD	6.5 YRS	18,900,000	YES	Prepared their Accounts
19.	Technical Support to the French Desk	CKE1204.01E	AFD	5YRS	22,800,000	YES	Prepared their Accounts

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Status of Projects completion

Ref	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1.	Global Fund HIV/AIDS	25,837,404,417	4,262,233,963	25%			UN
2.	Global Fund TB	8,055,495,884	608,060,976	25%			UN
3.	Global Fund Malaria	8,348,146,481	437,839,702	25%			UN
4.	Public Financial Management Reforms	7,000,000,000	5,900,000,000	84%	564,408,775	457,572,486	GOK
5.	Financing Locally-Led Climate Action Program	US\$ 261.4M EURO.31M	USD. 13,388,250 Euro. 9516842.25		12,225,790 3,762,508	3,510,644 1,939,358	IDA KfW
6	Infrastructure FPP Project	IFPPP USD 40 Mill & IFPPP-AF EUR 46.9Mil	IFPPP USD 40 Mill & IFPPP-AFEUR 46.9 Mill	IFPPP 100% IFPPP-AF 100%	IFPPP 4 Bill & IFPPP-AF 5.5 Bill	IFPPP 4 Bill & IFPPP-AF 5.5 Bill	IDA
7.	Study & Capacity Building						
8.	Financing Locally led Climate Action Programme						
9.	Green Climate Fund Readiness Programme						

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10.	EA Regional Trade & Transport Facilitation Programme	1,364,789	1,364,743	100%	482,700	482,700	World Bank/ GOK
11.	Horn of Africa Gateway Development Project	978,143	481,861	49%	337,469	336,529	World Bank/ GOK
12.	Public Debt Management Support Project	152,080,000	442,489,611	290%	109,000,000	79,715,678	AFDB & GOK
13.	Kenya Affordable Housing Project	574,368,000	177,734,367	100%	94,312,000	70,394,502	IBRD
14.	Single Widow Support Project						
15.	Regional Integration Implementation Programme						
16.	Kenya Mortgage and Finance Company	24,960,000,000	24,060,000,000	100%	7,945,688,000	7,962,505,376	IBRD
17.	Supporting access to finance and enterprise recovery(SAFER)						
18.	Rural Kenya Financial inclusion facility	40,898,400	8,790,496	21%	40,898,400	8,790,496	BOE
19.	National Treasury capacity Strengthening Project	62,890,000	55,957,788	64%	73,500,000	34,294,512	AFDB & GOK

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20.	Technical Support to the French Desk	22,800,000	14,590,655	64%	11,500,000	10,929,989	AFD
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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) 2024-2025
Buildings and structures	1,043,712,071	-			1,043,712,071
Refurbishment of buildings	642,211,688	-			642,211,688
Transport equipment	223,256,470	-			223,256,470
Office equipment, furniture and fittings	508,369,132	40,618,780			548,987,912
Overhaul construction and civil work	357,124,652	-			357,124,652
Household furniture and institutional equipment	627,500	-			627,500
Purchase of specialised plant, machinery and equipment	3,171,503,310	-			3,171,503,310
Research studies, project preparation design	6,837,629,692	-			6,837,629,692
Purchase of motor vehicles	366,360,288	26,767,179			393,127,467
Purchase of office furniture and general equipment	67,550,623	77,018,604			77,018,604
<b>Sub Total</b>	<b>13,218,345,426</b>	<b>144,404,563</b>			<b>13,218,345,426</b>
<b>Financial Assets</b>					
Domestic equity participation	20,520,247,666	-			20,520,247,666
Foreign equity participation	15,984,911,564	-			15,984,911,564
Domestic lending and on lending	33,090,542,610	-			33,090,542,610
<b>Sub Total</b>	<b>69,595,701,840</b>	<b>-</b>			<b>69,595,701,840</b>
<b>Total</b>	<b>82,814,047,266</b>	<b>144,404,563</b>			<b>82,958,451,829</b>

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

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

**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 (Kshs.)	Comments
Nil	Nil	Nil				

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**Appendix VIII: – List of SCs, Sagas and Public Funds Under the National Treasury**

Ref	SC, SAGA or Public Fund's name	Amount transferred during the year	Inter- entity reconciliations done?(yes/no)
1	Kenya Revenue Authority	32,176,936,212.10	YES
2	Competition Authority of Kenya	1,666,269,000.00	YES
3	Public Procurement Oversight Authority	1,642,079,000.00	YES
4	Kenya Institute of Supplies Management		YES
5	Kenya Trade Network Agency	450,472,500.00	YES
6	Public Privatization Commission		YES
7	Public Sector Accounting Standard Board	640,590,000.00	YES
8	Registration of Certified Public Secretaries Board	10,244,854.00	YES
9	KASNEB		YES
10	Public Procurement Review Administrative Board		YES
11	Nairobi Financial Centre	110,120,000.00	YES
12	Institute of Certified Investment and Financial Analysis		YES
13	Competition Tribunal	36,000,000.00	YES
14	State Corporations Appeal Tribunal		YES
15	Kenya Institute of Supplies Examination Board		YES
16	Privatization Authority		YES
17	Financial reporting centre	570,355,000.00	YES

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18	Public Procurement Regulatory Authority			YES
19	Public Service Super Annulation Scheme			YES
20	Equalization Fund		1,485,190,941	YES
21	Kenya National Entrepreneurs Saving Trust		196,757,900.00	YES

Trade payables-See Annex 7