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REPORT

OF

THE AUDITOR-GENERAL

ON

COUNTY EXECUTIVE OF TANA RIVER

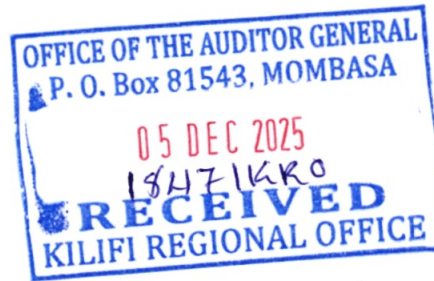
FOR THE YEAR ENDED
30 JUNE, 2025

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COUNTY EXECUTIVE OF TANA RIVER

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE PERIOD ENDED
30 JUNE 2025**

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

County Executive of Tana River
Annual Report and Financial Statements for the year ended June 30, 2025

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1. Acronyms, Abbreviations and Definition of Key Terms

A. Acronyms and Abbreviations

Acronym	Definition
CAIP	County Aggregation and Industrial Park
CASSCOM	County Agriculture Sector Steering Committee
CBK	Central Bank of Kenya
CEC	County Executive Committee
CECM	County Executive Committee Member
CIDP	County Integrated Development Plan
ECDE	Early Childhood Education
FLLoCA	Financing Locally Led Climate Action
FSRP	Food Systems Resilience Program
FY	Financial Year
IPSAS	International Public Sector Accounting Standards
KDSP II	The Second Kenya Devolution Support Program
Kshs	Kenya Shillings
KUSP	Kenya Urban Support Program
K-WASH	Kenya Water Sanitation and Hygiene Programme
MTP IV	Medium-Term Plan IV
NAVCDP	National Agricultural Value Chain Development Project
PFM	Public Finance Management
PPE	Property, Plant and Equipment
PSASB	Public Sector Accounting Standards Board.
RMLF	Road Maintenance Levy Fund
Rtd	Retired
SDGs	Sustainable Development Goals
SIVAP	Small scale Irrigation and Value Addition Project

B. Definition of Key Terms

Fiduciary Management The key management personnel who had financial responsibility

2. Key Entity Information and Management

a) Background information

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

No.	Department	Major Responsibility
1.	Office of the Governor and Special Programs	<ul style="list-style-type: none">• Overall leadership of County affairs and coordination of County departments.• Coordination of peace and cohesion and provision of assistance to the community during disasters.
2.	Finance and Economic Planning	<ul style="list-style-type: none">• Mobilize resources, ensure prudent management of resources, and provide leadership in development planning and tracking of results.
3.	Trade, Tourism and Industry	<ul style="list-style-type: none">• Promotion of trade and enterprises.• Promotion of tourism by preservation of national heritage and culture for sustainable development.
4.	Agriculture and Cooperatives, Livestock, Veterinary Services, Fisheries Lands and Physical Planning	<ul style="list-style-type: none">• Overseeing County Agriculture, animal husbandry and Fish farming.• Facilitate efficient land administration and management and planning the physical infrastructure.
5.	Education, Culture, Gender, Youth, Sports and Social Services	<ul style="list-style-type: none">• Empower the youth with competitive and employable skills, knowledge and attitudes to enable them to participate in National Development.• Provide, promote and coordinate quality training and talent development to youth for economic development.
6.	Health	<ul style="list-style-type: none">• Provide equitable, accessible and quality health care services to all residents in the County.
7.	Roads, Transport, Public works, Housing and Urbanisation	<ul style="list-style-type: none">• Provision of cost effective, physical infrastructure facilities and services in the nation and beyond.
8.	Water, Energy, Mining and Natural Resources	<ul style="list-style-type: none">• Ensure sustainable access to water and sanitation services by rehabilitating, expanding and developing new water infrastructure, diversifying and developing new water sources, conserving and protecting water catchment areas.• Development of energy resources and ensuring access to energy.

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No.	Department	Major Responsibility
9.	Public Service, Administration and Citizen participation	<ul style="list-style-type: none">• Creation of a dynamic, successful and vibrant county of excellence with a safe, secure and stable environment.
10.	Environment and Climate Change	<ul style="list-style-type: none">• Provide healthy and clean environment, protect, develop and manage natural resources for environmental stability and socio-economic advancement for Tana River County.
Other County Executive Entities		
1.	County Public Service Board	<ul style="list-style-type: none">• Provide leadership in public service management, ensuring efficiency and effectiveness in public service delivery, management and development of human resources in the public service.
2.	Hola Municipality	<ul style="list-style-type: none">• Promote and undertake infrastructural development and enforcement of plans within the Municipality.

b) Key Management team

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

No.	Designation	Name
1.	County Governor	H.E. Major (Rtd) Dr. Dhadho Gaddae Godhana
2.	County Deputy Governor	Hon. Mahadh Ali Loka
3.	CECM Finance and Economic Planning	CPA. Brenda Mocheche Mokaya
4.	CECM Trade, Tourism, Wildlife and Investment	Hon. Yahya Ali Borrow
5.	CECM Agriculture and Cooperatives, Livestock, Veterinary Services, Fisheries Lands and Physical Planning	Hon. Mwanajuma Habwoka Hiribae
6.	CECM Education, Vocational Training, Culture, Gender, Youth, Sports and Social Services	Hon. Abas Kunyo Guyo
7.	CECM Health	Hon. Joshua Kofa Jara
8.	CECM Roads, Transport, Public Works, Housing and Urbanisation	Hon. Stephen Wachira Kariuki
9.	CECM Water and Energy	Hon. Harufa Algi
10.	CECM Environment and Climate Change	Hon. Mathew Babwoya Buya
11.	CECM Public Service, Administration and Citizen Participation	Hon. Abdulla Hanti Kanchora
12.	Ag. County Secretary	Hon. Mwanajuma Habwoka Hiribae

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c) Fiduciary Management

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

No.	Designation	Name
1.	CECM, Finance and Economic Planning	CPA. Brenda Mokaya
2.	Chief Officer, Finance and Economic planning	CPA. Mariam Abdalla Bunu
3.	Chief Officer, Office of the Governor & Deputy Governor	Mrs. Salima Makuru
4.	Secretary County Public Service Board	CPS. Victoria Tumaini
5.	Chief Officer, Trade, Tourism and Industry	Mrs. Jahi Dhadho
6.	Chief Officer, Agriculture and Cooperatives	Mrs. Faith Buya
7.	Chief Officer Livestock, Fisheries and Veterinary Services	Mr. Gollo Kanchoru
8.	Chief Officer Gender, Sports and Youth	Mr. Eric Arua Wasonga
9.	Chief Officer, Education and Vocational Training	Mrs. Fatuma Bona
10.	Chief Officer, Health	Mr. Hiribae Gijo
11.	Chief officer, Cohesion and Special Programs	Mrs. Salma Makuru
12.	Chief Officer, Roads, Transport and Public Works	Eng. Hiribae Gijo
13.	Chief Officer, Housing and Urbanization	Mr. Hussein Bodole
14.	Chief Officer, Water and Energy	Mr. Abdulkadir Sirad
15.	Chief Officer, Environment and Climate Change	Mr. Abdullahi Omar
16.	Chief Officer, Public Service Management, Administration and ICT	Mr. Ali Mluwa
17.	Chief Officer, Lands and Physical Planning	Mr. Francis Malibe
18.	Municipal Manager	Mr. Jacob Jarha

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d) Fiduciary Oversight Arrangements

- Audit and finance committee activities.
- Parliamentary committee activities.
- County Assembly.
- Development partner oversight activities.

e) County Executive Headquarters

P.O. Box 29 - 70101
Trade House, Hola
County Council Road.
Nairobi, Kenya

f) County Executive Contacts

Telephone: (254) 73062600
E-mail: info@tanariver.go.ke
Website: www.tanariver.go.ke

g) County Executive Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
NAIROBI, KENYA
2. Kenya Commercial Bank Ltd
Hola Branch
P.O Box 100 - 70101
Hola, Kenya
3. Equity Bank Ltd
Hola Branch
P.O Box 182 - 70101
Hola, Kenya

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h) Independent Auditor

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

i) Principal Legal Adviser

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

j) County Attorney

The County Attorney
P.O. Box 29 - 70101
Trade House
Nairobi, Kenya.

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3. Governance Statement

Tana River County is constituted as per the Constitution of Kenya, 2010. The County is headed by the Governor, who is responsible for the general policy and strategic direction of the County.

The County is made up of nine (9) County Government Departments. The County Executive is structured in terms of departments, headed by a County Executive Committee Member (CECMs). The CECMs support the Governor and the Deputy Governor in executing the mandate of the County Government as stipulated in the Constitution. The County Secretary heads the County Public Service board and is responsible for arranging the business of the County Executive Committee.






The County Executive

The membership of the County Executive Committee is as follows:

Designation/ Structure	Name	Education Qualification	Date of Birth	Photo
1. The County Governor	H.E. Major (Rtd) Dr. Dhadho Gaddae Godhana			 <i>H.E. Major Rtd Dr. Dhadho Gaddae Godhana</i>
2. The County Deputy Governor	H.E. Mahadh Ali Loka	Degree in Business Management-EAU Diploma In Business Management-EAU	8 Apr, 1961	
3. CECM Finance and Economic Planning	CPA Brenda Mokaya	MBA (Strategic Management) -BCOM Degree (Finance) Option -CPA(K) and a Member of ICPAK. -Diploma in project management, monitoring and evaluation.	16 August 1983	




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Designation/ Structure	Name	Education Qualification	Date of Birth	Photo
4. CECM Health, Sanitation and Medical Services	Mr. Joshua Jarha	BSc. (Maths and Statistics)	24 Mar, 1958	
5. CECM Trade, Co-operative Development, Tourism and Industrialization	Mr. Yahya Ali Borrow	Bachelor Degree in Community Development	1 Jan 1974	
6. CECM Lands, Agriculture, Fisheries and Veterinary Services	Mrs. Mwanajuma Hiribae			
7. CECM Roads, Public Works, Housing and Urbanization	Eng. Stephen Wachira Kariuki	-MIEK - Member of institution Engineers of Kenya -EBK Member of Engineers Board of Kenya -Bachelor of Technology in Mechanical and Production Engineering		
8. CECM Water and Energy	Mrs. Hadija Harufa Algi	Dip. In Public Relations B.A (Communications and Sociology) M.A (International Studies)	29 June, 1982	

County Executive of Tana River

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

Designation/ Structure	Name	Education Qualification	Date of Birth	Photo
9. CECM Education, Youth, Sports, Gender and Social Services	Mrs. Abbas Kunyo			
10. CECM Public Service Management, Administration and ICT	Mr. Abdulla Hanti	BSc. Development Studies and Social Work	1965	
11. CECM Environment and Climate Change	Mr. Mathew B. Babwoya	Master in Economics; B.A (Economics) CPA Section 1	1 st July, 1984	

Public Participation and Stakeholder Engagement

Tana River County has established a Public Participation Policy that outlines mechanisms for consulting citizens in the formulation of policies, plans, and projects. The Directorate of Administration coordinates government business across county, sub-county, and ward levels, serving as the lead entity in public participation. Departments also maintain sector-based structures, such as the County Agriculture Sector Steering Committee (CASSCOM), to strengthen linkages with stakeholders. In addition, the County Budget and Economic Forum provides a platform for public consultation on budget and economic matters.

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County Executive and Assembly Engagement

The County Executive engages closely with the County Assembly, which exercises oversight. This includes processing bills and policies initiated by the Executive and responding to Assembly summons to provide information or address concerns.

Oversight and Accountability

The County Audit Committee, reconstituted through Gazette Notice No. 11092 of 25th August 2023, is fully functional and plays a key role in strengthening financial oversight and accountability.

Legal and Policy Compliance

County Executive operations are guided by the Constitution of Kenya, 2010, the County Governments Act, 2012, and the Public Finance Management Act, 2012, alongside sector-specific laws and policies. Departments adhere to statutory reporting requirements and prescribed timelines to ensure compliance and good governance.

4. Foreword by CECM Finance and Economic Planning

The County Government of Tana River operates under the mandate of the County Governments Act No. 17 of 2012 and the Constitution of Kenya, 2010 which assign it both legislative and executive functions. These include enacting county laws, establishing and staffing its public service, and implementing devolved functions as outlined in Article 186 and the Fourth Schedule. Key functional areas cover agriculture, health services, county transport, trade development, cultural activities, environmental conservation, disaster management, public works, and early childhood education, among others. The County is also tasked with promoting citizen participation in governance at the local level.

The approved budget estimates for the County Government of Tana River for the financial year ended 30 June 2025 was Kshs. 9,177,373,692 of which Kshs. 8,170,325,023 related to the County Executive while Kshs. 1,007,398,669 related to the County Assembly. The budget of Kshs. 9,177,723,692 was to be financed from the equitable share of Kshs. 6,824,718,335. Additional financing included Kshs. 316,030,672 in conditional and unconditional allocations from the National Government, Kshs. 751,603,875 from development partner loans and grants, Kshs. 153,108,800 from locally generated revenues, and Kshs. 1,132,262,010 carried forward from FY 2023/24 balances.

This diversified financing framework underscores the County's reliance on national transfers and development partners, while also reflecting modest but critical contributions from its own-source revenues.

Included in the County Executive Budget estimates of Kshs. 8,170,325,023 are recurrent and development budget estimates of Kshs. 4,788,059,144 and Kshs. 3,382,265,878.29 respectively. Total exchequer issues to the County Executive amounted to Kshs. 6,231,592,138 of which recurrent, development, and special purpose (Conditional grants) exchequer issues amounted to Kshs. 4,241,710,396, Kshs. 1,530,914,218 and Kshs. 458,967,524 respectively.

Key Achievements in FY 2024/25

Implemented projects included settlement of pending bills, establishment of the County Aggregation and Industrial Park (CAIP), health infrastructure upgrades, street and floodlighting, road grading and murraming, ECDE classroom construction and furniture provision, rehabilitation of minor irrigation schemes, agricultural input subsidies, and local physical development plans. The County also

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advanced flagship programmes such as the Eco-Villages Cluster, supported by water, shelter, and administrative investments.

Challenges and Risks

Progress was hindered by droughts and floods, a heavy burden of pending bills, over-reliance on national transfers, delayed exchequer disbursements, and weak systems for results tracking and financial reporting.

Mitigation Measures

The County operationalized the Emergency and DRM Funds, enhanced own-source revenue, strengthened development partner linkages, and initiated migration to accrual accounting to address pending bills. Capacity-building in M&E and financial reporting was also prioritized.

FY 2025/26 Priorities

The County Government of Tana River has a budget of Kshs. 9,964,867,792 for the financial year ended 30 June 2026. The budget allocations cover salaries, operations, and development projects. Focus areas include settlement of pending bills, CAIP, bursaries, ECDE and health infrastructure, public works (drainage, streetlighting, roads, water supply), and conditional grant programmes such as FSRP, RMLF, K-WASH, KUSP, FLLoCA, and KDSP II.



.....
CECM Finance and Economic Planning
County Government of Tana River

5. Statement of Performance against Predetermined Objectives

The County’s 2023 - 2027 CIDP has identified four key strategic development objectives. Broadly, these objectives have been identified through a participatory process that reviewed the development priorities of the Governor’s Manifesto, the Kenya Vision 2030 and the attendant MTP IV, SDGs.

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

The key development objectives of the Tana River County’s CIDP 2023 – 2027 are:

1. Urban planning and climate-proofed infrastructure development;
2. Accessible and quality education;
3. Quality and affordable healthcare; and
4. Modern and commercially oriented agriculture.

Below we present the progress made in attaining the objectives of the Tana River CIDP (2023 - 2027):

S/No	Strategic Objective as per CIDP	Targeted Outcome	Performance/Progress made up since inception from the latest CIDP	Remarks
1.	Urban planning and climate-proofed infrastructure development	Improved County Road network	Bush clearing and light grading of Housing Dispensary Road completed Installation of high-mast floodlights completed in Idsowe, Titila, Malindi ya Ngwena, Handampia Village, Wenje, Galole Model Sec. School Maroni. Installation ongoing in Hamaresa (20%) and Majengo (90%). Installation of streetlights on Malindi ya Ngwena – Kalaule Rd also complete.	Disbursement of RMFL delayed in the FY 2024/2025
2.	Accessible and quality education	Enhanced access to quality vocational training and education	Procured and installed equipment worth Kshs. 2,000,000 in Maziwa Polytechnic.	
		Enhanced access to quality pre-primary education	Disbursed Kshs. 88,000,000 to the Ward Bursary Fund. Completed construction of ECDE classrooms in Shauri Moyo Pri. Sch. (2), Gatundu Pri. Sch. (2), Kuindwa Rd, Mahono Cluster, Bisadi, Kaabso (2), and Abakik (2). Toilets constructed in Kaabso Village, Abakiki village, Mbalambala, Adele and Abaganda ECDE centres.	

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S/No	Strategic Objective as per CIDP	Targeted Outcome	Performance/Progress made up since inception from the latest CIDP	Remarks
3.	Quality and affordable healthcare	Improved Environmental Health, Water and Sanitation Interventions and food safety	<ul style="list-style-type: none"> ▪ Skilled Birth Attendance declined gradually to 55.65% in FY 24/25. ▪ 4th ANC coverage showed gradual improvement to 44.98% in the latest period. ▪ At least one ANC visit at 96.4% in FY 24/25. ▪ BCG coverage reached 88.11% in FY 24/25. ▪ Full immunization coverage at 76.57% 	
		To increase utilization of health services - Outpatient utilization	OPD utilization rate at 0.84 in FY 24/25.	
		Improved management of Medical waste Management within the County Health facilities		
		Improved disease surveillance and response		
4.	Modern and commercially oriented agriculture	Improved Crop production	<p>Purchased certified seeds, fertilizer and agro-chemicals worth Kshs. 39,877,700, Kshs. 14,988,850 and Kshs. 14,462,804 respectively. Established two minor irrigation schemes: Oda and Pungwa Upepo.</p> <p>Rehabilitated 6 small-scale irrigation schemes: Chewani, Laza, Wema, Chewani, Mikameni, and Maroni, and repaired the SIVAP micro-irrigation water users' borehole.</p>	The County continues to benefit from the investments of the NAVCDP, FSRP and SIVAP grants.
		Increased Livestock Production	Completed the construction of the slaughterhouse in Bangale.	
		Increased fish production		Under the KEMFSED project, the County has benefitted in

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S/No	Strategic Objective as per CIDP	Targeted Outcome	Performance/Progress made up since inception from the latest CIDP	Remarks
				increasing fish production through the support of fisherfolk with boats and other fishing equipment.
		Improved land management and physical Planning	Completed the registration of Wayu community land.	

Progress on Attainment of Development Objectives from Annual Development Plan for FY 2024/25

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

Objective	Outcome	Indicator	Performance
SECTOR: AGRICULTURE AND RURAL DEVELOPMENT			
Crop Production	Improved production	Crop	Purchased certified seeds, fertilizer and agro-chemicals worth Kshs. 39,877,700, Kshs. 14,988,850 and Kshs. 14,462,804 respectively. Established two minor irrigation schemes: Oda and Pungwa Upepo. Rehabilitated 6 small-scale irrigation schemes: Chewani, Laza, Wema, Chewani, Mikameni, and Maroni, and repaired the SIVAP micro-irrigation water users' borehole.
		Maize	
		Green grams	
		Cowpeas	
		No of bags of Crop yield per acre	
		Maize in 90 kg bags	
		Green grams in 50kg bags	
		Cowpeas in 50kg bags	
Livestock Production	Increased Livestock Production	Beef (Meat)	Completed the construction of the slaughterhouse in Bangale.
		Dairy	
		Meat Goats (Chevron)	
		Sheep (Mutton)	
		Eggs(trays)	
		Broiler meat (Pcs)	
		Poultry meat (Pcs)	
Fish production	Increased production	fish	Tonnage of fish produced from aquaculture

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Objective	Outcome	Indicator	Performance
		Total acreage of land surveyed	
Lands and Physical Planning	Improved land management and physical Planning	No of trading centers surveyed and allocated	
		Proportion of public assets valued	
		No of building inspection reports submitted	
		No of municipal towns established	
SECTOR: GENERAL ECONOMIC AND COMMERCIAL AFFAIRS			
Trade Development and Investment	Increased trade development and investment	No of new business licenses issued annually	<ul style="list-style-type: none"> ▪ Exercise to collect data on enterprises within the County conducted. ▪ Conducted one trade fair/exhibition ▪ Conducted 3 trainings for MSMEs ▪ Calibration of weighing equipment (for traders) conducted across the 5 sub-counties. ▪ Kipini market constructed and Bura market renovated.
		No of SMEs accessing Inuka Fund	Fund activities dormant in the reporting period.
Tourism Marketing and Promotion	Enhanced tourism Development	No of visitors visiting tourist attraction sites	<ul style="list-style-type: none"> ▪ Coordinated with the Tourism Regulatory Authority in conducting a training for hospitality players in the county. ▪ Organized a cultural/tourism festival. ▪ Marked the World Tourism Day that was graced by a representative from the Italian Embassy.
		Hotel bed nights	
Co-operative Development and Management	Vibrant and strong cooperatives	No. of new co-operative enterprises registered	
		No of strategic viable co-operatives revived	
		No of members in active Co-operatives	
		Total turnover from cooperatives	
		Proportion of cooperatives compliant with statutory audits	
Industrial Development			Construction of the County Aggregation and Industrial Park ongoing (at 44% complete).
SECTOR: ENERGY, INFRASTRUCTURE AND ICT			
County Road network	Improved County Road network	Km of Road tarmacked	Nil
		Km of Road graded	Completed the grading and murraming of Wenje – Hara Rd
		Km of access roads opened	Bush clearing and light grading of Hosingo Dispensary Rd completed;

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Objective	Outcome	Indicator	Performance
		Km of storm water drainages developed/rehabilitated	Bura drainage completed while the Madogo drainage is 20% done.
Infrastructure/ Public Works	Construction and/or rehabilitation of key infrastructure undertaken		Construction of the Deputy Governor's residence is ongoing (at 20% complete);
			Construction of bodaboda sheds completed in Mandingo, Hurara, Idsowe, Ghalamani, Rhoka, Wachakone, Kumbi, Laza Sokoni, Bangale, Kone and Mikinduni. Construction ongoing in Oda (20%), and Mogahendi, Wema and Kulesa (30%).
			Construction of public toilets in Mandingo is complete while the construction of a milk shed in Bangale town is 70% complete.
			Refurbishment of Works House and government houses within Mapenzi Estate completed.
Energy access	Increased energy access	No. of households adopting clean energy for lighting	
		No. of streetlights and floodlights installed	Installation of high-mast floodlights completed in Idsowe, Titila, Malindi ya Ngwena, Handampia Village, Wenje, Galole Model Sec. School Maroni. Installation ongoing in Hamaresa (20%) and Majengo (90%). Installation of streetlights on Malindi ya Ngwena – Kalaule Rd also complete.
		No. of policies and legislative framework developed and validated	
		No. of households adopting to clean energy for cooking	
ICT development	Enhanced access to ICT services	Percentage of county offices with access to internet services	
		Proportion of county services digitized	
SECTOR: HEALTH			
Preventive and Promotive Health services	Improved Environmental Health, Water and Sanitation Interventions and food safety	Number of ODF villages in the County	<ul style="list-style-type: none"> ▪ Skilled Birth Attendance improved significantly from 52.46% in FY 20/21 to a peak of 63.9% in FY 21/22 but has since declined gradually to 55.65% in FY 24/25. ▪ 4th ANC coverage showed gradual improvement from 40.71% in FY 20/21 to 51.55% in FY 22/23, but has declined again to 44.98% in the latest period. ▪ At least one ANC visit remained consistently high, peaking at 106.23% in FY 22/23, suggesting strong initial
		Number of food samples collected, tested and analyzed	
		Number of food premises inspected and licensed	
		Number of food handlers medically examined and issued with valid medical Examination Certificate.	
		Number of water samples collected, tested and analyzed.	

County Executive of Tana River

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Objective	Outcome	Indicator	Performance
		Number of PHOs capacity building on Water Quality and Safety.	<p>contact with services, though it slightly dropped to 96.4% in FY 24/25.</p> <ul style="list-style-type: none"> ▪ BCG coverage rose sharply from 81.78% to 98.71% between FY 20/21 and 21/22, then fluctuated slightly but remained high, reaching 88.11% in FY 24/25. ▪ Full immunization coverage improved from 66.55% to 76.57% over the period, with minor fluctuations in between, indicating overall progress. ▪ OPD utilization rate showed a slight increase between FY 20/21 and FY 22/23, then declined steadily to 0.84 in FY 24/25, suggesting reduced outpatient service uptake. ▪ Equipment worth Kshs. 50,000,000 supplied to the Accident and Emergency Unit and Kshs. 34,913,536 to the HDU/ICU unit at the Hola County Referral Hospital. ▪ Construction of an ablution block at Ngao Sub-County completed while those at Garsen, Bura and Hola hospitals ongoing.
		Number of quarterly stakeholders meeting on FSQ	
		Number of quarterly Public Health staff meeting.	
		Proportion of population seeking and using health care services	
		Proportion of health stakeholders supporting ACSM	
Health Advocacy, Communication, and Social mobilization	To increase utilization of health services- Outpatient utilization	Proportion of HCWs trained on Health Education and Promotion	<ul style="list-style-type: none"> ▪ Equipment worth Kshs. 50,000,000 supplied to the Accident and Emergency Unit and Kshs. 34,913,536 to the HDU/ICU unit at the Hola County Referral Hospital. ▪ Construction of an ablution block at Ngao Sub-County completed while those at Garsen, Bura and Hola hospitals ongoing.
		Proportion of multisectoral stakeholders forums conducted	
		Proportion of households reached with IEC materials and health messages	
		Proportion of Quarterly supportive supervisory visits conducted at sub county levels.	
		Number of incinerators installed	
		Number of Focused Quarterly Disease Surveillance activities conducted per year.	
Integrated Waste Management	Improved management of medical waste management within the County health facilities	Number of Disaster Preparedness and Response plans developed per year.	
Disease surveillance and response control	Improved disease surveillance and response	Number of Disaster Preparedness and Response meetings held bi-annually.	
		No. of Community Units adopting end to end reporting for activities using eCHIS tool.	

County Executive of Tana River

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

Objective	Outcome	Indicator	Performance
SECTOR: EDUCATION			
Vocational Training and Education	Enhanced access to quality vocational training and education	No. of students enrolled in VTCs	Procured and installed equipment worth Kshs. 2,000,000 in Maziwa Polytechnic.
		Teacher Learner ratio	
		Transition rate (%)	
		Retention rate (%)	
		ECD Enrolment Rate (%)	
		Teacher Pupil Ratio	
Pre-primary Education	Enhanced access to quality pre-primary education	Transition rate (%)	Disbursed Kshs. 88,000,000 to the Ward Bursary Fund. Completed construction of ECDE classrooms in Shauri Moyo Pri. Sch. (2), Gatundu Pri. Sch. (2), Kuindwa Rd, Mahono Cluster, Bisadi, Kaabso (2), and Abakik (2). Toilets constructed in Kaabso Village, Abakiki village, Mbalambala, Adele and Abaganda ECDE centres.
		Retention rate (%)	
		Retention rate (%)	
SECTOR: SOCIAL PROTECTION, CULTURE AND RECREATION			
Disaster Risks management	Improved capacity on disaster risk management at all levels	No of county leadership sensitized on DRM policy and Act	<ul style="list-style-type: none"> ▪ Procured and distributed water storage tanks to water-scarce regions ▪ Distributed essential food supplies to vulnerable households during emergencies and flood seasons ▪ Provided construction materials to families affected by disasters in all the clusters ▪ Finalized the County Emergency Operation Plan (CEOP) to guide timely and coordinated responses to disasters. ▪ Trained personnel on how to operate and manage the Emergency Operations Centre
		Number of gender mainstreaming and sensitizations conducted	
		No. of policies developed	
		No of ward committees, small scale farmers, vulnerable groups, households' capacity built on DRM.	
		Number of climate smart agricultural projects supported	
		No of improved drought tolerant livestock breeds procured	
		No of low-cost boarding facility constructed in drought vulnerable communities	
		Number of peace building Forums & meetings conducted	
		Number of livestock off taken from vulnerable households	
		Number of post disaster assessment conducted	
		Number of households supported with	

County Executive of Tana River

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Objective	Outcome	Indicator	Performance
		reconstruction of houses, psychological & mental needs	
		Number of medical outreaches conducted in vulnerable households	
Youth Empowerment	Enhanced access to youth empowerment opportunities	No. of youth capacity built	
		Empowerment Centres established	
		No of youth mentored	
		No of youth trained on leadership skills	
		No. of stadia and playgrounds constructed	Construction of playground in Kipendi completed.
		No. of teams supplied with sports kits	Purchase and distributed sports equipment worth Kshs. 1,485,000.
Sports promotion, Development & Participation	Improved sports standards and nurtured talents	No of tournaments and leagues conducted	
		No of teams benefitting from sports fund	
		No of child rescue centres established and equipped.	
		No of children protected	
Children, Women, Elderly, Vulnerable and Marginalized Groups welfare	Improved livelihood for Children, Women, Elderly, Vulnerable and Marginalized Groups	No of international children days observed	
		No of girls supported with dignitary kits	
		No of girls trained on life skills	
		No. of gender related policies formulated	
		No of women girls, elderly and PWDs capacity built	
		No. of PWDs provided with assistive devices	
		No of gender related and awareness creation international days observed	
Culture, Heritage Creative Arts and Library Services	Preserved culture and heritage	No. of cultural sites & monuments identified and protected	
		No. of cultural practitioners' capacity built.	
		No. of cultural festivals held	
		No of cultural practitioners identified and profiled in a database	

County Executive of Tana River

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

Objective	Outcome	Indicator	Performance
		No of Community Cultural Centres established	
		No of Community Cultural Centres established	
SECTOR: ENVIRONMENTAL PROTECTION, WATER AND NATURAL RESOURCES			
Water Services	Increased access to clean and safe water	Proportion of households with access to clean and safe water (disaggregated by rural & urban areas)	2 field supervision vehicles procured and repairs on the Department of Water offices undertaken. Drilled and equipped boreholes in Boji ya Chini, Idsowe, and Gatundu. Rehabilitated boreholes in Buyani Sec. Sch, Mpeketoni, Ziواني, and Mororo. Majengo Mapya and Shauri Moyo water pans desilted while that at Chirfa water pan is ongoing (at 60% complete)
		Forest cover (%)	
		Proportion of house with access to solid waste management services (disaggregated by rural & urban areas) (%)	
Environmental Conservation and Management	Enhanced Environmental Conservation and Management	Proportion % of degraded land rehabilitated	
		No. of climate change adaptation projects completed	<ul style="list-style-type: none"> ▪ Rehabilitation of Idsowe small scale Irrigation Solar Minor Irrigation Scheme ongoing (at 98% complete) ▪ Drilling and Equipping of Bilisa Borehole completed and borehole in use. ▪ Management of <i>Prosopis juliflora</i> Through Utilization at Kumbi village completed ▪ Mahono Water Supply project completed. ▪ Diram Cluster Water Supply Project (drilling of borehole stalled due to border conflict). ▪ Drilling and Equipping of Take Cluster borehole ongoing (hydrological survey completed and works ongoing). ▪ Expansion of Sala Minor Irrigation Scheme completed. ▪ Dam construction and other civil works at Lakole Village completed and operational.

County Executive of Tana River

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

Objective	Outcome	Indicator	Performance
			<ul style="list-style-type: none"> ▪ Rehabilitation of Bubusa Cluster Water Pan completed ▪ Tree nursery established in Dumi and Mnazini. ▪ Hurara Water and Sanitation Project completed ▪ Land Reclamation at Kalota Brook and Tree Planting Kipini East completed ▪ Construction of Animal Crush at Baleneka completed ▪ Hadama Community Water Project completed. ▪ Construction of Dirisa Village Water Supply completed. ▪ Construction of Bondeni minor irrigation: At 95% complete with bushes cleared, land preparation and solar installation done. ▪ Procurement of health and nutrition equipment and supplements done. ▪ Schools greening programme: Completed in Dayate ECD, Daku Secondary, Kone Comprehensive and nearby schools. ▪ Supply and Delivery of Vaccine Drugs worth Kshs. 5,000,000 done. ▪ Supply and Deliver of Energy Saving Jikos done. ▪ Drilling of Borehole, Equipping, construction of storage tank and piping at Nduru village completed. ▪ Establishment of a tree nursery at Bondeni completed.
SECTOR: PUBLIC ADMINISTRATION AND INTERGOVERNMENTAL RELATIONS			
Public services delivery	Enhanced Public Service Delivery	Customer satisfaction index	
		Amount of own source revenue collected annually (Ksh. Million)	<ul style="list-style-type: none"> ▪ The County mobilized Kshs. 195,919,302 (<i>as at 31.05.2025</i>) against a revised target of Kshs. 153,108,800.
		Absorption rate (%)	

County Executive of Tana River

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

Objective	Outcome	Indicator	Performance
Public Finance Management	Improved Public Finance Management	No. of statutory documents prepared and published	ADP, CBROP, CFSP and Budget Estimates prepared
		No. of annual M&E reports prepared	0 (Scheduled for September, 2025)
Economic planning, Policy formulation, monitoring and evaluation	Improved Policy planning, coordination and M & E	Number of Economic Surveys conducted	0
		Number of Statistical Abstracts Developed	0
		Number of county Statistical database developed	0

6. Environmental and Sustainability Reporting

Tana River County Government's main purpose is to serve the residents of Tana River. The stated vision is to create a peaceful, cohesive, and prosperous county that offers a high quality of life. This vision guides the delivery of its strategic objectives as outlined below:

a) Sustainability strategy and profile

Tana River County Government's strategic profile is defined by its commitment to inclusive, resilient, and sustainable development. This is clearly articulated in the Third Generation County Integrated Development Plan (CIDP) 2023–2027 and its supporting annual plans.

The County employs a participatory approach, ensuring that local priorities are aligned with both national and international frameworks, including the Governor's Manifesto, Kenya Vision 2030, the Medium-Term Plan IV (MTP IV), and the Sustainable Development Goals (SDGs).

Core Pillars of the Sustainability Strategy

- **Climate-Resilient Development**

Investment in projects that reduce climate vulnerability, including sustainable agriculture and resilient infrastructure.

- **Inclusive Participation**

Active community and stakeholder engagement in decision-making to ensure development leaves no one behind.

- **Alignment with National and Global Agendas**

County initiatives are harmonized with broader frameworks like Kenya Vision 2030 and the SDGs.

- **Data-Driven Monitoring and Evaluation**

Strengthening policy planning, coordination, and M&E systems through improved data collection, economic surveys, and statistical reporting.

b) Environmental performance

The purpose of the Tana River County Climate Change Act, 2021 is meant to address the growing environmental and mitigation of climate change. This will protect the environment for the current and future generations and progressively strive to meet the realization of the right to healthy and clean environment.

The key interventions the county will focus on are:

- a. Increasing forest cover.

- b. Control of air, land and water pollution.
- c. Management and conservation of environment and natural resources.
- d. Law enforcement on climate change mitigations.
- e. Control of noise pollution; and
- f. Control and management of sand harvesting.

The overriding policy goal is to entrench the rights to clean and healthy environment, which is sustainable and renewable. The policy goal is to enhance climate resilience through development, management, implementation, regulation and monitoring of adaptation and mitigation measures and actions.

c) Employee welfare

The County Government of Tana River conducts its recruitment processes in strict adherence to relevant laws, policies, and guidelines, including the Constitution of Kenya (2010), the Employment Act (2007), the County Government Act (2012), and the County Public Service Human Resource Manual (2016). In compliance with Article 27(8) of the Constitution, which requires that no more than two-thirds of members in appointive or elective positions be of the same gender, the County has embedded affirmative action into its hiring processes. As a result, the County has achieved a gender ratio of 60% men and 40% women within its public service, reflecting its commitment to equality and inclusivity.

Beyond recruitment, the County Government prioritizes employee skills development and career growth through structured strategies. These include local and international training opportunities tailored to departmental needs, with additional support from the Kenya School of Government. A robust performance management framework has also been rolled out, requiring employees to sign performance contracts and undergo regular appraisals to align individual contributions with departmental goals. Furthermore, promotions are conducted periodically to motivate staff and enhance career advancement. The County also adheres to the Occupational Safety and Health Act (2007), ensuring a safe and conducive work environment.

d) Marketplace practices-

Supply Chain and Supplier Relations

Tana River County has implemented e-procurement through IFMIS to ensure transparent, accountable, and competitive procurement. The system lowers costs and expands opportunities for youth, women, and persons with disabilities.

Ethical Practices

The e-procurement module is linked to an item master with standard prices to curb inflation, while built-in approvals at each stage strengthen compliance, ethics, and accountability.

Stewardship of Goods and Services

By embedding checks, controls, and cost-effectiveness measures, IFMIS enhances value for money, promotes efficient service delivery, and ensures responsible stewardship of public goods and services.

e) Community Engagements

The County Government of Tana River ensures citizen engagement through structured public participation in key planning and budgeting processes. These include the Annual Development Plan (ADP), Finance Bill, County Budget Review and Outlook Paper (CBROP), County Fiscal Strategy Paper (CFSP), and the preparation of Budget Estimates.

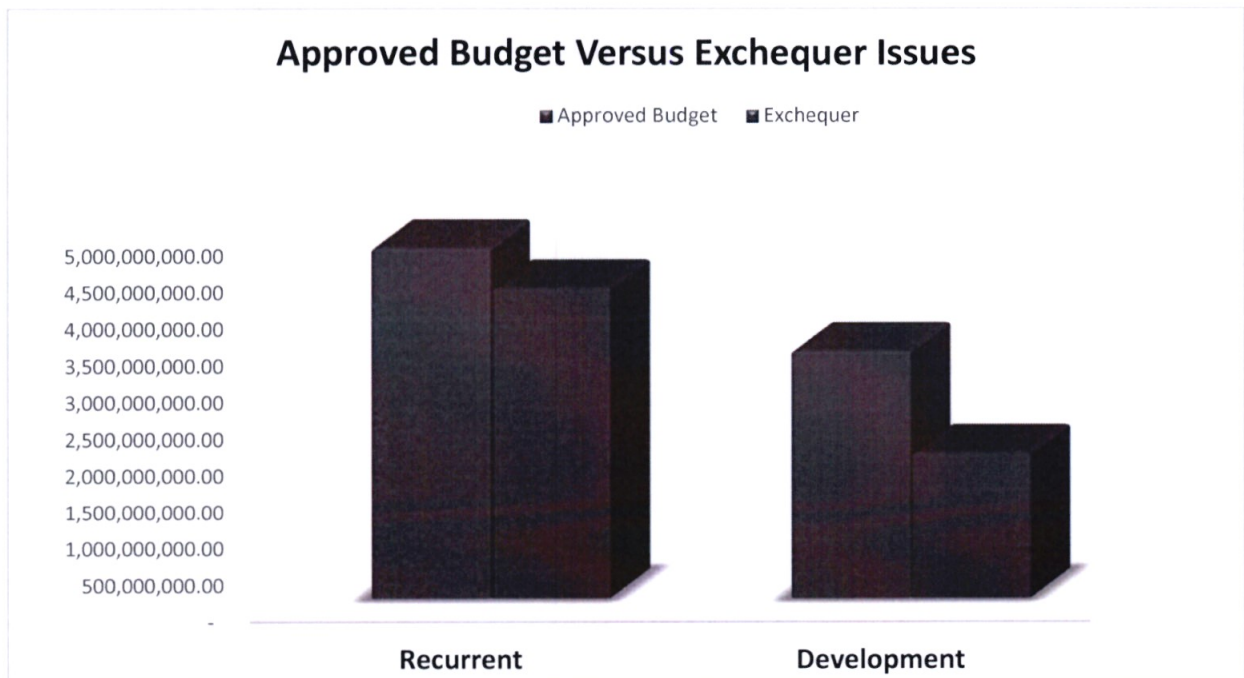
**County Executive of Tana River
Annual Report and Financial Statements for the year ended June 30, 2025.**

7. Management Discussion and Analysis

The approved budget estimates for the County Government of Tana River for the financial year ended 30 June 2025 was Kshs. 9,177,373,692 of which Kshs. 8,170,325,023 related to the County Executive while Kshs. 1,007,398,669 related to the County Assembly.

Included in the County Executive Budget estimates of Kshs. 8,170,325,023 are recurrent budget and development budget estimates of Kshs. 4,788,059,144 and Kshs. 3,382,265,879 respectively. Total exchequer issues to the County Executive amounted to Kshs. 6,231,592,138 of which recurrent, development, and special purpose (Conditional grants) exchequer issues amounted to Kshs. 4,241,710,396, Kshs. 1,597,739,114 and Kshs. 392,142,628 respectively.

Approved Budget versus Exchequer Releases



Entity’s key Programs/projects

In FY 2024/25, Tana River County implemented key projects including settlement of pending bills, establishment of the County Aggregation and Industrial Park (CAIP), health infrastructure upgrades, installation of floodlights and streetlights, road grading and murraming, ECDE classroom construction, irrigation scheme rehabilitation, agricultural input subsidies, provision of ECDE furniture, and preparation of local development plans. The County also advanced flagship initiatives, notably the Eco-Villages Cluster Program, supported by investments in administrative services, water supply, and housing development.

County Executive of Tana River
Annual Report and Financial Statements for the year ended June 30, 2025.

Entity's compliance with statutory requirements.

During the year, the entity complied with all the statutory requirements with regards to all the relevant laws and regulations.

Major risks facing the organisation.

The major risks facing the organisation include:

- Climate and Environmental Risks.
- Financial Risks.
- Resource Dependency Risks.
- Institutional and Governance Risks.

Future developments

The County Government of Tana River budget estimates for the financial year 2025/26 amounted to Kshs. 9,964,867,792 to be utilized for salaries and wages (Kshs. 2,722,496,929), operations and maintenance (Kshs. 2,916,758,094) and development projects (Kshs. 4,325,612,769).

County Executive of Tana River
Annual Report and Financial Statements for the year ended June 30, 2025.

8. Statement of Management Responsibilities

Section 164 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer of a County Government Entity shall prepare financial statements in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The County Executive Committee (CEC) member for Finance and Economic planning of the County Government of Tana River is responsible for the preparation and presentation of the County Executive's financial statements, which give a true and fair view of the state of affairs of the County Executive for Tana River and as at the end of the financial year ended on June 30, 2025.

This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the county Executive; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the county Executive; (v) Selecting and applying appropriate accounting policies; and (iv) Making accounting estimates that are reasonable in the circumstances.

The CEC member (CECM) for Finance and Economic Planning accepts responsibility for the County Executive's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with the International Public Sector Accounting Standards (IPSAS). The CEC member for Finance and Economic planning is of the opinion that the County Executive's financial statements give a true and fair view of the state of the County Executive's transactions during the financial year ended June 30, 2025, and of its financial position as at that date.

The CEC member for Finance and Economic Planning further confirms the completeness of the accounting records maintained for the County Executive of Tana River which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial controls.

The CEC member for Finance and Economic Planning confirms that the County Executive has complied fully with applicable Government Regulations and the terms of external financing covenants

County Executive of Tana River
Annual Report and Financial Statements for the year ended June 30, 2025.

(where applicable), and that the County Executive's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

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

Approval of the financial statements

The County Executive of Tana River financial statements were approved and signed by the CEC Member (CECM) for Finance and Economic Planning on 3/2/ 2025.



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CECM – Finance and Economic Planning.

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REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF TANA RIVER FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

An Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on the Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying transitional IPSAS financial statements of County Executive of Tana River set out on pages 1 to 47, 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the transitional IPSAS financial statements do not present fairly, in all material respects, the financial position of County Executive of Tana River 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 do not comply with the County Governments Act, 2012, the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

Basis for Adverse Opinion

1. Variance between the Financial Statements and Trial Balance

The financial statements reflect amounts that differed with the trial balance amounts as tabulated below:

Component	Financial Statements (Kshs)	Trial Balance (Kshs)	Variance (Kshs)
Employee cost	2,069,131,947	2,064,231,831	4,900,116
Utilities, supplies and services	43,183,304	40,508,385	2,674,919
Communication supplies and services	13,508,385	7,343,842	6,164,543
Domestic travel and subsistence	410,016,074	364,668,593	45,347,481
Foreign travel and Subsistence	67,762,338	66,438,341	1,323,997
Printing, advertising & information supplies & services	40,073,246	25,251,980	14,821,266
Rentals of produced assets	24,239,872	25,251,980	-1,012,108
Training expenses	25,055,074	16,845,499	8,209,575
Hospitality supplies and services	253,495,083	205,177,701	48,317,382
Insurance cost	28,276,330	16,845,499	11,430,831
Specialized materials and services	377,344,403	205,177,701	172,166,702
Other operating expenses	251,255,469	259,782,763	-8,527,294
Office and general supplies and services	84,147,715	39,387,741	44,759,974
Fuel, oil and lubricants	107,944,751	109,840,241	-1,895,490
Routine maintenance - vehicle & other transport equip	53,464,095	36,676,571	16,787,524
Routine maintenance - other assets	54,660,318	24,707,921	29,952,397
Cash and cash equivalent	223,946,309	377,799,710	-153,853,401
Receivables from exchange transactions	56,132,989	24,938,597	31,194,392

In the circumstances, the accuracy and completeness of the financial statements as prepared and presented could not be confirmed.

2. Variances in the Annual Report and Financial Statements

Review of the annual report and the financial statements revealed the following inaccuracies and inconsistencies:

2.1 Variance in transfers from County Revenue Fund

The annual report forward by CECM Finance and Economic Planning on page xii reflects transfers from County Revenue Fund for development and conditional grants of Kshs.1,530,914,218 and Kshs.458,967,524 respectively that differ with Note 6 to the financial statements amounts of Kshs.1,597,739,114 and Kshs.392,142,628 resulting to unreconciled variance of Kshs.66,824,896 on the two (2) transfers respectively.

2.2 Variance in Cash Flows Statement

The statement of cash flows reflects payments on current year un-surrendered imprest of Kshs.51,150,364 whereas the statement of comparison of budget and actual does not reflect any amount resulting to variance of Kshs.51,150,364. The statement also reflects net cash flows from investing activities of Kshs.899,763,603 whereas the statement of comparison of budget and actual amounts reflects acquisition of assets amount of Kshs.919,628,193 resulting to an unreconciled variance of Kshs.19,864,590.

2.3 Variance in Special Purposed Account Balance

The statement of financial position reflects cash and cash equivalents opening statement balance of Kshs.105,916,176 as disclosed in Note 17 to the financial statements. Included in this amount is special purpose account balance of Kshs.49,806,710 while the statement of budget and actual amounts reflects budget carry overs (special purpose) account balance of Kshs.49,807,715 resulting to an unreconciled variance of Kshs.1,005.

In the circumstances, the accuracy and completeness of the financial statements as prepared and presented could not be confirmed.

3. Inaccuracies in Payments

The statement of comparison of budget and actual amounts reflects total actual payments of Kshs.6,082,268,227. Analysis of Integrated Financial Management Information System (IFMIS) data relating to the payments revealed the following issues:

3.1 Voided Payments

The analysis of IFMIS payments revealed that 1,229 transactions amounting to Kshs.1,005,844,071 were voided during the year 2024/2025. Available information indicated that the Controller of Budget (CoB) may had approved payment of these voided transactions. However, Management did not provide explanations or detailed schedule indicating payee, authority for voiding, reason and documentation, actual payee paid and documentation.

3.2 Comparison between Appropriation Account and Payment Details

Analysis of the payment details revealed that seventeen (17) transactions amounting to Kshs.75,920,449 were paid but the specific line items had not been budgeted for in the respective expenditure item. However, Management did not provide explanations for not using the chart of accounts to process these transactions.

3.3 Variances Between IFMIS Payments and Payment Details

Analysis of the system payment reports processed against the payments made revealed that there were two hundred and ninety (290) transactions amounting to Kshs.403,784,690 in IFMIS payments whose actual payments amounted to Kshs.12,865,971 resulting to a variance of Kshs.390,918,719. However, Management did not provide explanations on how the transactions valued at Kshs.390,918,719 were processed in IFMIS and reflected in the financial statements.

3.4 Invoices without corresponding Local Purchase Orders

Analysis of the invoices against LPOs revealed that one hundred and ninety-nine (199) transactions amounting to Kshs.573,957,186 were raised but corresponding purchase orders could be linked to the specific invoice. However, Management did not provide explanations on the difficulty of matching or reconciling invoices against LPOs in IFMIS system or whether the matter has been escalated to National Treasury as the system owner.

3.5 Transactions in IFMIS Payments but not Processed in Payment Details

Analysis of the IFMIS payment reports processed against the payments made revealed that there are one thousand seven hundred and seventy-two (1,772) transactions amounting to Kshs.1,874,462,123 that were paid but not captured in payment details as at 30 June, 2025. However, Management did not provide explanations on the current processing status or reasons for the delay in processing them and how they been reflected in the financial statements.

3.6 Payments Made Outside the IFMIS

A comparison of the financial statements supporting schedules against Recurrent and Development internet banking statements indicated that payments amounting to Kshs.1,132,329,148 were made during the year without being processed in IFMIS. However, Management did not provide explanations on which bank accounts these payments were made from and how they are reflected in the financial statements.

In the circumstances, the accuracy, completeness and regularity of payments amounting to Kshs.6,082,274,646 could not be confirmed.

4. Variances between Financial Statements and Payroll Amounts

The statement of financial performance reflects employee costs of Kshs.2,069,131,947 as disclosed in Note 9 to the financial statements. However, supporting Integrated Payroll and Personnel Database (IPPD) and Human Resource Information System (HRIS) payrolls provided for audit reflects a gross salaries of Kshs.1,874,212,387 resulting to an unreconciled variance of Kshs.194,919,560.

In the circumstances, the accuracy and completeness of employee costs amounting to Kshs.2,069,131,947 could not be confirmed.

5. Use of Goods and Services

The statement of financial performance reflects use of goods and services expenditure of Kshs.1,898,155,201 as disclosed in Note 10 to the financial statements. Review of the expenditure revealed the following unsatisfactory issues:

5.1 Unaccounted for Purchase of Air Tickets

Included in use of goods and services is domestic travel and subsistence allowance amount of Kshs.410,016,074 out of which an amount of Kshs.69,924,830 was incurred on purchase of air tickets on various dates from service providers. However, the detailed schedule indicating employee name, personal number, job group, location and duration of travel together with procurement documentation to account for the amount was not provided for audit.

5.2 Unsupported Hospitality Supplies and Services Expenditure

The expenditure includes hospitality supplies and services expenditure of Kshs.253,495,083 out of which Board Committee expenses of Kshs.70,477,853 was not supported with lists of Board members, programmes undertaken, objectives achieved and amounts paid to each.

5.3 Unsupported Research and Feasibility Studies Expenditure

The expenditure includes an amount of Kshs.63,728,744 incurred on research and feasibility studies. However, the contract documents, scope of works and evidence of services provided were not provided for audit. Further, the amount of Kshs.63,728,744 differed with the actual payments in IFMIS of Kshs.75,920,449 resulting to an unauthorized expenditure of Kshs.12,192,005.

5.4 Unsupported Legal Services Expenditure

The expenditure includes an amount of Kshs.251,255,469 incurred on other operating expenses out of which an amount of Kshs.96,966,856 was paid to eight (8) law firms in respect of representing the County Executive in various legal cases and providing legal consultancy services. However, the case files indicating the subject matter, case number, date of commencement, court attendance, itemized costs, fee notes and current status were not provided for audit. Further, the approval of the County Executive Committee to outsource the legal services in accordance with Section 16 of the Office of the County Attorney Act (Cap 265E), 2020 was not provided.

In the circumstances, the accuracy and completeness of the use of goods and services expenditure amount of Kshs.1,898,155,201 could not be confirmed.

6. Unsupported Transfers to Other Government Entities

The statement of financial performance reflects transfers to other Government entities of Kshs.734,205,021 as disclosed in Note 11 to the financial statements. However, the detailed schedule provided did not indicate the special purpose bank account number, opening balance, receipts for the year and expenditure returns for the year to arrive at the closing balances. Further, the journal vouchers, payment vouchers, cash books, and bank statements were not provided for audit. In addition, the transfer to other Government entities of Kshs.734,205,021 differed with conditional grants received during the period of Kshs.392,142,628 as disclosed in Note 6 to the financial statements resulting to an unreconciled variance of Kshs.342,062,393.

In the circumstances, the accuracy and completeness of the expenditure amounting to Kshs.734,205,021 could not be confirmed.

7. Inaccuracies in Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalent balance of Kshs.223,953,309. However, the balance was not supported by certificate of bank balances, bank reconciliation statements and cash books. Further, the balance excludes transaction of thirty-six (36) bank accounts.

In the circumstances, the accuracy, completeness and existence of cash and cash equivalents balance of Kshs.223,953,309 could not be confirmed.

8. Inaccuracies in Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transaction balance of Kshs.56,132,989 as disclosed in Note 18 to the financial statements. The amount includes outstanding imprest of Kshs.51,150,364 and rent deposit of Kshs.4,982,265. However, the movement schedule was not provided for audit. In addition, deposits for water, electricity and fuel accounts were omitted from the financial statements.

In the circumstances, the accuracy and completeness of receivables from exchange transactions amount of Kshs.56,132,989 could not be confirmed.

9. Inaccuracies in Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.3,381,969,160 as disclosed in Note 21 to the financial statements. However, the balance excludes the prior year summary of non-current asset register historical cost balance of Kshs.10,581,122,381. Further, the schedule provided did not indicate date of acquisition, description of assets, location/LR No./Registration No, Model, Serial No, cost, ownership documents and status of the assets. In addition, the additions for the year of Kshs.1,181,939,674 have not been supported by a detailed schedule indicating date, supplier name, contract No, contract value, description of PPE, payments to-date, project completion date or status indicating whether the asset is in use or not. In addition, a motor vehicle amounting to Kshs.7,000,000 did not have a logbook despite the motor vehicle being delivered on 28 March, 2025.

Further, the asset additions balance of Kshs.1,181,939,674 differed with the vote book balance of Kshs.1,897,031,941 resulting to an unreconciled variance of Kshs.715,092,267.

In the circumstances, the accuracy, completeness, ownership and existence of property, plant and equipment amount of Kshs.3,381,969,160 could not be confirmed.

10. Inaccuracy in Trade and Other Payables

The statement of financial position reflects trade and other payable balance of Kshs.4,114,800,096 as disclosed in Note 23 to the financial statements. However, the detailed movement schedule indicating opening balance, additions and payments made during the year to arrive at the closing balance was not provided for audit. In addition, the Controller of Budget report reflects total pending bills balance of Kshs.2,353,247,286 as at 30 June, 2025 resulting to an unreconciled variance of Kshs.1,761,552,810. Further, the balance is net of supplier payments adjustment of

Kshs.151,939,074 which have been excluded in the financial statements and whose journal vouchers together with relevant accounting documentation were not provided for audit.

In the circumstances, the accuracy and completeness of trade payable balance amount of Kshs.4,114,800,096 could not be confirmed.

11. Non-Compliance with Transitional IPSAS Reporting Template

The Public Sector Accounting Standards Board (PSASB) guideline on the first-time adoption of IPSAS Accrual required entities transitioning from IPSAS (Cash Basis) to IPSAS (Accrual Basis) to disclose whether the financial statements were Transitional IPSAS Statements or were prepared in accordance with the Accrual Basis of Accounting under the IPSAS. This disclosure was required to appear in the cover page of the annual report and the financial statements. However, the cover page did not clearly indicate that these were transitional financial statements. Instead, it was presented as both Transitional financial statements and prepared in accordance with the Accrual Basis of Accounting under the IPSAS.

Further, Management did not disclose in Note 2 to the financial statements the specific transitional provisions applied, nor steps being taken towards full compliance with IPSAS Accrual.

In addition, the entity did not indicate the elements of the financial statements that had not been recognized as result of taking advantage of the transition provisions outlined in IPSAS 33 - First -Time Adoption of Accrual Basis IPSAS.

In the circumstances, the omission affected disclosure and the fair presentation of the financial statements and limits the ability of stakeholders to assess the Executive's progress towards full compliance with IPSAS Accrual.

12. Non-Compliance with the Reporting Framework

Review of the financial statements revealed the following inconsistencies:

- (i) The County Executive Members information on pages viii, ix and x does not disclose the bio data, education or professional qualifications and work experience of four members.
- (ii) The statement of performance against predetermined objectives on pages xiv to xxiv does not provide programme objectives and specific results achieved as required by the template.
- (iii) The forward by County Executive Committee Member for Finance and Economic Planning on page iii and the Statement of Management Responsibilities are signed but the name of CECM finance and Economic Planning is not indicated.
- (iv) The statement of changes in nets assets on page 4 reflects recognition of assets -PPE cash and recognition of liabilities that affect financial performance balances of Kshs.1,014,935,361 and Kshs.2,845,356,884 respectively that do not appear in the opening statement of financial position as at 1 July, 2024..
- (v) The financial statements contain guidance notes such as entity instead of the name of the entity from pages 9 to pages 40.

In the circumstances, the annual report and financial statements are not compliant with the Public Sector Accounting Standards Board Reporting Requirements and may mislead users.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Executive of Tana River 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 adverse opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.8,170,325,023 and Kshs.6,281,398,848 respectively resulting to an under -funding of Kshs.1,888,926,175 or 23% of the budget. Similarly, the County Executive spent Kshs.6,082,268,227 against actual receipts of Kshs 6,281,398,848 resulting to an under expenditure of Kshs.199,130,621.

The under-funding affected the planned activities and may have impacted negatively on service delivery to the residents of Tana River County.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the prior year's audit report several issues were noted in the Report on the Financial Statements, Report on Lawfulness and Effectiveness in the Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during the audit of the County Executive revealed that numerous issues remained unresolved as detailed in **Appendix I**.

Other Information

Management is responsible for the Other Information set out on page iii to xxxi which comprise of Key Entity Information and Management, Governance Statement, Foreword by County Executive Committee Member for Finance and Economic Planning, Statement of Performance against Predetermined Objectives, Environmental and Sustainability Reporting, Management Discussion and Analysis and the Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the County Executive's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that 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, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources sections of my report, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Long Outstanding Trade Payables

The statement of financial position reflects trade and other payables balance of Kshs.4,114,800,096 as disclosed in Note 23 to the financial statements. The County total revenue budget amounted to Kshs.8,170,325,023 during the year under review translating to fifty percent (50%) public debt of the expected total revenue. This is in breach of Regulation 25(1)(d) of the Public Finance Management (County Government) Regulations, 2015 which provides that the County public debt shall never exceed twenty (20%) percent of the County Governments total revenue at any one time.

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

2. Irregular Payments of Pending Bills

The statement of financial position reflects trade and other payables balance of Kshs.4,114,800,096 as disclosed in Note 23 to the financial statements. The amount is net off pending bills payment of Kshs.662,012,881 made during the year under review. However, the payment amounting to Kshs.662,012,881 was made to suppliers not listed in the approved payment plan. This was contrary to Regulation 53 (1) and (2) of the Public Finance Management (County Governments) Regulations, 2015 which requires that except as provided for in the Act and these Regulations, an Accounting Officer of an entity may not authorize payment to be made out of funds earmarked for specific activities for purposes other than those activities and a public officer who makes such unauthorized payment commits an offence under the Act.

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

3. Budget Variations above Threshold

The statement of comparison of budget and actual amounts reflects final budget of Kshs.8,170,325,023 net of adjustments of Kshs.131,782,354. However, included in the adjustment amount of Kshs.131,782,354 are sixteen (16) out of thirty-nine (39) Vote heads that had budget variations in excess of ten (10%) percent limit on the original budget. This was in breach of Regulation 39(9) of the Public Finance Management (County Governments) Regulations, 2015 which states that in approving any estimates under Sections 135 and 154 of the Act, that County Assembly approval shall not exceed ten (10%) percent of the approved budget estimates of a program of Sub-Vote unless it is for an unforeseen and unavoidable need as defined in Section 112 of the Act.

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

4. Unauthorized Advance Payment to Coast Water Development Authority

Management transferred an amount of Kshs.15,000,000 to Coast Water Development Authority on 12 March, 2025 to undertake consultancy services for feasibility study for preparation and review of detailed designs, environmental social impact assessment for water infrastructure development in Hola Municipality with an estimated total cost of Kshs.20,393,000. However, the expenditure was not budgeted for and although, the Memorandum of Understanding between the two (2) entities was signed on 19 September, 2024 and it indicated that the assignment would take a period of six (6) months, no service had been provided at the time of audit.

In addition, the County Executive has eight (8) ground water inspectors, one (1) Water Supply Operator and one (1) Senior Superintendent Water Engineer who would have rendered the services at no cost. This was in breach of regulation 98(2) of the Public Finance Management (County Governments) regulations, 2015, which provides that no advance payment shall be paid to suppliers of goods and services unless provided for in the contractual terms and conditions contained in a valid contract signed between the procuring entity and the supplier.

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

5. Failure to Transfer Funds to Hola Municipality

The vote book reflects a final recurrent budget for Hola Municipality of Kshs.79,854,266 out of which an amount of Kshs.35,991,524 released through exchequer issues was not transferred to the Municipality Bank Account. This was contrary to Section 43(3) of the Urban Areas and Cities Act, 2011 which states that no payment shall be made out of the funds of a Board or Town committee unless it has been provided for in the approved annual or revised or supplementary estimates of expenditure and authorized by the Board or Town committee.

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

6. Irregular Construction of Tana River Aggregation and Industrial Park

The County Executive awarded a local contractor a contract for the proposed construction of the Tana River County Aggregation and Industrial Park (CAIP) in Chifiri at a contract sum of Kshs.489,957,899. However, according to the first schedule of the County Government Additional Allocations Act, 2023 the County Executive was

not among the Counties selected to benefit from the Conditional Grant for Aggregated Industrial Parks Programme.

Further, a Memorandum of Understanding (MoU) between the two (2) levels of Government outlining their respective roles, funding obligations, and implementation framework was not provided for audit review. Therefore, it was not possible to confirm the basis for project initiation, the scope of responsibilities between the parties, and the funding assurance from the National Government. In addition, Management had already contributed to the project a total expenditure of Kshs.149,995,865 with an amount of Kshs.113,470,968 paid in the 2023/2024 financial year and an amount of Kshs.36,524,897 paid in the current financial year.

In addition, the architectural drawings and designs were not provided for audit review, there was no Project Implementation Committee in place to monitor the progress of the project and no evidence of how the contingency and Project Management Committee (PMC) funds provided for in the project were being utilized.

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

7. Delayed Completion and Idle Projects

The County Executive had incurred an expenditure of Kshs.1,760,546,341 on various projects. However, these projects were either completed and idle, delayed in completion or their details were not provided to enable physical verification. The projects are as listed below:

Project Name	Contract Sum (Kshs)	Amount Paid (Kshs)	Status/Comment
Construction of County Headquarters	495,268,750	269,854,274	Project has stalled.
Construction of Deputy Governor Residence	39,836,215	59,818,069	Incomplete; Limit exceeded
Construction of Handampyia Road to Cabro standards at Mikinduni	380,000,000	380,000,000	Complete but not in use
Various development projects	776,766,870	623,239,029	Details not provided
Construction of residential and non-residential buildings	322,175,455	309,827,618	Details not provided
Opening of Access Roads	287,687,922	85,344,359	Details not provided
Purchase of lighting Equipment	78,000,000	32,462,992	Details not provided
Total	2,379,735,212	1,760,546,341	

In the circumstances, value for money for the amount on these projects totalling to Kshs. 1,760,546,341 could not be confirmed.

8. Irregular Grants to Tana River Water and Sanitation Company Ltd

Note 11 to the financial statement reflects transfers to other Government entities of Kshs.734,205,021 out of which an amount of Kshs.35,000,000 was in respect of transfers to Tana River Water and Sanitation Company. However, the transfers were meant to fund recurrent Company costs. This was in breach of Section 71(4) of the Public Finance Management (County Governments) Regulations, 2015 that disallows such grants. Further, the amount of Kshs.35,000,000 differed with Controller of Budget report amount of Kshs.50,000,000 resulting to unaccounted for amount of Kshs.15,000,000.

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

9. Failure to Reserve Thirty Percent Procurement for the Special Groups

Review of the Procurement Plan for financial year 2024/25 revealed that Management had planned to spend a total of Kshs.2,344,295,754 on goods, works and services. However, an amount of Kshs.337,115,375, equivalent to 14% of the total Procurement Plan was reserved for youth, women and persons with disability. This was contrary to Section 53(6) of the Public Procurement and Asset Disposal Act, 2015 (Revised Edition 2022) which requires that all procurement and asset disposal planning shall reserve a minimum of thirty per cent (30%) of the budgetary allocations for enterprises owned by women, youth, persons with disabilities and other disadvantaged groups

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

10. Implementation of Projects not in Annual Development Plan

The budget contains seventy (70) projects valued at Kshs.600,656,435 that were not included in the County Annual Development Plan. This was contrary to Section 126(1)(c) of the Public Finance Management Act, 2012 which requires that every County Government shall prepare a development plan in accordance with Article 220(2) of the Constitution, that includes programmes to be delivered with details for each programme of the strategic priorities to which the programme will contribute; the services or goods to be provided; measurable indicators of performance where feasible; and the budget allocated to the programme.

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

11. Excess Construction Cost on Deputy Governor's Residence

The statement of financial position reflects property, plant and equipment balance of Kshs.3,381,969,160 as disclosed in Note 21 to the financial statements. The balance includes additions to buildings of Kshs.368,303,914 out of which Kshs.19,981,854 was incurred on the construction of the Deputy Governor's residence. The accumulated payments for the house construction amounted to Kshs.59,818,069, as at 30 June, 2025 and is therefore in excess of the Salaries and Remuneration Commission ceiling of Kshs.40,000,000. The excess payment of Kshs.19,818,069 on this project was therefore irregular and in breach of Salaries and Remuneration Commission Circular Ref: No. SRC/TS/COG/6/61/48 Vol.II(64) of 20 May, 2019 under paragraph (d) which provides that the ceiling for the cost of construction for house of Deputy Governor to be Kshs.40,000,000.

In addition, the Project file was not supported with Project Implementation Status Reports and Project Monitoring Committee Inspection Reports.

In the circumstances, Management was in breach of Policy Guidelines.

12. Non-Compliance with the Law on Recruitment of Persons with Disabilities

Review of the payroll revealed that out of total staff population of two thousand two hundred forty-five (2,245) only seventeen (17) or (0.8%) were classified as persons with disability. This was contrary to Section 21(2)(a) of the Persons with Disabilities Act, 2025 which requires that every employer shall reserve at least five per cent (5%) direct employment opportunities for persons with disabilities to secure employment and paragraph B.23(2) of the Human Resource Policies and Procedures Manual for the Public Service, 2016.

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

13. Non-Compliance with the Law on One-Third Basic Salary Rule

Examination of the Integrated Personnel and Payroll Database revealed that two hundred and seventy-six (276) employees had salary deductions in excess of two thirds of their basic pay. This was contrary to Section 19(3) of the Employment Act, 2007 which prohibits such excessive deductions.

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

14. Delay in Confirmation of Officers

Review of the payroll for the month of April, 2025 revealed that seventy-five (75) officers had been on probation for more than six (6) months. This was contrary to Section 42(2) of the Employment Act, 2007 which provides that a probationary period shall not be more than six months but it may be extended for a further period of time not more than six months with the agreement of the employee.

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

15. Irregular Payments to Council of Governors

The statement of financial performance reflects use of goods and services of Kshs.1,898,155,201 out of which an amount of Kshs.5,000,000 was paid on subscription to the Council of Governors. This was contrary to Section 37 of Intergovernmental Relations Act, 2012 which requires that the operational expenses in respect of the structures and institutions established in this Act shall be provided for in the annual estimates of the revenue and expenditure of the National Government to cater for the Summit; the Council of County Governors; the Technical Committee, Secretariat and the sectoral working group established by the Technical Committee; and the sectoral working groups established by the Council.

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

16. Irregular Payments to Jumuiya Economic Development Secretariat

The statement of financial performance reflects use of goods and services of Kshs.1,898,155,201. The amount includes Kshs.253,495,083 incurred on hospitality, supplies and service out of which Kshs.3,000,000 as subscription to Jumiya Economic Development Secretariat that were not supported by any law or policy guidelines.

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

17. Non-Submission of Level Four Hospitals Financial Statements

The Management of three (3) level four (4) Hospitals in Tana River County namely Hola, Ngao and Bura Hospitals failed to prepare and submit financial statements for audit. This was contrary to the requirement of the Public Sector Accounting Standards Board requirement and Section 164 of the Public Finance Management Act 2012.

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

18. Failure to Form Cash to Accrual Project Steering Committee

The County Executive Management did not establish a steering committee to oversee the transition from cash to accrual accounting. This was contrary to The National Treasury Circular No.03/2025 dated 14 April, 2025 which provides for establishment of a project steering committee to oversee the transition from IPSAS Cash basis to IPSAS Accrual.

In the circumstances, Management was in breach of the Policy Guidelines.

19. Non submission of Financial Statements on Equalization Fund

The County Executive and Management of the Equalization Fund in Tana River County were required to prepare and submit financial Statements for audit in accordance with the Public Sector Accounting Standards Board requirement and Section 164 of the Public Finance Management Act, 2012 which provides that at the end of each financial year, the accounting officer for a county government entity shall prepare financial statements in respect of that in a format to be prescribed by the Public Sector Accounting Standards Board. However, the financial statements were not prepared and submitted to the Office of the Auditor-General. In addition, an amount of Kshs.143,331,449 that was disbursed by National Treasury towards implementation of equalization projects in the County during the financial year ended 30 June, 2025 have not been accounted by a detailed schedule indicating project description, location, contract value, payments made and project implementation status report.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, because of the significance of the matter discussed in the Basis for Adverse Opinion section of my report, I confirm that internal controls, risk management and 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 County Executive's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 December, 2025

APPENDICES

Appendix I – Unresolved Prior Year Matters

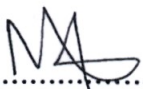
	Financial Year	Audit issue
1	2023/2024	Variance between Financial Statements and IFMIS
2	2023/2024	Inaccuracies in the Financial Statements
3	2023/2024	Inaccurate Compensation of Employees
4	2023/2024	Unaccounted for Fuel, Oil and Lubricants
5	2023/2024	Undisclosed Bank Balances
6	2023/2024	Unsupported Deposits and Retentions Balance
7	2023/2024	Unsupported Pending Bills
8	2023/2024	Failure to Pay Pending Bills as First Charge
9	2023/2024	Irregular Payments of Hospitality Expenses
10	2023/2024	Irregular Procurement of Non-Pharmaceuticals
11	2023/2024	Poor Management and Storage of Drugs
12	2023/2024	Irregular Procurement of Animal Vaccines and Drugs
13	2023/2024	Unsupported and Irregular Payments on Domestic Travel and Subsistence
14	2023/2024	Irregular Payment of Overseas Meeting Allowances
15	2023/2024	Advance Payment of Insurance Expenses
16	2023/2024	Proposed Construction of Tana River Aggregation and Industrial Park in Chifiri.
17	2023/2024	Delayed Completion of County Headquarter
18	2023/2024	Delayed Construction of the Deputy Governor Residence
19	2023/2024	Construction of Madogo Water Supply
20	2023/2024	Construction of Kamudhe- Dukanotu Cluster Water Project
21	2023/2024	Uninstalled Equipment
22	2023/2024	Supply, Installation and Testing of Solar Street Lights in Hola Town
23	2023/2024	Stalled Construction of Early Child Development Centre at Chamwanamuma and Kipini West Ward
24	2023/2024	Nugatory Expenditure
25	2023/2024	Non submission of Financial Statements for Level Four Hospitals
26	2023/2024	Imprest Management -Standing Imprests Without Memorandum Cash Books
27	2023/2024	Incomplete Project Implementation Status Report
28	2023/2024	Non-Implementation of Audit Recommendations
29	2023/2024	Non-Conformity with Law on Recruitment of Persons with Disabilities
30	2023/2024	Irregular Engagement of More than thirty percent (30%) of Employees from One Ethnic Community
31	2023/2024	Violation of One Third Rule on Basic Salary
32	2023/2024	Irregular Payments of Legal Expenses
33	2023/2024	Incomplete Asset Register
34	2023/2024	Lack of Risk Management Policy
35	2023/2024	Updating Property Valuation Roll
36	2023/2024	Payment to the Council of Governors (COG)

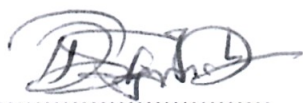
County Executive of Tana River
Annual Report and Financial Statements for the year ended June 30, 2025.

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

	Notes	2024-2025
		Kshs
Revenue from non-exchange transactions		
Transfers from CRF	6	6,231,592,138
Miscellaneous Revenue	7	-
Total		6,231,592,138
Revenue from exchange transactions		
Other income	8	-
Total revenue		6,231,592,138
Expenses		
Employee costs	9	2,069,131,947
Use of goods and services	10	1,898,155,201
Transfers to other Government Entities	11	734,205,021
Depreciation and amortization expense	12	122,167,905
Other Grants and Subsidies	13	180,907,961
Total expenses		5,004,568,034
Gain/loss) on sale of assets	14	-
Impairment loss	15	-
Surplus/(Deficit) for the year		1,227,024,103
Taxation	16	-
Net Surplus/(Deficit)		1,227,024,103

The Financial Statements set out on pages 1 to 40 were signed by:


 Name *Mariam Bune*
 Chief Officer Finance


 Name *TOLUH YONWAI*
 Director Accounting
 Services
 ICPAK M/No... *HS24*

County Executive of Tana River
Annual Report and Financial Statements for the year ended June 30, 2025.

11. Statement of Financial Position as at 30 June 2025

	Notes	2024 – 2025	Opening Statement 1 st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	17	223,953,309	105,916,176
Receivables from Exchange Transactions	18	56,132,989	24,873,021
Receivables from Non-Exchange Transactions	19	-	-
Inventories	20	-	-
Total Current Assets		280,086,298	130,789,197
Non-Current Assets			
Property, Plant and Equipment	21	3,381,969,160	2,322,197,393
Intangible Assets	22	-	-
Total Non- Current Assets		3,381,969,160	2,322,197,393
Total Assets (A)		3,662,055,458	2,452,986,590
Liabilities			
Current Liabilities			
Trade and Other Payables	23	4,114,800,096	4,152,618,916
Refundable Deposits and Prepayments	24	75,570,177	55,705,587
Total Current Liabilities		4,190,370,273	4,208,324,503
Non-Current Liabilities			
Non-Current Provisions	25	-	-
Lease Liabilities	26	-	-
Total Non- Current Liabilities		-	-
Total Liabilities (B)		4,190,370,273	4,208,324,503
Net Assets(A-B)		(528,314,815)	(1,755,337,913)
Represented By:			
Reserves		-	-
Accumulated Surplus		(528,314,815)	(1,755,337,913)
Capital Fund		-	-
Net Assets		(528,314,815)	(1,755,337,913)

County Executive of Tana River
Annual Report and Financial Statements for the year ended June 30, 2025.

The financial statements set out on pages 1 to 40 were signed by:


.....
Name *Mariam Bunu*
Chief Officer Finance


.....
Name *Joseph Yonny*
Director Accounting Services
ICPAK M/No.....*4824*

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

	Accumulated Surplus/(Deficit)	Reserves	Capital Fund	Total
As at 30 th June 2024 (cash basis)	69,698,111	-	-	69,698,111
Adjustments:				
Recognition of Prepayments/Receivables	4,982,625	-	-	4,982,625
Recognition of excluded Bank Balances	402,874	-	-	402,874
Recognition of assets - PPE - Cash	1,014,935,361	-	-	1,014,935,361
Recognition of Other Liabilities that affect financial performance	(2,845,356,884)	-	-	(2,845,356,884)
As at July 1, 2024	(1,755,337,913)	-	-	(1,755,337,913)
Return to CRF	(1,005)	-	-	(1,005)
Surplus/ deficit for the year	1,227,024,103	-	-	1,227,024,103
As at June 30, 2025	(528,314,815)	-	-	(528,314,815)

Notes:

1. The Net Financial Position balances as at 1 July 2024 of negative (-ve) Kshs. 1,755,337,913 from Kshs. 69,698,111 are as a result of Transition from IPSAS Cash to IPSAS Accrual.
2. The accumulated surplus/(Deficit) as at 1 July 2024 of negative (-ve) Kshs. 1,755,337,913 comprises the net financial position as at 30 June 2024 of Kshs. 69,698,111 adjusted for:
 - a. Receivables/Prepayments relating to refundable deposits paid on rent for the county offices in Nyali and Nairobi amounting to Kshs. 2,700,000 and Kshs. 2,282,625 respectively.
 - b. Adjustment for commercial bank account balances of Kshs. 402,874 that had been excluded in the prior year audited Financial Statements.
 - c. PPE Adjustment of Kshs. 1,066,620,218 relates to prior year payments on acquisition of assets of Kshs. 2,151,477,888 less Prior Year payments on FY 2022/2023 Pending Bills of Kshs.1,029,081,715. Also deducted from the prior year payment on acquisition of assets are Research and feasibility studies and Purchase of Biological Assets payments of Kshs. 51,684,857 and Kshs. 55,775,955 respectively which have been expensed. The reason for excluding payment of prior year pending bills; Research expenses and Purchase of Certified seeds is due to the nature of the transactions that did not fit into the definition of Property, Plant and Equipment as per IPSAS 17.
 - d. Prior year pending bills balance as at 30 June 2024 was Kshs. 4,152,618,916 of which Kshs. 2,845,356,884 have been incorporated into these adjustments, considering that they relate to expenditure items affecting the statement of financial performance. The balance of Kshs. 1,307,262,032 have been capitalized under acquisition of Assets.

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

	Notes	2024-2025 Kshs
Cash flows from operating activities		
Receipts		
Transfers from CRF		6,231,592,138
Total receipts		6,231,592,138
Payments		
Employee costs		2,118,544,548
Use of goods and services		1,387,199,548
Transfers to other Government Entities		734,205,021
Other Grants and Subsidies		139,682,547
Social security benefits		44,747,584
Other Payments		738,260,786
Payments on Current year Unsurrendered Imprests		51,150,364
Total payments		5,213,790,398
Net cash flows from/ (used in) operating activities	27	1,017,801,740
Cash flows from investing activities		
Purchase of PPE		(858,538,189)
Purchase of Certified Seeds		(41,225,414)
Proceeds from sale of PPE		-
Net cash flows from/ (used in) investing activities		(899,763,603)
Cash flows from financing activities		
Returns to CRF		(1,005)
Repayment of borrowings		-
Net cash flows from financing Activities		(1,005)
Net increase/(decrease) in cash & Cash equivalents		118,037,132
Cash and cash equivalents at 1 July 2024	17	105,916,177
Cash and Cash equivalents at 30 June 2025	17	223,953,309

Notes:

- The statement of cash flows has been prepared using the direct method.
- Payments on the Acquisition of asset amounts to Kshs. 899,763,603. This figure differs from the amount in the statement of comparison of budget and actuals of Kshs. 919,628,193. The figure in the cash flow statement has been adjusted for transfers to the retention account of Kshs. 41,798,207 and payment of retention to the contractor after/during the Defects Liability Period of Kshs. 21,933,618.
- Also included in the Acquisition of assets payments of Kshs. 899,763,603 are payments of Kshs. 62,230,841 on research and feasibility studies that have been expensed in the statement of financial performance and have been classified to Use of Goods and Services.
- Payments on Purchase of Certified seeds amounting to Kshs. 41,225,414 have also been expensed in the statement of financial performance and classified to Other Grants and Subsidies.

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

Recurrent and Development Budgets Combined

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carry overs (Special Purpose A/c)	-	49,806,710	49,806,710	49,806,710	-	100%
Receipts						
Transfers from the CRF	8,302,107,376	(181,589,063)	8,120,518,313	6,231,592,138	1,888,925,170	77%
Other receipts	-	-	-	-	-	-
Total Receipts	8,302,107,376	(131,782,353)	8,170,325,023	6,281,398,848	1,888,925,170	77%
Payments						
Compensation of employees	2,433,647,955	(338,946,301)	2,094,701,654	2,118,544,548	(23,842,894)	101%
Use of goods and services	1,613,307,682	157,524,477	1,770,832,159	1,387,199,548	383,632,611	78%
Subsidies	-	-	-	-	-	0%
Transfers to other government units	1,869,056,596	(10,185,733)	1,858,870,863	734,205,021	1,124,665,842	39%
Other Grants and Subsidies	139,682,547	-	139,682,547	139,682,547	-	100%
Social security benefits	95,297,731	(3,110,072)	92,187,659	44,747,584	47,440,075	49%
Acquisition of assets	1,324,991,208	(14,069,424)	1,310,921,784	919,628,193	391,293,591	70%
Other payments	826,123,657	77,004,700	903,128,357	738,260,786	164,867,571	82%
Total	8,302,107,376	(131,782,353)	8,170,325,023	6,082,268,227	2,088,056,796	74%
Surplus/(Deficit)	-	-	-	199,130,621		

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Budget Notes

1. The statement of comparison budget versus actual has been prepared using the cash basis of financial reporting.
2. The actual on comparable basis amounts have been derived from the Statement of cash flows as it has been prepared on a comparable basis to the Statement of Comparison of Budget versus Actual Amounts.
3. The original budget estimates for the County Executive of Tana River was Kshs. 8,302,107,376 which was later adjusted downwards by Kshs. 131,782,353 through Supplementary Budget Estimates No. 1 of 2025 dated 15 February 2025 to Kshs. 8,170,325,023.
4. The Financial Year 2024/2025 budget estimates were Kshs. 8,170,325,023 of which actual receipts amounted to Kshs. 6,281,398,848 resulting to 77% financing. Actual payments on comparable basis were 6,082,268,227 resulting to a budget absorption rate of 74%.
5. The Actual Surplus of Kshs. 199,130,621 has been reconciled to the Cash and Cash Equivalent balances of Kshs. 223,953,309 as summarized below:

Description of Particulars	Amount Kshs
Actual Surplus Amounts as per the statement of Budget	199,130,621
<u>Adjust for:</u>	
1. Outstanding Imprests	(51,150,364)
2. Bank balances as per the deposits bank account - 30 June 2025	75,570,177
3. Opening Bank balances as per commercial bank accounts 1 July 2024	402,875
Closing Cash and Cash Equivalent as per the statement of Cash flows	223,953,309

6. Other payments of Kshs. 738,260,786 comprises payments of prior year pending bills (Balances as at 30 June 2024).

15. Notes to the Financial Statements

1. General Information

Tana River County Executive is established by and derives its authority and accountability from The Constitution of Kenya, 2010 and the County Government Act, 2012. The entity is domiciled in Kenya, and its functions are as stipulated in Section 5 of the County Government Act, 2012 and Article 187 and 189 (2) of the Constitution of Kenya, 2010.

2. Statement of Compliance and Basis of Preparation

Statement of compliance

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

The entity has taken advantage of the transitional provisions under IPSAS 33 and therefore the 1st, 2nd, and 3rd year financial statements are transitional financial statements and the following elements of the financial statements have not been recognised as the entity has taken advantage of the transition provisions outlined in IPSAS 33.

Basis of Preparation

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

Reporting period

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

Critical accounting judgements

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

Recognition of revenue

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

Recognition of non-exchange expenses and liabilities

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

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

Purpose and nature of financial instruments

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

Climate change obligations

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

Physical assets

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

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of</p>

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

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:
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>

Standard	Effective date and impact:
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year 2024/2025.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service

potential related to the asset will flow to the Entity and can be measured reliably. Recurrent grants are recognized in the statement of financial performance. Development/Capital grants are recognized in the statement of financial performance after meeting revenue recognition criteria. Conditional grants are recognized as revenue upon fulfilment of the set conditions.

ii) Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for 2024/2025 was approved by the County Assembly on 20 June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded revision in appropriations by negative (-ve) Kshs. 131,782,354 on 15 February 2025 following the governing body's approval. The Entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements.

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

the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial cash flows has been presented under the Statement of Comparison of Budget and Actual Amounts for the Year ended 30 June 2025.

c) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 20 year period. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

e) Right of use asset

The right-of-use assets comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision

is recognized and measured under IPSAS 21 or IPSAS 26. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

f) Leases

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

g) Intangible assets

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

h) Research and development costs

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

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

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

i) Financial instruments

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

a) Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortized cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Trade and other receivables

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

Fair value through surplus or deficit

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The did not recognize a loss allowance for such losses at each reporting date.

b) Financial liabilities

Classification

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

j) Inventories

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

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

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

k) Provisions

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

l) Contingent liabilities

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

m) Contingent assets

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

n) Nature and purpose of reserves

The Entity does not create and maintain reserves.

o) Changes in accounting policies and estimates

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

p) Employee benefits

Retirement benefit plans

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

q) Foreign currency transactions

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

r) Borrowing costs

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

s) Related parties

The Entity regards a related party as a person or an Entity with the ability to exert control individually or jointly, or to exercise significant influence over the *Entity*, or vice versa. Members of key management are regarded as related parties and comprise *the* Governor, Deputy governor, County Secretary, County Executive Committee Members and Chief Officers

t) Service concession arrangements.

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

u) Cash and cash equivalents

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

v) Comparative figures

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

w) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the

end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made:

Estimates and assumptions.

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

Useful lives and residual value

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

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

Provisions

No Provisions were raised based on the information available and the provisions of the Public Finance Management Act, 2012.

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Notes to the Financial Statements (Continued)

6. Transfers from CRF

Nature of Transfer	Amount recognized to Statement of financial performance. Kshs	Amount deferred under deferred income. Kshs	Total transfers 2024/2025
			Kshs
Recurrent	4,241,710,396	-	4,241,710,396
Development	1,597,739,114	-	1,597,739,114
Special purpose transfers (Transfers to SPA)	392,142,628	-	392,142,628
Total	6,231,592,138	-	6,231,592,138

7. Miscellaneous Revenue

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

8. Other Incomes

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

9. Employee Costs

Description	2024/2025
	Kshs
Basic salaries of permanent employees	957,300,542
Basic wages of temporary employees	8,105,303
Personal allowances – part of salary	916,911,845
Pension and other social security contributions	109,839,764
Employer contributions to compulsory national social security schemes	19,229,790
Employer contributions to NITA	734,860

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Description	2024/2025 Kshs
Other Personnel Costs - Gratuity	57,009,843
Total	2,069,131,947

- *Other Personnel costs includes expenditure incurred on Gratuity during the year ended 30 June 2025 of Kshs. 57,009,843.*

10. Use of Goods and Services

Description	2024/2025 Kshs
Utilities, supplies and services	43,183,304
Communication, supplies and services	13,508,385
Domestic travel and subsistence	410,016,074
Foreign travel and subsistence	67,762,338
Printing, advertising, and information supplies & services	40,073,246
Rentals of produced assets	24,239,872
Training expenses	25,055,074
Hospitality supplies and services	253,495,083
Insurance costs	28,276,330
Specialized materials and services	377,344,403
Other operating expenses <i>including bank Charges</i>	251,255,469
Office and general supplies and services	84,147,715
Fuel Oil and Lubricants	107,944,751
Routine maintenance – vehicles and other transport equipment	53,464,095
Routine maintenance – other assets	54,660,318
Research and Feasibility Studies	63,728,744
Total	1,898,155,201

- The expenditure on research and feasibility studies of Kshs. 1,898,155,201 has been expensed under use of goods and services. In the budget estimates of the entity, the expenditure should be capitalized. However, the nature of the transactions indicates that the expenditure should be expensed as it does not fit the definition of Property, Plant and Equipment under IPSAS 17 and IPSAS 45.

11. Transfers to Other Government Entities

Description	2024/2025 Kshs
Transfers to other County Government entities	-
Transfers to self-reporting projects	734,205,021
Transfers to car loan and mortgage schemes	-
Total	734,205,021

12. Depreciation and Amortization Expense

Description	2024/2025
	Kshs
Property, plant and equipment	122,167,905
Total	122,167,905

13. Other Grants and Subsidies

Description	2024/2025
	Kshs
Membership dues and subscriptions to international organizations	-
Scholarships and other educational benefits	-
Emergency relief and refugee assistance	139,682,547
Purchase and Distribution of Certified Seeds	41,225,414
Subsidies to Public entities	-
Subsidies to Private entities	-
Total Grants and Subsidies	180,907,961

- The expenditure on purchase of Certified seeds of Kshs. 41,225,414 has been expensed under other grants and subsidies due to the following reasons:
 - The Certified seeds are purchased then distributed to farmers in Tana River County.
 - This implies that the Purchase of certified seeds are community grants as rewards are transferred to the community.
 - Therefore, the grants to the community should be accounted for as Transfer Expenses in accordance with IPSAS 48 (Early Adoption).

14. Gain/Loss on Sale of Assets

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

15. Impairment Loss

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

County Executive of Tana River

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16. Taxation

Description	2024/2025
	Kshs
Current income tax charge	-
Income tax expense reported in the statement of financial performance	-

17. Cash and Cash Equivalents

Description	2024/2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Recurrent Account	2,968	1,005
Development Account	63,724	0
Deposits Account	75,570,177	55,705,587
Special Purpose Accounts	146,937,070	49,806,710
Other operating commercial accounts (<i>Specify</i>)	1,379,370	402,874
Total	223,953,309	105,916,176

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

Financial Institution	Account number	2024/2025	Opening Statement 1 st July 2024
		Kshs	Kshs
Recurrent Accounts			
Tana River County Recurrent	1000170735	2,968	1,005
Development Accounts			
Tana River County Development	1000170708	63,724	-
Deposits Accounts			
Tana River County Deposit	1000267496	75,570,177	55,705,587
Special Purpose Accounts			
Tana River Road Maintenance Levy Fund	1000297751	232,356	232,356
Tana River Health Conditional Grant	1000268298	1	1
Tana River Primary Health Care Support	1000564539	-	3
Tana River County Aggregation and Ind. Park	1000723025	100,004,135	36,529,032
Tana River County Agr. Se Dev. Supp. Prog. II	1000365846	-	-
Tana River 2nd Kenya Devol Supp Pro-Kes	1000761474	25,104	-
Tana River County Food Syst Resilience Project	1000744693	1	-

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Financial Institution	Account number	2024/2025	Opening Statement
		Kshs	1 st July 2024 Kshs
Tana River County Village Polytechnic PR	1000368958	-	2,535,447
Tana River County Livestock Support	1000386118	1,104,095	1,104,095
Tana River Climate Change Fund	1000591463	13,262,078	9,405,776
Hola Municipality Development Grant	1000424982	-	-
Hola Municipality Institutional Grant	1000424834	32,309,300	-
Tana River County KCSAP	1000365862	-	-
Tana River County National Value Chain Dev't Project	1000718293	-	-
Commercial accounts			
Tana River County Government-Salaries Account - Equity	1210277473490	999,042	28,966
County Public Service Board Operations - KCB	1280086173	373,819	373,819
Tana River County Government - Imprest Account	1210272816398	6,509	89
Cash on Hand		-	-
Total		223,953,309	223,953,309

18. Receivables from Exchange Transactions

Description	2024/2025	Opening Statement
	Kshs	1 st July 2024 Kshs
Total receivables		
Outstanding Imprest	51,150,364	19,890,396
Rent Deposit	4,982,625	4,982,625
Less: impairment allowance	-	-
Total receivables	56,132,989	24,873,021
a) Current receivables	56,132,989	24,873,021
b) Non-current receivables	-	-
Total Receivables (a+b)	56,132,989	24,873,021

i) Ageing analysis for Receivables

Description	2024/2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
	Current FY	% of the total	Opening Balance	% of the total
Less than 1 year	51,150,364	91%	24,873,021	100%
Between 1- 2 years	4,982,625	9%	-	0%
Between 2-3 years	-	%	-	0%
Over 3 years	-	%	-	0%
Total (a+b)	56,132,989	100%	24,873,021	100%

ii) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

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

19. Receivables from Non-Exchange Transactions

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

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

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

20. Inventories

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

Detailed disclosure on inventories

	2024/2025 Kshs
Opening balance	-
Additional Inventory in the year	-
Inventory expensed in the year	-
Write-downs in the year	-
Closing balance	-

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Notes to the Financial Statements (Continued)

21. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Infrastructure assets	Furniture and fittings	Plant and Equipment	Work in progress	Total
Depreciation Rate		2%	12.50%	2%	12.50%	12.50%	0%	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as at 1st July 2024	-	538,630,701	79,463,930	1,526,463,436	50,822,238	126,817,088	-	2,322,197,393
Additions	-	368,303,914	30,866,810	574,689,840	145,936,430	62,142,679	-	1,181,939,674
Disposals	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-
As at 30 Jun 2025	-	906,934,615	110,330,740	2,101,153,276	196,758,668	188,959,767	-	3,504,137,067
Depreciation for the year	-	18,138,692	13,791,343	42,023,066	24,594,834	23,619,971	-	122,167,905
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-
As At 30 Jun 2025	-	18,138,692	13,791,343	42,023,066	24,594,834	23,619,971	-	122,167,905
<u>Net Book Values</u>								
Opening Bal as at 1st July 2024	-	538,630,701	79,463,930	1,526,463,436	50,822,238	126,817,088	-	2,322,197,393
As at 30 June, 2025	-	888,795,923	96,539,398	2,059,130,210	172,163,835	165,339,796	-	3,381,969,160

Notes:

- The Opening balances of Property, Plant and Equipment at cost as at 1 July 2024 of Kshs. 2,322,197,393 includes identifiable assets acquired via cash in the Financial Year 2023/2024 and PPE pending bills as at 30 June 2024 of Kshs. 1,122,396,173 and Kshs. 1,307,262,033 respectively less purchase of certified seeds of Kshs. 55, 775,955 and research expenses of Kshs.51,684,857. The purchase of Certified seeds and research costs should not be capitalized but expensed.
- The Depreciation rates used have been obtained from the National Assets and Liabilities - Asset Management Policy Document.
- Computers and ICT equipment have been recognised at zero values. This is because they have not been valued.
- The Depreciation expense of Kshs. 122,167,905 has been charged to the Statement of Financial Performance.

22. Intangible Assets

Description	2024/2025
	Kshs
Cost/Opening balance at the beginning of the year	-
Additions	-
Disposal	-
At end of the year	-
Additions—internal development	-
Disposal	-
At end of the year	-
Amortization and impairment	-
At beginning of the year	-
Amortization	-
At end of the year	-
Impairment loss	-
At end of the year	-
NBV	-

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23. Trade and Other Payables

Description	2024/2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Trade payables	4,114,800,096		4,152,618,916	
Payments received in advance	-		-	
Employee payables	-		-	
Third-party payments	-		-	
Other payables	-		-	
Total trade and other payables	4,114,800,096		4,152,618,916	
Ageing analysis:	2024/2025	% of the Total	Opening balance	% of the Total
Under one year	794,602,152	19%	1,064,929,304	26%
1-2 years	590,853,170	14%	1,780,317,486	43%
Over 2 years	2,729,344,774	66%	1,307,372,126	31%
Total (tie to above total)	4,114,800,096	100%	4,152,618,916	100%

24. Refundable Deposits and Prepayments

Description	2024/2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Customer deposits	-		-	
Prepayments	-		-	
Retention	75,570,177		55,705,587	
Total deposits	75,570,177		55,705,587	
Ageing analysis: (Refundable deposits)	Current FY	% of the Total	Opening Balance	% of the Total
Under one year	41,798,207	55%	55,705,587	100%
1-2 years	33,771,970	45%	-	%
Total	75,570,177	100%	55,705,587	100%

25. Provisions

Description	Leave provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance b/f	-	-	-	-
Additional provisions	-	-	-	-
Provision utilised	-	-	-	-

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Description	Leave provision	Gratuity Provision	Other provision	Total
Change due to discount and time value for money	-	-	-	-
Total provisions year end	-	-	-	-

26. Lease Liabilities

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

The county government has rented some offices in Nyali and Nairobi. However, lease accounting for right of use of the Asset and the Lease Liability was not possible as the National Assets and Liabilities Management department of the National Treasury is yet to advice on the implicit rates to be used in leases. Moreover, IPSAS 43, *Leases*, effective date was 1 January 2025. This meant that the standard was not early adopted and would be applicable from 1 July 2025.

27. Cash Generated from Operations

	2024/2025
	Kshs
Surplus for the year before tax	1,227,024,103
Adjusted for:	
Depreciation	122,167,905
Expenditure budgeted under acquisition of assets but expensed in the statement of financial performance	103,456,255
Working capital adjustments	
Increase in inventory	-
Decrease/(Increase) in receivables	(31,259,968)
Increase/(Decrease) in payables	(403,586,556)
Net cash flow from operating activities	1,017,801,740

- Adjustment for expenditure budgeted under acquisition of assets but expensed in the statement of financial performance relates to purchase of certified seeds and Research and feasibility payments of Kshs. 41,225,414 and Kshs. 62,230,841 respectively.
- The decrease in payables of Kshs. 403,586,556 relates to decrease in payables of Kshs. 37,818,820 adjusted for the increase in payables relating to the acquisition of PPE of Kshs. 365,767,737. The adjustment is explained by the fact that PPE Acquisition relates to investing activities and not operating activities.

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28. Financial Risk Management

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

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

i) Credit risk

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

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

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2025				
Receivables from exchange transactions	56,132,989	56,132,989	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	223,953,309	223,953,309	-	-
Total	280,086,298	280,086,298	-	-

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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ii) Liquidity risk management

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

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

	Within 1 Year	Over 1 Year	Total
	Kshs	Kshs	Kshs
As at 30 June 2025			
Trade payables	794,602,152	3,320,197,944	4,114,800,096
Current portion of borrowings	-	-	-
Provisions	-	-	-
Deferred income	-	-	-
Employee benefit obligation	-	-	-
Total	794,602,152	3,320,197,944	4,114,800,096

iii) Market risk

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

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

a) Foreign currency risk

The Entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is

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

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

Current FY

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

Financial Risk Management

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

	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
2025			
Euro	10%	-	-
USD	10%	-	-
2024			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

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

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Management of interest rate risk

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

Financial Risk Management

Sensitivity analysis

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

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

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

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

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

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

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

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iv) Capital Risk Management

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

	2024/2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Revaluation Reserve	-	-
Accumulated Surplus/(Deficit)	(528,314,815)	(1,755,337,913)
Capital Reserve	-	-
Total Funds	(528,314,815)	(1,755,337,913)
Borrowings	-	-
Less: Cash And Bank Balances	223,953,309	105,916,176
Net Debt/(Excess Cash And Cash Equivalents)	223,953,309	105,916,176
Gearing	0%	0%

29. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Other related parties include:

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

	2024/2025
	Kshs
Transactions with related parties	
a) Sales to related parties	
Others (specify) e.g. interest and bank charges	-
Total	
B) purchases from related parties	
Purchases of electricity from KPLC	32,375,806
Purchase of water from govt service providers	52,400,000
Total	84,775,806
b) Grants /transfers from the government	

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	2024/2025
	Kshs
Grants from national govt – County Revenue Fund	6,231,592,138
Grants from county government	-
Donations in kind	-
Total	6,231,592,138

30. Contingent Assets and Contingent Liabilities

Contingent Assets

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

Contingent Liabilities

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

31. Program for Results (PforR) Disclosure

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

32. Events after the Reporting Period

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

33. Ultimate And Holding Entity

The Entity ultimate parent is the Government of Kenya.

34. Currency

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

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16. Appendix

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

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

Reference No.	Issue / Title	Audit Observation	Management comments	Status: (Resolved/ Not Resolved)	Timeframe:
51	Unreconciled Variances Between Financial Statements and IFMIS Ledgers	Significant variances found between financial statements and IFMIS records.	IFMIS ledger Updated to agree with the financial statements.	Resolved	Dependent on: - Senate's Public Accounts Committee (PAC).
52	Inaccuracies in the Budget Execution by Programs and Sub-Programs	Budget discrepancies prevent verification of accurate and complete execution totals.	Prior year audited financial statement amended and is available for Audit Review	Resolved	Dependent on: - Senate's Public Accounts Committee (PAC).
53	Inaccuracies in Compensation of Employees	Employee compensation variance, accuracy not confirmed.	Prior year audited financial statement amended and is available for Audit Review	Resolved	Dependent on: - Senate's Public Accounts Committee (PAC).
54	Unsupported Payments on Domestic Travel and Subsistence Allowances	Domestic travel allowances lack supporting documents.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).
55	Irregular Payment of Foreign Travel and Subsistence Allowances	Foreign travel allowances unsupported; accuracy unconfirmed.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).
56	Irregular Payments of Hospitality Supplies and Services Expenses	Some expenditures lacked supporting documents and could not be verified.		Unresolved	Dependent on:

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Reference No.	Issue / Title	Audit Observation	Management comments	Status: (Resolved/ Not Resolved)	Timeframe:
					- Senate's Public Accounts Committee (PAC).
57	Unsupported Payment of Insurance Costs	Insurance costs unsupported; accuracy and completeness could not be confirmed.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).
58	Unaccounted for Fuel, Oil and Lubricants Expenditure	Fuel, oil payments lack supporting documents; unverified expenditure.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).
59	Irregular Payments of Legal Expenses	Legal expenses inadequately supported, lacking documentation, approvals, and justification for external legal representation.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).
60	Undelivered Motor Vehicle	Motor vehicle purchased, paid, but delivery and existence unconfirmed.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).
61	Unsupported Payment for Office Furniture	Office furniture lacks supporting documentation, unverifiable.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).
62	Unsupported Deposits and Retentions Balance	Deposit balance unverified; movement schedule missing, accuracy not confirmed.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).

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Reference No.	Issue / Title	Audit Observation	Management comments	Status: (Resolved/ Not Resolved)	Timeframe:
63	Unsupported Pending Bills	Pending bills accuracy unconfirmed; schedule and reconciliation discrepancies noted.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).
64	Unauthorized Expenditure	Unbudgeted payments lacked confirmation and compliance.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).
65	Budgetary Control and Performance	Underfunding, underspending, unresolved issues, impacted service delivery, audit concerns.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).
66	Unresolved Prior Year Audit Matters	Previous audit issues remain unresolved as of 30 June 2024.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).
67.1	Non-Compliance with Law on Recruitment of Persons with Disabilities	No disabled persons recruited, violating legal and policy requirements.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).
67.2	Non-Compliance with the National Cohesion and Integration Act, 2008	County exceeded staff community limit, violating integration law requirements.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).
67.3	Violation of One-Third Rule on Basic Salary	Excessive salary deductions breached Employment Act; management failed legal compliance.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).

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Reference No.	Issue / Title	Audit Observation	Management comments	Status: (Resolved/ Not Resolved)	Timeframe:
68.1	Irregular Procurement of Non-Pharmaceuticals	Non-pharmaceuticals procured irregularly; compliance, documentation, and assessment lacking.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).
68.2	Irregular Procurement of Animal Vaccines and Drugs	Procurement of animal vaccines and drugs failed legal compliance requirements.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).
69.1	Irregularities in the Construction of Tana River Aggregation and Industrial Park in Chifiri	Industrial park co-funded, no MOU, National Government funds pending. Missing facilities, documentation, committee; project ongoing, compliance issues remain.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).
69.2	Delayed Completion of County Headquarters	Construction delayed due to funding shortfalls, unexplained payment variance, lack of oversight, and non-compliance with procurement laws.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC)
69.3	Delayed Construction of the Deputy Governor's Residence	Contract extension without evaluation, missing documentation, unclear ownership, and contractor absence as of October 2024.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).
69.4	Delayed Construction of Madogo Water Supply Improvement Project	Project awarded, started February 2024, extended to August, remains incomplete at audit time.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).
69.5	Delayed Construction of Kamudhe - Dukanotu Cluster Water Project	Contract awarded, started February 2024, extended to August, but remained incomplete at audit.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).

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Reference No.	Issue / Title	Audit Observation	Management comments	Status: (Resolved/ Not Resolved)	Timeframe:
69.6	Irregular Procurement of Rehabilitation of B89-Sera Road in Garsen North Ward	Procurement breaches, missing documentation, lack of oversight, and absent contractor performance security.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).
69.7	Irregular Procurement of Rehabilitation of JCT B89-Makere Road at Kinakomba Ward	Tender breached procurement rules, lacked key documents, and contractor omitted performance security.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).
69.8	Uninstalled Medical Equipment	Hola Level 4 Hospital equipment remains unused in boxes, awaiting building construction despite delivery and payment.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).
69.9	Supply, Installation and Testing of Solar Street Lights in Hola Town	Project lacked adequate installation, contract approvals, device compatibility, and data protection compliance, compromising effectiveness.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).
69.10	Stalled Construction of Early Childhood Development Centre at Chamwanamuma at Kipini West Ward	Paid for ECD centre; missing project files, reports, and contract extension despite contract expiry.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).
69.11	Irregular Procurement of Consultancy Services	Paid for community land survey; missing reports, unqualified consultant, incomplete work, and procurement irregularities.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).
69.12	Procurement of Consultancy Services	Consultancy for land plan lacked reports, benchmarks, and completion; unclear payments, possible staff duplication, and non-compliance.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).

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Reference No.	Issue / Title	Audit Observation	Management comments	Status: (Resolved/ Not Resolved)	Timeframe:
70	Non-Submission of Financial Statements for Level Four Hospitals	Three Level Four Hospitals failed to prepare and submit required annual financial statements for audit compliance.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).
71	Failure to Pay Pending Bills as First Charge	County failed to prioritize pending bills, breaching financial regulations and risking default on debt service obligations.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).
72	Long Outstanding Imprests	Management failed to clear or recover long-standing imprests, violating financial regulations and resulting in unaccounted funds and legal breach.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).
73	Budget Variations above Threshold	Budget items exceeded the 10% adjustment limit, violating Public Finance Management regulations; management breached legal requirements.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).
74	Incomplete Project Implementation Status Report	County Executive listed project statuses but failed to provide a complete report, making it impossible to confirm all projects.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).
75	Avoidable Tax Penalties and Arrears	County incurred avoidable tax penalties and interest, raising concerns over value for money and compliance.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).
76	Incomplete Assets Register	Asset register excluded significant new assets, violating regulations and preventing confirmation of effective internal controls on county assets.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).

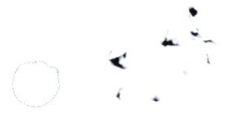
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Reference No.	Issue / Title	Audit Observation	Management comments	Status: (Resolved/ Not Resolved)	Timeframe:
77	Lack of Risk Management Policy	Management lacked a risk management policy, fraud prevention, and disaster recovery plans, hindering risk identification and mitigation as required.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).
78	Failure to Implement Audit Recommendations	Senate reviewed audit reports for two years, but management did not receive or implement any of the committee's recommendations.		Unresolved	Dependent on: - Senate's Public Accounts Committee (PAC).

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CECM Finance and Economic Planning

Date



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Appendix II: Projects implemented by the County Executive of Tana River

Project	Total project Cost Kshs	Total expended to date	Completion % to date	Budget	Sources of funds
County Aggregated Industrial Park (County Contribution)	489,957,899	149,995,866	44%	100,000,000	GOK
Field Supervision vehicles (1No. Vehicle)	14,000,000	14,000,000	100%	14,000,000	GOK
Drilling, Equipping and construction of a water supply pipeline to Tana Kurole School	13,898,628	11,848,620	100%	14,000,000	GOK
Drilling and Equipping of a borehole at Boji ya chini and other Civil Works	9,942,602	8,476,096	100%	10,000,000	GOK
Drilling and Equipping of a borehole at Itsoe	9,705,910	5,023,950	100%	9,932,358	GOK
Establishment of the Bondeni Leisure and Recreation Park	4,994,800	4,994,840	100%	5,000,000	GOK
Fencing and construction of a gate at the Kipini Open Air Market	4,977,830	4,977,830	100%	5,000,000	GOK
Drilling and Equipping of a borehole for Gatundu village	5,152,822	4,392,568	90%	6,000,000	GOK
Construction of Dukanotu water kiosk	4,962,548	4,288,128	100%	5,000,000	GOK
Construction of offices and repairs of offices to the water department	4,991,500	4,255,268	100%	5,000,000	GOK

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Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Month received as per Cash book	Nature: Recurrent/Development/Others	Total Amount – Kshs	Recognised to			Total Transfers
				Statement of Financial Performance	Deferred Income	Receivables	
CRF	Oct-24	Development	105,500,000	105,500,000	-	-	105,500,000
CRF	Nov-24	Development	271,877,171	271,877,171	-	-	271,877,171
CRF	Jan-25	Development	282,269,412	282,269,412	-	-	282,269,412
CRF	Feb-25	Development	66,824,896	66,824,896	-	-	66,824,896
CRF	Mar-25	Development	67,911,105	67,911,105	-	-	67,911,105
CRF	Apr-25	Development	57,395,974	57,395,974	-	-	57,395,974
CRF	May-25	Development	34,192,162	34,192,162	-	-	34,192,162
CRF	Jun-25	Development	711,768,394	711,768,394	-	-	711,768,394
CRF	Sep-24	Recurrent	338,166,130	338,166,130	-	-	338,166,130
CRF	Oct-24	Recurrent	538,040,530	538,040,530	-	-	538,040,530
CRF	Nov-24	Recurrent	244,408,326	244,408,326	-	-	244,408,326
CRF	Dec-24	Recurrent	510,454,305	510,454,305	-	-	510,454,305
CRF	Jan-25	Recurrent	219,665,647	219,665,647	-	-	219,665,647
CRF	Feb-25	Recurrent	466,669,042	466,669,042	-	-	466,669,042
CRF	Mar-25	Recurrent	532,096,342	532,096,342	-	-	532,096,342

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Name of the MDA/Donor Transferring the funds				Recognised to			Total Transfers
	Month received as per Cash book	Nature: Recurrent/Development/Others	Total Amount – Kshs	Statement of Financial Performance	Deferred Income	Receivables	
CRF	Apr-25	Recurrent	263,743,979	263,743,979	-	-	263,743,979
CRF	May-25	Recurrent	367,096,216	367,096,216	-	-	367,096,216
CRF	Jun-25	Recurrent	91,167,171	91,167,171	-	-	91,167,171
CRF	Jun-25	Recurrent	670,202,708	670,202,708	-	-	670,202,708
CRF	Sep-24	SPA	144,182,620	144,182,620	-	-	144,182,620
CRF	Nov-24	SPA	4,995,000	4,995,000	-	-	4,995,000
CRF	Feb-25	SPA	4,995,000	4,995,000	-	-	4,995,000
CRF	Jun-25	SPA	237,970,008	237,970,008	-	-	237,970,008
Total			6,231,592,138	6,231,592,138			6,231,592,138

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Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Objectives	Project Activities	Disbursement of funds				Source Of Funds	Implementing Partners
			Q1	Q2	Q3	Q4		
Tana River County Climate Change Fund	Enhance Climate Resilience through Development , Management, Implementation, regulation and Monitoring of Adaptation and Mitigation measures and action.		133,498,870			18,514,826	GOK	None

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Appendix VII: Disaster Expenditure

Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Approved Budget	Amount (Kshs.)	Comments
Drought management (Preparedness, Response, Mitigation and Recovery)	Emergency Relief (food, medicine, blankets, cash grant, tents and other temporary shelter etc.)	Drought/ Flooding	<ul style="list-style-type: none"> • Preparedness • Response • Mitigation and Recovery 	139,682,547	139,682,547	n/a

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Appendix VIII: Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) 2023/2024	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) 2024/2025
Land	-	-	-	-	-
Buildings	538,630,701	368,303,914	-	-	906,934,615
Motor vehicles	79,463,930	30,866,810	-	-	110,330,740
Infrastructure assets	1,526,463,436	574,689,840	-	-	2,101,153,276
Furniture and fittings	50,822,238	145,936,430	-	-	196,758,668
Computers & ICT Equipment	-	-	-	-	-
Plant and Equipment	126,817,088	62,142,679	-	-	188,959,767
Total	2,322,197,393	1,181,939,674	-	-	3,504,137,067