

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability



REPORT

PARLIAMENT
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OF

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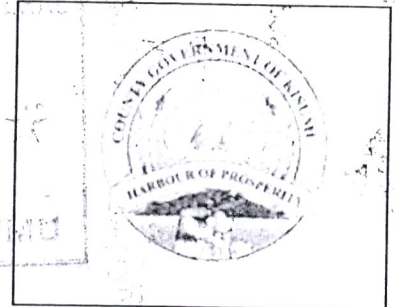
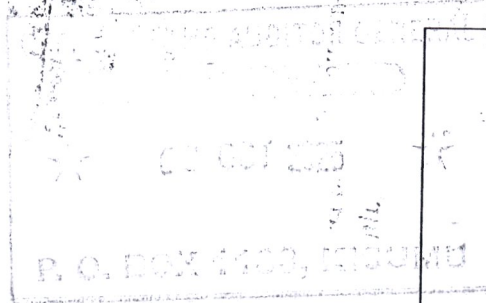
KISUMU COUNTY REVENUE BOARD

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF KISUMU



Revised 30th June 2025



KISUMU COUNTY REVENUE BOARD

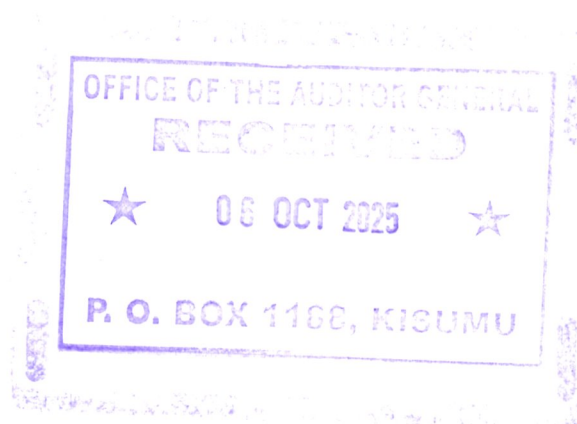
County Government of Kisumu

AMENDED ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

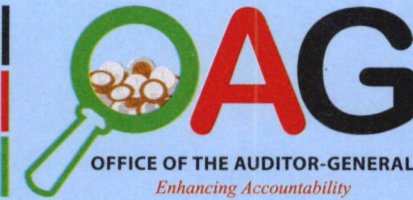
30TH JUNE 2025

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



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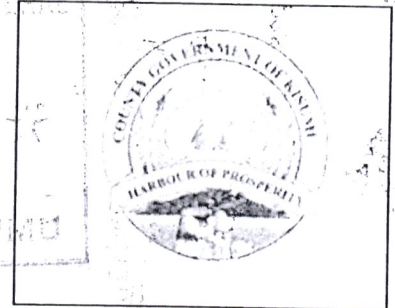
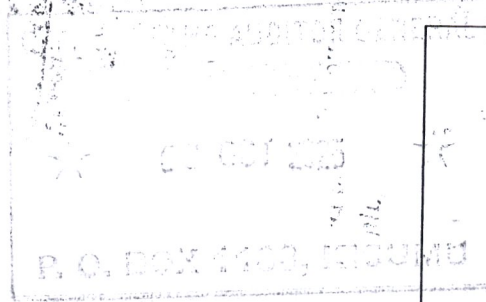
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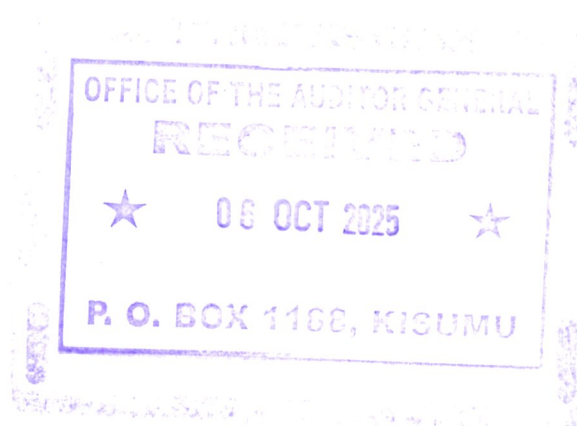
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County Government of Kisumu
Kisumu County Revenue Board
Annual Report and Financial Statements for the period ended 30th June, 2025

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1. Acronyms and Definition of Key Terms

A. Acronyms

| | |
|-------|--|
| PSASB | Public Sector Accounting Standards Board |
| FY | Financial Year |
| OSHA | Occupational Safety & Health Act |

B. Definition of Key Terms

Fiduciary Management - Members of Management directly entrusted with Kisumu County Revenue Board's financial resources.

Comparative Year- Means the prior period.

(Kisumu County Revenue Board to insert all the relevant acronyms and key terms used in the annual report and financial statements)

2. Key Entity Information and Management

a) Background information

- b) Kisumu County Revenue Board is under the County Government of Kisumu, domiciled in Western part of Kenya. It covers Eight (8) Sub counties which has thirty-five (35) wards in Kisumu County. The Kisumu County Revenue Board derives its authority and accountability from Kisumu County Revenue Administration Amendment Act of 2022.

c) Principal Activities

The Kisumu County Revenue Board is charged with the provision of revenue mobilization services to the County in the areas of improved urban towns environment and natural resources management, organized and controlled land use, infrastructure and housing development, provision of social services, promotion of stakeholders' environment, good governance, accountability and the rule of law within the Kisumu County and not limited to:

- To ensure prudence in the management of public finances.
- To strengthen planning and fiscal policy formulations within the County.
- To digitalize and automate revenue system.
- To develop human capital that responds to changing revenue administration trends.

In performing the above activities, the Kisumu County Revenue Board seeks to be the leading County Revenue Board in Kenya and entire Great Lakes Region in the provision of innovative services that are responsive to customers' expectations.

The mission is to provide Revenue Management Services beyond our client expectations while maximizing returns to our stakeholders.

The key objectives are:

- i) To ensure revenue collected are bank intact and accounted as per PFM Act of 2012.
- ii) To enhance revenue collection across all sub counties by using automated Integrated Revenue Management Information System (IRMS).
- iii) To ensure revenue staff are rewarded commensurate to their respective performance, knowledge, experience.
- iv) To promote good working relationship among revenue staff and a conducive environment.

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d) Key Management (Sub Cabinet Committee)

| Ref | Position | Name |
|-----|---|------------------------|
| 1. | Chairman of the Sub Cabinet Committee (County Secretary) | CPA, CS Hesbon Hongo |
| 2. | Member 1 (CECM Finance, Economic Planning & ICT) | George Okongo |
| 3. | Member 2 (CECM Water, Environment, Natural Resources and Climate Change) | Judith Oluoch |
| 4. | Member 3 (CECM Public Service, County Administration & Participatory Development) | Salmon Orimba |
| 5. | Member 4 (County Attorney) | Nashon Otieno Aluoka |
| 6. | Member 5 (CECM Lands, Housing, Physical Planning & Development) | Jerome Ochieng |
| 7. | Member 6 (Chief Officer- Finance) | CPA Martin Opiyo Okode |

e) Fiduciary Management

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

| Ref | Position | Name |
|-----|--|-------------------------|
| 1 | Ag. Chief Executive Officer | Philip Otiende Adundo |
| 2 | Ag. Head of Finance and Administration & Receiver of Revenue | CPA David Ochieng Nandi |
| 3 | Ag. Head of Supply Chain Management | Benfrank Omondi Ayata |
| 4 | Deputy Director of ICT | Stephen Agalo |
| 5 | Ag. Head of Human Resource Management | Esther Atieno Otieno |

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f) Fiduciary Oversight Arrangements

[Provide a high-level description of the key fiduciary oversight arrangements covering (say)]:

i) Audit and Risk Management Committee

| Ref | Position | Name |
|------------|------------------|--------------------|
| 1 | Internal Auditor | CPA Godfrey Dienya |

g) Registered Offices

P.O. Box 2738-40100,
Kisumu
Kisumu County Revenue Board-State Lodge Road-
off Jomo Kenyatta Highway
Kisumu, KENYA

h) Contacts

Telephone: +254721870681
Tel/Fax:202 3812
E-mail. revenueboard@kisumu.go.ke
Website: www.kisumu.go.ke

i) Bankers

KCB Bank (K) LTD
Kisumu Branch
P.O BOX 17-40100
Kisumu, Kenya

j) Independent Auditor

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

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k) Principal Legal Adviser

The County Attorney
County Government of Kisumu
P.O. Box 2738-40100
Kisumu

3. Key Management Team



PHILIP OTIENDE ADUNDO

Ag. Chief Executive Officer
Gender: Male
Age: 53
Sub-County: Kisumu West

Mr. Philip Adundo holds an Executive Masters in Business Administration and Bachelor of Arts and is also a member of the Institute of Human Resource Management (IHRM). He also has professional associations with Strategic Leadership Development Programme and Monitoring & Evaluation. He has over 15 years of experience in public administration and monitoring and evaluation in both the public and private sectors. He has served in various organizations such as Clerk of the County Assembly of Kisumu, Chief Officer of Strategy, Policy and Delivery at County Government of Kisumu. He is currently serving as the Acting Chief Executive Officer at Kisumu County Revenue Board.



CPA DAVID OCHIENG NANDI

Ag. Head of Finance and Administration & Receiver of Revenue
Gender: Male
Age: 40
Sub-County: Nyando

Mr. Nandi is a Certified Public Accountant (CPA-K) and also a member of ICPAK. He has over 15 years of experience in finance, accounting and audit in both the public and private sectors. He has served in various organizations such as Mbita Ferry Ltd as the finance manager, Uchumi Supermarket as the accountant, and at County Government of Kisumu as a procurement assistant and internal auditor. He is currently serving as the Acting Head of Finance and Administration & Receiver of Revenue at Kisumu County Revenue Board.



BENFRANK OMONDI AYATA

Ag. Head of Supply Chain Management

Gender : Male

Age : 32

Subcounty : Rarieda

Benfrank Omondi Ayata, MKISM is a licensed professional who is an accomplished Supply Chain Management Officer with over 5 years of experience in optimizing supply chain operations and driving efficiency in various industries. With a robust background in logistics, procurement, and operations management, he has consistently demonstrated a commitment to enhancing supply chain processes and delivering measurable results. Benfrank holds a Degree in Logistics and Supply Chain Management from Jaramogi Oginga Odinga University of Science and Technology and has furthered his expertise through certifications such as Procurement for World Bank finance project, User Acceptance Training for PPIP development, IFMIS, KISM membership among others. Throughout his career, Benfrank has worked with the IEBC as a warehouse, store and logistics officer where he has successfully managed end-to-end supply chain activities and also currently as a Supply Chain management Officer at the County Government of Kisumu.



MR. STEPHEN ONYANGO AGALO

Deputy Director of ICT

Gender : Male

Age : 56

Sub-County : Kisumu East

*Stephen O. Agalo holds a *BTech* degree in Communication and Electrical Technology from Moi University. He has over 20 years of experience in IT field having worked in a number of organizations offering IT solutions through supplies, technical support for equipment, networks infrastructure and systems. Currently, he is serving at Kisumu County Revenue Board as the Head of ICT after a four-years-stay at Kisumu County Headquarters as the Deputy Director Technology in the Directorate of ICT.*



ESTHER ATIENO OTIENO

Ag. Head Of Human Resource Management

Gender : Female

Age : 40

Sub-County : Bondo

Esther Atieno Otiemo holds a degree in Bachelor in Commerce specializing in Human Resource Management, Diploma in Human Resource Management, Distinction in Networking and a Credit in Computer Packages. She has worked with the County Government of Kisumu from 2018 to date as HR Assistant. Currently, Esther Atieno Otiemo is the Head of Human Resource Management at Kisumu County Revenue Board.

4. Kisumu County Revenue Board Chairperson's Report

FOREWORD

Kisumu County Revenue Board derives and executes its duties through Kisumu County Revenue Administration Amendment Act Of 2022. The Kisumu County Revenue Board has been steadfast in executing its mandate of policy formulation via resolutions as well as offering direction and oversight to the management team. Through this engagement and co-operation, we have had numerous achievements within the year but these achievements also had challenges.

Achievements:

The Board took up its primary responsibility of revenue collection by working closely with stakeholders via public participation. This entailed but not limited to:-

1. Mobilization of revenue collection across all sub-counties.
2. Improvement of the financial and reporting system of revenue through setting up of an IRMS System.
3. Reinforce Kisumu County Revenue Board's capacity and accountability in the context of digitalization of our own source revenue.
4. Change management and training of new and existing staff establishment.

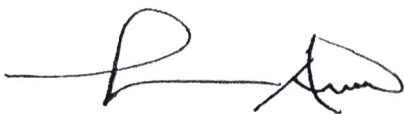
The board is proud to state that within this financial year, these activities have all been successfully implemented and many are currently in progress.

Challenges identified this financial year:

- Inadequate and slow disbursement of funds for running the board.
- Limited inclusion of Kisumu County Revenue Board in budgeting process.
- Slow pace of change management within our staffing ranks.

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Looking into the future, the Board is geared toward a lasting foundation in implementing a fully automated Integrated Revenue Management System. We continue to develop and improve governance, transparency and accountability.



.....

Name: Philip Adundo
For: Chairperson of the Board

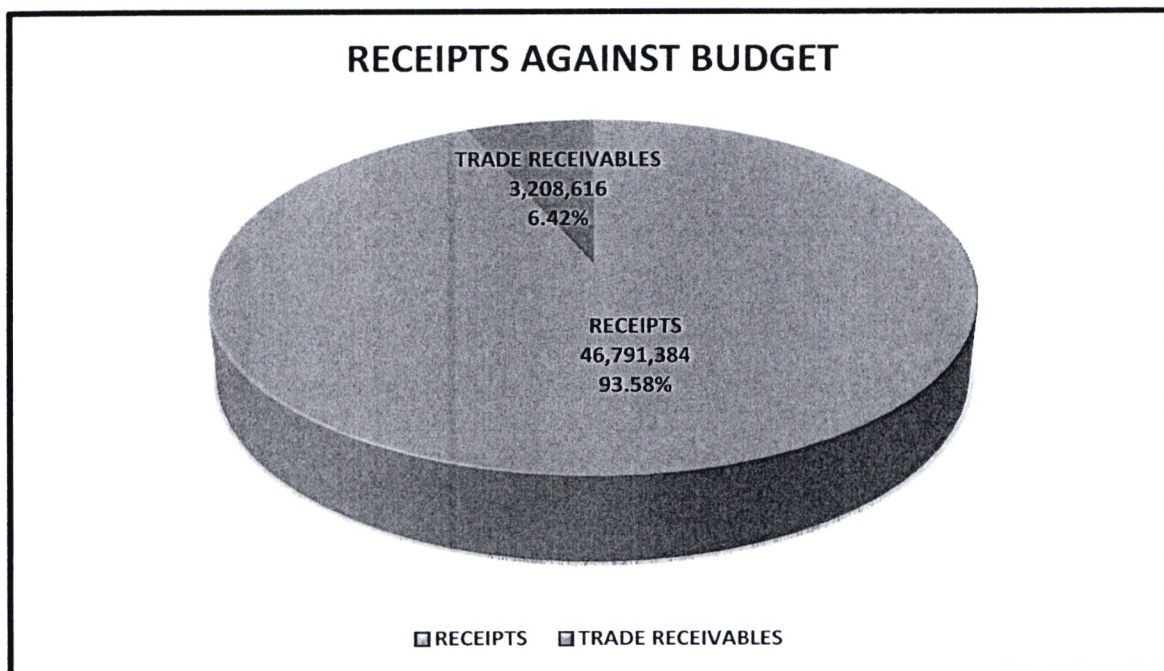
5. Report of the Kisumu County Revenue Board’s Ag. Chief Executive Officer

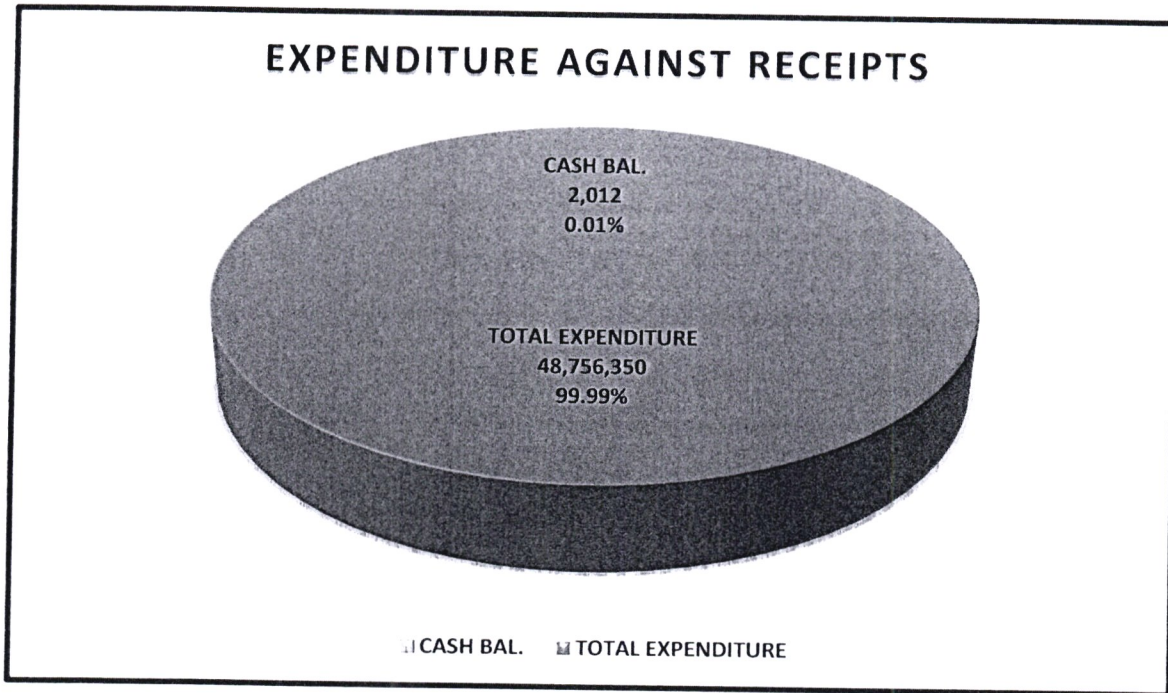
The Kisumu County Revenue Board was established by and derives its authority and accountability from Kisumu County Revenue Administration Act Of 2022.

Financial Performance

The Kisumu County Revenue Board was allocated a budget of **Kshs. 75,000,000** for the FY 2024/2025 by the County Government of Kisumu. However, the County Treasury in its supplementary budget allocated **Kshs. 50,000,000** to the Kisumu County Revenue Board for the FY 2024/2025. **Kshs. 46,791,384** was received as at the end of financial year 30th June, 2025 with **Kshs. 1,966,978** brought forward from FY 2023/2024. **Kshs. 3,208,616** remained as trade receivables as at 30th June, 2025.

As at 30th June, 2025, **Kshs. 48,756,350** had been utilized on various board activities. (Which is approximately 99.99%) with Ksh. **26,974,816** remained outstanding at the end of Financial Year 2024/2025.





Challenges

- Delayed funds disbursement by the county treasury.
- Revenue staffing challenges.

Risk Management Strategies

The County Directorate of Internal Audit has oversight over Kisumu County Revenue Board to ensure internal controls and accountability of the county funds is achieved.

.....
Name: Philip Adundo
Chief Executive Officer

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6. Statement of Performance Against Predetermined Objectives for the FY

Guidance

Introduction

Section 164 (2) (f) of the Public Finance Management Act 2012 requires that at the end of each financial year, the Accounting Officer for a County Government Kisumu County Revenue Board shall prepare financial statements in respect of the Kisumu County Revenue Board in formats to be prescribed by the Accounting Standards Board including a statement of the Kisumu County Revenue Board's performance against predetermined objectives. The key development objectives of the Kisumu County Revenue Board FY 2024/2025 plan are to;

- a. To ensure prudence in the management of public finances.
- b. To strengthen planning and fiscal policy formulations within the Board.
- c. To digitalize and automate revenue system.
- d. To develop human capital that responds to changing revenue administration trends.
- e. To widen the revenue tax base.

Below, we provide the progress on attaining the stated objectives:

| Program | Objective | Outcome | Indicator | Performance |
|---|--|---|---|--------------------|
| Absorption of allocated funds | Ensure prudence in management of public finance | Allocated funds absorbed | Approved Payment Vouchers, Cash book & bank statements | 99.99% |
| Development of Service Delivery Charter | Citizens to have information on the services offered by KCRB | Draft Service Charter developed | Service Delivery Charter developed | 100% |
| Enhancing Revenue Collection | Increase / widen tax base | Daily increase in revenue collection | Bank statements and revenue reports | 80% |
| Digitization of revenue collection process | Enhance revenue | New revenue management system deployment on-going | Unstructured Revenue streams already anchored in the new revenue management system. System URL Link-biller.kisumu.go.ke | 100% |
| Purchase of office furniture and equipment | Improve staff working environment | Furniture and equipment procured | Procurement documents | 100% |

The activities above have enabled the achievements of the Board's objectives. Most of them are nearing completion.

7. Corporate Governance Statement

a. Process of appointment and removal of Board members.

The appointment of the Board Members is undertaken in accordance with the provisions of the Kisumu County Revenue Administration, 2022 and the County Government Act, 2012.

Pursuant to these legislative requirements, the Governor nominated the Chairperson, while the County Executive Committee Member for Finance nominated the five other members. Thereafter, the nominees were duly vetted by the County Assembly on 19th May, 2023. Following successful vetting, they were formally appointed on 1st August, 2023, and subsequently, on 15th August, 2023, the Board was fully inaugurated.

Kisumu County Revenue Administration Act, 2022 stipulates that:

Vacation of office: A member of a board shall cease to hold office if the member—

- (a) is unable to perform the functions of the office by reason of mental or physical infirmity;
- (b) Is declared or becomes bankrupt or insolvent;
- (c) Is convicted of a criminal offence and sentenced to a term of imprisonment of six months or more;
- (d) Resigns in writing to the county governor;
- (e) Without reasonable cause, the member is absent from three consecutive meetings of the board or committee within one financial Quarter;
- (f) Is found guilty of professional misconduct by the relevant professional body;
- (g) Is disqualified from holding a public office under the Constitution;
- (h) Is convicted of an offence and is sentenced to imprisonment for a term of six months or more;
- (i) In any particular case, the member fails to declare his or her interest in any matter being considered or to be considered by the board or committee;
- (j) Engages in any gross misconduct; or
- (k) Dies

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b. Roles and functions of the Kisumu County Revenue Board members.

Kisumu County Revenue Administration Act of 2022 provides the following roles and functions of the board:

In the performance of its function under subsection (2), the Board shall:

- a.) Administer and enforce all provisions of the written laws on collection of County revenue and for that purpose to assess, collect, and account for all revenues in accordance with those laws.
- b.) Appoint all sub county revenue officers and such heads of divisions as may be required for efficient performance of the Board.
- c.) Be the principal revenue collector for the county government.
- d.) Advise the CECM of finance on all matters related to the administration and the collection of revenue.
- e.) Transfer any revenue collector from one division to another or from one station to another.
- f.) To perform such other functions in relation to County revenue as the CEC member may

direct.

c. Induction and training, Kisumu County Revenue Board members and member’s performance.

Since coming to office in August 2023, the Kisumu County Revenue Board have not had any induction training, secretariat training among others. It is imperative that the board members undergo some training.

d. Number of Kisumu County Revenue Board meetings held and the attendance to those meetings by members.

| BOARD MEETINGS | | |
|------------------------|-------------------------------|--------------------|
| COMMITTEE | DATE | OF VENUE |
| | MEETING | |
| Finance and ICT | 10 th July, 2024 | Revenue Board Room |
| | 9 th August, 2024 | Revenue Board Room |
| | 13 th August, 2024 | Revenue Board Room |
| | 26 th August, 2024 | Revenue Board Room |

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| | | |
|------------------------------|----------------------------------|--------------------|
| | 29 th August, 2024 | Revenue Board Room |
| | 19 th September, 2024 | Revenue Board Room |
| | 9 th October, 2024 | Revenue Board Room |
| | 24 th October, 2024 | Revenue Board Room |
| | 28 th November, 2024 | Revenue Board Room |
| Full Board | 2 nd July, 2024 | Revenue Board Room |
| | 1 st August, 2024 | Revenue Board Room |
| | 26 th August, 2024 | Revenue Board Room |
| | 29 th October, 2024 | Revenue Board Room |
| Special Board Meeting | 19 th August, 2024 | Revenue Board Room |
| | 12 th September, 2024 | Revenue Board Room |
| | 17 th September, 2024 | Revenue Board Room |
| | 25 th September, 2024 | Revenue Board Room |
| | 26 th September, 2024 | Revenue Board Room |
| | 15 th October, 2024 | Revenue Board Room |
| | 29 th October, 2024 | Revenue Board Room |
| Revenue Enhancement | 8 th July, 2024 | Revenue Board Room |
| | 20 th July, 2024 | Revenue Board Room |
| | 18 th July, 2024 | Bondo |
| | 19 th July, 2024 | Bondo |
| | 20 th July, 2024 | Bondo |
| | 31 st July, 2024 | Bondo |
| | 1 st August, 2024 | Bondo |
| | 2 nd August, 2024 | Bondo |
| | 12 th August, 2024 | Revenue Board Room |
| | 13 th August, 2024 | Revenue Board Room |
| | 14 th August, 2024 | Bondo |

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| | | |
|-----------------------|----------------------------------|----------------------------------|
| | 15 th August, 2024 | Bondo |
| | 16 th August, 2024 | Bondo |
| | 2 nd September, 2024 | Revenue Board Room |
| | 3 rd September, 2024 | Bondo |
| | 4 th September, 2024 | Revenue Board Room |
| | 4 th September, 2024 | Bondo |
| | 5 th September, 2024 | Bondo |
| | 6 th September, 2024 | Bondo |
| | 12 th September, 2024 | Revenue Board Room |
| | 13 th September, 2024 | Revenue Board Room |
| | 20 th September, 2024 | Uhuru Business Park |
| | 7 th October, 2024 | Revenue Board Room |
| | 15 th October, 2024 | Revenue Board Room |
| | 23 rd October, 2024 | Revenue Board Room |
| | 25 th October, 2024 | Revenue Board Room |
| | 7 th November, 2024 | Governor's Board Room, City Hall |
| | 27 th November, 2024 | Revenue Board Room |
| | 27 th November, 2024 | Revenue Board Room |
| Human Resource | 12 th July, 2024 | Revenue Board Room |
| | 29 th July, 2024 | Revenue Board Room |
| | 27 th August, 2024 | Revenue Board Room |
| | 19 th September, 2024 | Revenue Board Room |
| | 8 th October, 2024 | Revenue Board Room |
| | 24 th October, 2024 | Revenue Board Room |

e. Succession plan.

The board has a clear succession plan for its leadership structure and that of the management.

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f. Policy to manage conflict of interest.

Conflict of interest is usually declared before any matter is discussed by the board. Individual members are asked to declare conflict before any agenda is adopted for discussion.

g. Board remuneration

Salaries and Remuneration Commission sets the rates upon which board members are remunerated.

h. Ethics and Conduct

None has been carried out so far.

i. Governance audit

None has been carried out so far.

j. Communication policy

We have none so far.

k. Terms of Reference of Committees

We have none so far.

l. Policy on related party transactions

We have none so far.

8. Management Discussion and Analysis

The Kisumu County Revenue Board is a semi-autonomous body whose main objective is to collect revenue within Kisumu County and to ensure adequate compliance for proper revenue enhancement. The entity provides management operations and future prospect in prudent utilization of public finance. Since the beginning of Kisumu County Revenue Board, we have realised improvement in the collection of Own Source Revenue as well as putting proper structures that endeavour to increase revenue and efficient operations. For the FY 2024/2025, the funding of operations had some challenges but due to analytical decisions made, we managed to plan well. Kisumu County Revenue Board is on course and strives to overcome and impediments that may limit our vision and mission of the Board.

a). The Operational and Financial Performance

The County Government of Kisumu allocated **Kshs. 75,000,000** to the Kisumu County Revenue Board for the FY 2024/2025. However, the County Treasury in its supplementary budget allocated **Kshs. 50,000,000** to the Kisumu County Revenue Board for the FY 2024/2025. **Kshs. 46,791,384** had been actually disbursed as at **30th June, 2025** against **Kshs. 50,000,000** that was expected for the FY 2024/2025. Moreover, the Kisumu County Revenue Board spent **99.99%** of the amount disbursed which is equivalent to **Kshs. 48,756,350** with pending bills worth **Kshs. 26,974,816**.

b). Key Projects and Investments decision implemented or Ongoing

The Kisumu County Revenue Board is currently engaging Safaricom Limited to digitize all County Own Source of Revenue to enhance revenue collection.

c). Compliance with Statutory requirements

- The Kisumu County Revenue Board has been remitting its statutory deductions to the relevant institutions on time as required.
- Preparations and submission of quarterly/yearly financial reports has been adhered to by the Board.
- The Kisumu County Revenue Board held the meetings during the period as required by the Kisumu County Revenue Administration Amendment Act of 2022 and Salaries and Remuneration Commission Guidelines and circulars currently in place.

d). Major risks facing the Board

Credit Risk

i) Inadequate budgetary allocation

The Kisumu County Revenue Board cannot meet its operational costs and lack of implementation of the key activities due to inadequate budgetary allocation.

ii) Inadequate resources

Human and capital resources are inadequate as most of the resources are held by county and are yet to be transferred. This has made operations of Kisumu County Revenue Board to be difficult due to lack of personnel, machineries and equipment.

iii) Delay in Payments /Inadequate cash disbursement

The County Government of Kisumu allocated **Kshs.75,000,000** to the Kisumu County Revenue Board for the FY 2024/2025. However, the County Treasury in its supplementary budget allocated **Kshs. 50,000,000** to the Kisumu County Revenue Board for the FY 2024/2025. As at the end of **30th June, 2025**, the County Treasury has only transferred **Kshs. 46,791,384** against **Kshs. 50,000,000** that was expected for the FY 2024/2025. Moreover, the Kisumu County Revenue Board is in the process of reviewing its annual budget upward to meet its demand through the next budget.

e). Material arrears in statutory/financial obligations

Pending bills for the period ended 30th June, 2025 was **Kshs. 26,974,816**. This was due to inadequate cash disbursement from the County Treasury.

9. Environmental And Sustainability Reporting

1. Sustainability strategy and profile

The Board conducts assessments of how climate change could affect the business (e.g., supply chain disruptions, regulatory changes, physical risks) and integrate climate risks into overall risk management strategies.

2. Environmental performance

The Kisumu County Revenue Board has been working closely with the Directorate of Environment, Trade and Public Works & Energy to ensure proper drainage system and garbage collection, access roads, lighting and other infrastructures are improved in already established urban towns to enhance our revenue collections.

3. Employee welfare

The Kisumu County Revenue Board draws its guidance from the County Government Act 2012, Kisumu County Human Resource policy and procedure manual (2016) together with other public service commission and National Government legislations on Labour matters. The documents give County Public Service Board mandate of hiring taking into account gender and minority issues.

The stakeholders are duly engaged since the request to hire is generated by the user department approved by the Kisumu County Revenue Board CEO and Kisumu County Revenue Board makes a resolution on the need before rewarding to the county public service board for action. The Kisumu County Revenue Board has trainings recommended to improve the workers skills as appropriate. However, due to the centralization of the training function coupled with delays in financing, minimal success was achieved.

Employees have regular meetings per section to discuss their career matters and share experiences and challenges. Staffs are encouraged to undertake self-sponsored training that would make them grow professionally.

Employees are also assigned supervisory /managerial roles as per their skills and ability to grow their careers.

Appraisals are done annually with continuous monitoring throughout the year. Discussions between the employees and their immediate supervisors is done during appraisal.

4. Market place practices

a) Responsible competition practice.

Kisumu County Revenue Board provides transparent guidelines on tax laws, exemptions, and deductions. This promotes equality among businesses and prevents unfair competition.

b) Responsible Supply chain and supplier relations

- (i) We maintain good business practice by ensuring that we follow the Public Procurement and Asset Disposal Act Accompanying Regulation.
- (ii) We also maintain good business practising by ensuring that all our customers are treated equally and encourage competition among our customers.
- (iii) We also ensure good practice by ensuring transparency and accountability.

c) Responsible marketing and advertisement or Responsible engagement with the citizens

The Board ensures that advertisements do not disparage competitors unfairly or make unsubstantiated claims that could harm fair competition. The focus is always on preventing misleading claims, ensuring fairness, and encouraging transparency.

d) Product stewardship or Awareness creation

The Board collaborates with suppliers and distributors to ensure that sustainability practices are applied throughout the supply chain.

5. Corporate Social Responsibility/Community Engagements

The Kisumu County Revenue Board has since been engaging various stakeholders in regards to revenue collection system as stated in the Constitution of Kenya 2010.

*County Government of Kisumu
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Annual Report and Financial Statements for the period ended 30th June, 2025*

10. Report of the Kisumu County Revenue Board Members

The Board Members submit their report together with the audited financial statements for the year ended 30th June, 2025 which show the state of the Kisumu County Revenue Board affairs.

Principal activities

The principal activities of the Kisumu County Revenue Board are:

- Encourage the economic, social and environmental health of the population.
- Follow up on staff development opportunities.
- Establish and enforce the Kisumu County Revenue Board by-laws.
- Liaise with the relevant departments to enhance revenue collection in their jurisdiction.

Performance

The performance of the Board for the year ended 30th June, 2025 are set out on page 1.

Board Members

The members of the Board stepped aside. A caretaker sub cabinet committee was put in place for oversight. The nominated members are as shown below:

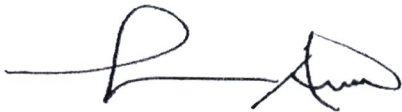
| Ref | Position | Name |
|------------|---|------------------------|
| 1. | Chairman of the Sub Cabinet Committee (County Secretary) | CPA, CS Hesbon Hongo |
| 2. | Member 1 (CECM Finance, Economic Planning & ICT) | George Okongo |
| 3. | Member 2 (CECM Water, Environment, Natural Resources and Climate Change) | Judith Oluoch |
| 4. | Member 3 (CECM Public Service, County Administration & Participatory Development) | Salmon Orimba |
| 5. | Member 4 (County Attorney) | Nashon Otieno Aluoka |
| 6. | Member 5 (CECM Lands, Housing, Physical Planning & Development) | Jerome Ochieng |
| 7. | Member 6 (Chief Officer- Finance) | CPA Martin Opiyo Okode |

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Auditors

The Auditor General is responsible for the statutory audit of the Kisumu County Revenue Board in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



.....
Name: Philip Adundo
Secretary of the Board

11. Statement of Management's Responsibilities

Section 166 of the Public Finance Management Act 2012 requires that at the end of each financial quarter, the Accounting Officer of the Board established by Kisumu County Revenue Administration Act of 2022 shall prepare financial statements in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Kisumu County Revenue Board Ag. Chief Executive Officer is responsible for the preparation and presentation of the Board financial statements, which give a true and fair view of the state of affairs of the Kisumu County Revenue Board for and as at the end of the period ended on 30th June, 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 Board.
- (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 Board.
- (v) Selecting and applying appropriate accounting policies, and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Kisumu County Revenue Board Ag. Chief Executive Officer accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act 2012 and Kisumu County Revenue Administration Amendment Act of 2022. The Kisumu County Revenue Board Ag. Chief Executive Officer is of the opinion that the financial statements give a true and fair view of the state of the Board, its transactions during the financial year ended 30th June, 2025, and the financial position as at that date.

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The Kisumu County Revenue Board Ag. Chief Executive Officer further confirms the completeness of the accounting records which have been relied upon in the preparation of financial statements as well as the adequacy of the systems of internal financial control. In preparing the financial statements, the Kisumu County Revenue Board Ag. CEO has assessed the Board ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

Nothing has come to the attention of the Kisumu County Revenue Board CEO to indicate that the Board will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Kisumu County Revenue Board's financial statements were approved by the Board on 24/9/, 2025 and signed on its behalf by:



.....
Name: Philip Adundo

Accounting officer of the Board

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KISUMU COUNTY REVENUE BOARD FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF KISUMU

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 financial statements of Kisumu County Revenue Board set out on pages 1 to 30, which comprise of the statement of financial position as at

Report of the Auditor-General on Kisumu County Revenue Board for the year ended 30 June, 2025 – County Government of Kisumu

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 financial statements do not present fairly, in all material respects, the financial position of Kisumu County Revenue Board 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) and do not comply with the County Government Act, 2012 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Unsupported Opening Balances in the Financial Statements

Review of the financial statements revealed incorrect opening balances as detailed in the table below;

| Description | Opening balance reported Kshs. | Closing balance as per the prior Year audited financial statements Kshs. | Variance Kshs. |
|---|---------------------------------------|---|-----------------------|
| Statement of financial performance | | | |
| Transfers from the County Government | 64,365,779 | 48,663,864 | 15,702,915 |
| Surplus/Deficit for the period | 3,997,623 | (11,704,292) | (,7706,669) |
| Statement of financial position | | | |
| Capital/development grants/fund | Nil | 15,701,915 | 15,701,915 |
| Reserves | Nil | (11,704,292) | 11,704,292 |
| Statement of changes in net assets | | | |
| Accumulated surplus | 3,997,623 | (11,704,292) | (7,706,669) |

In addition, the statement of changes in net assets, reflects a comparative balance of Kshs.(18,586,106) in respect of deficit for the previous year. No prior year adjustments were provided for the revision of the balances.

In the circumstances, the completeness and accuracy of the disclosed balances could not be confirmed.

2. Unsupported Expenditure on Sanitary and Cleaning Expenses

The statement of financial performance and as disclosed in Note 7 to the financial statements reflect an amount of Kshs.50,929,051 in respect of use of goods and services. Included in the amount is Kshs.1,431,869, which relates to sanitary and cleaning expenses, which further includes an amount of Kshs.198,132 which could not be supported.

In the circumstances, the completeness and accuracy of the reported balances could not be confirmed.

3. Unsupported Expenditure on Uniform and Clothing Expenses

The statement of financial performance reflects use of goods and services amount of Kshs.50,929,051 as disclosed in Note 7 to the financial statements. Included in the amount is Kshs.3,361,348 which relates to uniforms and clothing, which includes an amount of Kshs.2,452,297 that was not supported with documentary evidence.

In the circumstances, the completeness and accuracy of the reported balances could not be confirmed.

4. Unsupported Expenditure on Communication, Supplies and Services and Hospitality Supplies and Services

The statement of financial performance reflects use of goods and services reflects an amount of Kshs.50,929,051 as disclosed in Note 7 of the financial statements. Included in the amount is Kshs.7,452,231 and Kshs.4,572,881 which relates to communication, supplies and services and hospitality supplies and services respectively. The Management failed to provide the supporting journals showing the movement from Kshs.7,425,476 to Kshs.7,452,231 and from Kshs.3,555,394 to Kshs.4,572,881 in the amended financial statements. This is contrary to Reg 97. (3) of the Public Finance Management (County Government) Regulations, 2015 that states adjustments may also be made after the close of the year by journal entries for the correction of accounts due to miss-postings or misclassifications impacting on fair presentation of financial statements that may be noticed after the 30 June each year.

In the circumstances, the completeness and accuracy of the reported balances could not be confirmed.

5. Material Uncertainty Related to Going Concern

The statement of financial performance reflects current assets of Kshs.2,012 and current liabilities amounting to Kshs.26,974,816 resulting to a net negative working capital amounting to Kshs.26,972,804. In addition, the Board made a deficit of Kshs.13,360,077.

This is an indication that the Board is technically insolvent and its continued operations is dependent on the continued support by the County Government and its creditors.

In the circumstances, the continued existence of the Board is dependent on support of the County Government and its creditors.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kisumu County Revenue Board 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

Budget Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual amounts on a comparable basis of Kshs.50,000,000 and Kshs.46,791,384 respectively resulting to an under-funding of Kshs.3,208,616 or 6% of the budget. Similarly, the Board spent Kshs.48,756,350 against an approved budget of Kshs.50,000,000 resulting to an under-expenditure of Kshs.1,243,650 or 3% of the budget. Further, review of the statement of comparative budget and actual amounts revealed that the explanatory notes to give the reasons for the differences between the budgeted and actual figures has not been provided as prescribed by the IPSAS 24.14.

The under-funding and under-expenditure affected implementation of the planned activities and programs and may have impacted negatively on service delivery to the public.

Additionally, it was noted that the statement of comparison of budget and actual amounts reflects original budget of Kshs.75,000,000 and adjustments of Kshs.25,000,000. The adjustment was however not supported by approval from the board and the County Assembly. In the circumstances, Management was in breach of the law as provided under Paragraph IPSAS 124.14 which states that the comparison of budget and actual amounts shall present separately for each level of legislative oversight by the way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

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 Matters

In the prior years' reports issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during the audit of the fund in 2024/2025 revealed that the following matters detailed in **Appendix 1** which remained unresolved:

Other Information

Management is responsible for the Other Information set out on page iii to xxvii which comprise of Key Entity Information and Management, Kisumu County Revenue Board, Key Management Team, Chairman's Report, Report of the Ag. Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Kisumu County Revenue Board Members, 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 Board'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 and I am required to report that fact. Based on the audit procedures performed, because of the significance of the matters described in my Basis for Adverse Opinion, I confirm that the Other Information is materially inconsistent with the financial statements

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. Follow Up on Audit Issue Raised in the Prior Year- Irregular Opening of New Bank Account

As reported in the previous year, Management maintained and operated one (1) commercial bank. However, Management did not provide authority to open and operate the bank account as stipulated under Section 119 of the Public Finance Management Act, 2012.

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

2. Composition of the Board

Records provided for audit indicated that the Board members were appointed in August 2023 by the Governor - County Government of Kisumu for a period of three (3) years. However, review of information in the financial statements submitted by the Board for audit revealed that the Board members stepped aside and a caretaker subcommittee was put in place for oversight. The criteria and authority for appointment of the care taker subcommittee was not clear and in contravention of Section 5 of the Kisumu County Revenue Administration (Amendment) Act, 2022 which specifies that the Board shall be composed of (a) A non-executive Chairperson nominated by the Governor from among persons competitively sourced and recommended by the County Public Service Board and approved by the County Assembly; the chief officer for the time being responsible for finance; (b) the Chief Executive Officer who shall be an ex officio and secretary to the Board (c) the County Attorney who shall be an ex officio member (d) five other persons appointed by the CEC Member by virtue of their knowledge and experience in accountancy, commerce, law, taxation, business administration or public administration.

Further, review of personal files for the board members did not have letters for their intention and reasons of their stepping aside. Handing over notes including return of properties of the board that could have been in possession by the board members were not been provided for audit review.

In the circumstances, the Board membership was not properly constituted and consequently, the management breached the law.

3. Remuneration of Board Members

The engagement contract between the members and the Kisumu County Revenue Board appointed in August 2023 stated that the members were entitled to a remunerative package of a monthly stipend of Kshs.145,000 and Kshs.182,000 for the Chairman. However, Management did not provide the Salaries and Remuneration Commission (SRC) approval contrary to Section 3 (G) of the Kisumu County Revenue Administration

(Amendment) Act, 2022 which requires that the remuneration of the members of the Board shall be determined by the Salaries and Remuneration Commission.

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

4. Employees on Acting Capacity Beyond Stipulated Period.

Review of human resource records revealed that seven (7) employees had acted in various capacities for periods of more than six (6) months contrary to Section 34(3) of the Public Service Commission Act, 2017 which provides that an officer may be appointed in an acting capacity for a period of at least 30 days but not exceeding a period of six (6) months. The officers on acting capacity are as listed here below.

| Designation | Job Group |
|--|-----------|
| Assistant Director Enforcement | P |
| Head of Reporting Unit. | P |
| Assistant Director Human Resource Officer | P |
| Assistant Director ICT | P |
| Assistant Director Supply Chain Management | P |
| Assistant Director Finance | P |
| Human Resource Officer 1 | M |

The Public Service Board failed to confirm the employees on acting capacity or advertise and fill the vacant positions.

In the circumstances, the Board may be operating at sub- optimal level since substantive and crucial positions have not been filled.

5. Trade and Other Payables

The statement of financial position reflects trade and other payables totalling Kshs.26,974,816 as disclosed in Note 13 to the financial statements. In the year under audit, trade and other payables increased from Kshs.12,070,665 to Kshs.26,974,816, representing a significant increase of 45% owed to suppliers. The rapid accumulation of unpaid obligations may strain the County's cash flow position in subsequent years, potentially affecting its ability to settle liabilities when due. This situation may also disrupt service delivery, damage the County's credibility with suppliers, and increase the risk of interest charges or legal claims from delayed payments.

Additionally, the following issues were noted;

5.1. Outstanding Consultancy Payable

Included in trade and other payables is an outstanding balance of Kshs.518,000 owed to for consultancy services on tax advisory (TADAT) for the Kisumu County Revenue Board (Contract No. CGK/KCRB/RFP/02/02/2023-2024). The contract sum was Kshs.2,000,000, with the agreement signed on 9 January 2024 for a duration of 30 days.

Review of the summary cost indicated that the consultant was required to design a risk management framework and conduct staff training. However, management did not provide evidence of the three-day training programme, the participants' register, or the risk management framework developed. These deliverables were tied to the final payment of Kshs.1,000,000. Additionally, the file lacked the report from the Inspection and Acceptance Committee. Management explained that the delayed payment of Kshs.518,000 was because of the pending risk management framework yet to be completed and handed over to the county revenue board management.

In the circumstances, value for money may not have been achieved, particularly if the staff were not trained and the risk management framework was not developed.

5.2. Unremitted Statutory Deductions

Included in the trade and payables balance of Kshs.26,974,816 is Kshs.994,827 owed to the Kenya Revenue Authority (KRA). This comprises Kshs.836,850 in PAYE deducted from Board sitting allowances for the period May 2024 to November 2024, and Kshs.157,977 relating to statutory deductions from suppliers, namely 2% VAT, 3% Withholding Tax (WHT), and 0.03% PPRA Levy. These amounts had not been remitted to KRA as required by law.

Non-remittance of statutory deductions exposes the County to penalties and interest.

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 matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Weaknesses in the Structure of Revenue Administration in the Board

Review of Board's organization chart, payroll and human resource records revealed the following anomalies.

1.1 Lack of a Substantive Chief Executive Officer and Unfilled Post of Deputy Chief Executive Officer

The current chief Executive Officer of the Board is on acting capacity and the position of Deputy Chief Executive officer is still vacant. This exposes the Revenue Board to significant risks related to leadership, governance and operational stability. The Action is in contravention of Section 34(1) of Public Service Commission Act, 2017 provides that an officer may be appointed in an acting capacity for a period of at least thirty days but not exceeding a period of six months.

1.2 Lack of a Substantive of Receiver of Revenue

The County Government does not have a duly appointed Receiver of Revenue. This is in breach of Section 157(1) of the Public Finance Management Act, 2012 that states that, the County Executive Committee member for finance shall in writing designate persons to be responsible for collecting, receiving and accounting for such county government revenue as the County Executive Committee member for finance may specify in their letters of designation. The current holder of the office is on acting capacity and is therefore not validly appointed.

In the circumstances, the internal controls of the Board may be compromised.

2. Effectiveness in Implementation of Audit Recommendations

In the prior year's audit report, several issues were raised under the report on the financial statements and report on lawfulness and effectiveness in use of public resources and report on effectiveness of internal controls, risk management and governance. Even though Management indicated in the financial statements that the issues are now resolved, the evidence of resolution was not provided for audit review.

In the circumstances, the Board's internal controls may be ineffective for failure to implement statutory requirements.

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 Board'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 Board'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

31 October, 2025

Appendix 1
Unresolved Prior Year Matters

| | | |
|----|-----------|---|
| 1 | 2023-2024 | Unsupported Amendments and Adjustments in the Financial Statements |
| 2 | 2023-2024 | Inaccuracies in the Financial Statements |
| 3 | 2023-2024 | Unsupported Amendments and Adjustments in the Financial Statements |
| 4 | 2023-2024 | Inaccuracies in the Financial Statements |
| 5 | 2023-2024 | Unsupported Capital Funds under Statements of Net Changes in Net Assets |
| 6 | 2023-2024 | Unsupported Board Expenses |
| 7 | 2023-2024 | Unsupported Fuel Expenditure |
| 8 | 2023-2024 | Unsupported Framework Agreements |
| 9 | 2023-2024 | Cash Procurements Beyond Allowable Limit |
| | 2023-2024 | Non-Adherence to The Public Procurement Act, 2015 |
| 10 | 2023-2024 | Overpriced Supply and Delivery of Tyres and Batteries |
| 11 | 2023-2024 | Inconsistencies in Procurement Process |
| | 2023-2024 | Non-Compliance with Board and Chief Executive Officers' Terms of Service and Entitlements |
| 12 | 2023-2024 | Failure to Develop and Adopt Board Committee Charters |
| 13 | 2023-2024 | Failure to Observe Guidelines on Board Meetings |
| 14 | 2023-2024 | Irregular Remuneration of Board Members |
| 15 | 2023-2024 | Non-Execution of Governance Audit |
| 16 | 2023-2024 | Failure to Establish an Audit Committee |
| 17 | 2023-2024 | Lack of a Substantive Chief Executive Officer |
| 18 | 2023-2024 | Irregular Domestic Travel and Subsistence Allowances |
| 19 | 2023-2024 | Late Submission of Financial Statements |
| 20 | 2023-2024 | Failure to Operationalize Regulations |
| 21 | 2023-2024 | Irregular Opening of New Bank Account |
| 22 | 2023-2024 | Failure to Update Personal Files for Board Members |
| 23 | 2023-2024 | Failure to Maintain Assets Register IT Controls Weakness |

County Government of Kisumu
 Kisumu County Revenue Board
 Annual Report and Financial Statements for the period ended 30th June, 2025

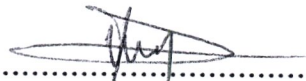
13. Statement of Financial Performance for The Year Ended 30th June, 2025

| Description | Note | FY 2024/2025 | FY 2023/2024 |
|---|------|---------------------|-------------------|
| | | Kshs. | Kshs. |
| Revenue from non-exchange transactions | | | |
| Transfers from the County Government | 6 | 46,791,384 | 64,365,779 |
| Public contributions and donations | | | |
| Levies Fines and Penalties | | | |
| Other revenues (BAL B/F 2024/2025) | | - | - |
| | | 46,791,384 | 64,365,779 |
| Revenue from exchange transactions | | | |
| Interest income | | | |
| Miscellaneous Income | | | |
| | | | |
| Total revenue | | 46,791,384 | 64,365,779 |
| Expenditure | | | |
| Use of goods and services | 7 | 50,929,051 | 47,881,989 |
| Staff costs | | - | |
| Board expenses | 8 | 3,910,751 | 9,513,168 |
| Finance costs | | | |
| Depreciation and amortization | 9 | 2,118,450 | 1,600,604 |
| Repairs and maintenance | 10 | 3,193,209 | 1,372,395 |
| Total expenses | | 60,151,461 | 60,368,156 |
| Other gains/losses | | | |
| Gain/loss on disposal of assets | | - | - |
| Surplus/(deficit) for the period | | (13,360,077) | 3,997,623 |

The notes set out on pages 9 to 28 form an integral part of these Financial Statements. The entity financial statements were approved on 24/9, 2025 and signed by:



.....
 Name: Philip Adundo
 Chief Executive Officer



.....
 Name: CPA David Nandi
 Head of Finance
 ICPAK M/No. 31821

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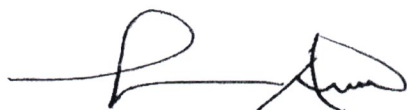
14. Statement of Financial Position As At 30th June, 2025

| Description | Note | FY 2024/2025 | FY 2023/2024 |
|--|-----------|-------------------|-------------------|
| | | Kshs. | Kshs. |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 11 | 2,012 | 1,966,978 |
| Receivables from exchange transactions | | | |
| Receivables from non-exchange transactions | | | |
| Prepayments | | | |
| Inventories | | | |
| Total current assets | | 2,012 | 1,966,978 |
| Non-current assets | | | |
| Property, plant, and equipment | 12 | 17,610,350 | 14,101,311 |
| Intangible assets | | | |
| Biological Assets | | | |
| Total Non-current Assets | | 17,610,350 | 14,101,311 |
| Total assets (A) | | 17,612,362 | 16,068,288 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 13 | 26,974,816 | 12,070,665 |
| Refundable deposits from customers | | | |
| Provisions | | | |
| Borrowings | | | |
| Employee benefit obligations | | | |
| Deferred Income | | | |
| Social Benefits | | | |
| Total current liabilities | | 26,974,816 | 12,070,665 |
| Non-current liabilities | | | |
| Provisions | | | |
| Borrowings | | | |
| Non-current employee benefit obligation | | | |
| Deferred Income | | | |
| Social Benefits | | | |
| Total liabilities (B) | | 26,974,816 | 12,070,665 |

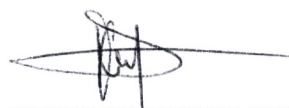
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| Description | Note | FY 2024/2025 | FY 2023/2024 |
|---------------------------------|------|--------------------|------------------|
| | | Kshs. | Kshs. |
| Net Assets (A-B) | | (9,362,454) | 3,997,623 |
| Represented by: | | | |
| Capital/Development Grants/Fund | | | |
| Reserves | | | |
| Accumulated surplus | | (9,362,454) | 3,997,623 |
| Net Assets/Equity | | (9,362,454) | 3,997,623 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 24/9, 2025 and signed by:



.....
Name: Philip Adundo
Accounting Officer
Date:



.....
Name: CPA David Nandi
Head of Finance
ICPAK M/No. 31821
Date:

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Comparative FY refers to the financial year preceding the current year.

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15. Statement of Changes in Net Assets For the Year Ended 30th June, 2025

| Description | Capital/ Development Grants/Fund | Revaluation Reserve | Accumulated surplus | Total |
|--|--|------------------------|------------------------|---------------------|
| | | Kshs. | Kshs. | Kshs. |
| | | | | |
| Bal as at 1 July 2023 (previous year) | - | - | - | - |
| Surplus/(deficit) for the year | - | - | 3,997,623 | 3,997,623 |
| Funds received during the year | - | - | - | - |
| Revaluation gain/loss | - | - | - | - |
| Bal as at 30 Jun 2024 | - | - | 3,997,623 | 3,997,623 |
| | | | | |
| Bal as at 1 July 2024 (current year) | - | - | 3,997,623 | 3,997,623 |
| Surplus/(deficit) for the year | - | - | (13,360,077) | (13,360,077) |
| Funds received during the year | - | - | - | - |
| Revaluation gain/loss | - | - | - | - |
| Balance as at 30 June 2025 | - | - | (9,362,454) | (9,362,454) |

(Provide details on the nature and purpose of reserves)

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16. Statement Of Cash Flows for The Year Ended 30th June, 2025

| Description | Note | FY 2024/2025 | FY 2023/2024 |
|---|-----------|--------------------|---------------------|
| | | Kshs. | Kshs. |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from the County Government | 6 | 46,791,384 | 64,365,779 |
| Public contributions and donations | | | |
| Interest received | | | |
| Miscellaneous receipts (<i>Specify</i>) | | | |
| Total Receipts | | 46,791,384 | 64,365,779 |
| Payments | | | |
| Use of goods and services | | 42,554,537 | 42,104,199 |
| Staff costs | | | |
| Board expenses | | 3,595,554 | 9,513,168 |
| Finance costs | | | |
| Total Payments | | 46,150,091 | 51,617,367 |
| Net cash flows from operating activities | | 641,293 | 12,748,412 |
| | | | |
| Cash flows from investing activities | | | |
| Purchase of PPE & intangible assets | | (2,606,259) | (10,781,435) |
| Proceeds from sale of PPE | | | |
| Net cash flows used in investing activities | | (2,606,259) | (10,781,435) |
| | | | |
| Cash flows from financing activities | | | |
| Receipts from Capital grants | | - | - |
| Proceeds from borrowings | | - | - |
| Repayment of borrowings | | - | - |
| Net cash flows used in financing activities | | - | - |
| Net increase/(decrease) in cash & cash equivalents | | (1,964,966) | 1,966,978 |
| Cash And Cash Equivalents At 1 July 2024 | 11 | 1,966,978 | - |
| Cash And Cash Equivalents At 30 June 2025 | 11 | 2,012 | 1,966,978 |

(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting).
Comparative FY refers to the financial year preceding the current year.

17. Statement of Comparison of Budget & Actual Amounts for the Year ended 30th June, 2025

| Description | Original 4th quarter Budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % of Utilization |
|--------------------------------------|-----------------------------|-------------------|-------------------|----------------------------|------------------------|------------------|
| | KShs. | KShs. | KShs. | KShs. | KShs. | |
| | A | b | c=(a+b) | d | e=(c-d) | f=d/c |
| Revenue | | KShs. | KShs. | KShs. | KShs. | |
| Transfers from the County Government | 75,000,000 | 25,000,000 | 50,000,000 | 46,791,384 | 3,208,616 | 93.58% |
| Public contributions and donations | - | - | - | - | - | - |
| Interest income | - | - | - | - | - | - |
| Miscellaneous income (specify) | - | - | - | - | - | - |
| Total Revenue | 75,000,000 | 25,000,000 | 50,000,000 | 46,791,384 | 3,208,616 | |
| Expenses | | | | | | |
| Use of goods and services | 48,020,000 | 6,020,000 | 42,000,000 | 41,467,170 | 532,830 | 98.73% |
| Board expenses | 6,980,000 | 3,380,000 | 3,600,000 | 3,595,554 | 4,446 | 99.88% |
| Repairs and maintenance | 5,000,000 | 3,500,000 | 1,500,000 | 1,087,367 | 412,633 | 72.49% |
| Staff costs | - | - | - | - | - | - |
| Finance costs | - | - | - | - | - | - |
| Capital items | | | | | | |
| Acquisition of PPE | 15,000,000 | 12,100,000 | 2,900,000 | 2,606,259 | 293,741 | 89.87% |

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| | | | | | | |
|---|-------------------|-------------------|-------------------|--------------------|------------------|---------------|
| Acquisition of Intangible assets | - | - | - | - | - | - |
| Repayment of borrowings | - | - | - | - | - | - |
| Total expenses development | | | | | | |
| Total Expenditure | 75,000,000 | 25,000,000 | 50,000,000 | 48,756,350 | 1,243,650 | 97.51% |
| Surplus/(deficit) for the period | | | | (1,964,966) | 1,964,966 | |

(Budget carryovers This is for entities whose budget lapses at year-end, but the surpluses are not legally required to be remitted to the CRF. The funds need to be budgeted afresh. Budget carryovers should not include third-party funds such as contractors' retention.)*

(Entities can present the Statement of Comparison of Budget & Actual amounts in a different format/categorization as approved by the governing body.)

Budget notes

*[Provide an explanation of differences between actual and budgeted amounts (any over-utilisation and underutilisation of below 90%)]
 (Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes.*

Budget Reconciliation

| | Description of Particulars | Amount in Kshs |
|---|---|----------------|
| | Actual Surplus Amounts as per the statement of Budget | A |
| 1 | Reason for differences | xx |
| 2 | Reason for differences | xx |
| 3 | Reason for differences | xx |
| 4 | Reason for differences | xx |
| | Closing Cash and Cash Equivalent as per the statement of Cash flows | xxx |

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18. Notes to the Financial Statements

1. General Information

Kisumu County Revenue Board is established by and derives its authority and accountability from Kisumu County Revenue Administration Amendment Act of 2022. The Kisumu County Revenue Board is under the County Government of Kisumu and is domiciled in Kenya.

The principal activities:

- Provide high standard social services involving public and stakeholders through public participation.
- Provide for governance mechanism to enable the public to participate in public service delivery.
- Develop and enforce Kisumu County Revenue Board by-laws.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts, and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the *Kisumu County Revenue Board's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Kisumu County Revenue Board*.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the periods presented.

(Notes to financial statements continued)

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3. Application of New and revised standards (IPSAS)

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

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

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

| Standard | Effective date and impact: |
|--|---|
| IPSAS 43: Leases | <i>Applicable 1st January 2025</i> 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. |
| IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations | <i>Applicable 1st January 2025</i> 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. |
| IPSAS 45: Property Plant and Equipment | <i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. |
| IPSAS 46: Measurement | <i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: |

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| | |
|---|---|
| | <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> |
| IPSAS 47: Revenue | <p><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> |
| IPSAS 48: Transfer Expenses | <p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> |
| IPSAS 49: Retirement Benefit Plans | <p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> |
| IPSAS 50: Exploration For & Evaluation of Mineral Resources | <p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> 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 |

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| | |
|--|---|
| | understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. |
|--|---|

iii. Early adoption of standards

The Kisumu County Revenue Board did not early – adopt any new or amended standards in the financial year 2024-2025.

(Notes to financial statements continued)

4. 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. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

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 for each period.

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(Notes to financial statements continued)

b) Budget information

The original budget for FY 2024/2025 was approved by the County Assembly on 26th 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 Kisumu County Revenue Board upon receiving the respective approvals in order to conclude the final budget.

The Board'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.

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 performance has been presented under page 27 of these financial statements.

c) Property, plant and equipment

All property, plant and equipment in use by the Kisumu County Revenue Board 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 Kisumu County Revenue Board 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.

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Depreciation is charged directly as per the rates illustrated below:

Land 0%

Buildings 4%

Motor vehicles 25%

Fixtures & fittings 12.5%

Equipment 12.5%

d) 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.

e) Biological Assets

Kisumu County Revenue Board recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

f) 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 Kisumu County Revenue Board 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).*

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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.

Financial assets

Classification of financial assets

The Kisumu County Revenue Board classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the Kisumu County Revenue Board'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 Kisumu County Revenue Board 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 Kisumu County Revenue Board 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

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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.

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 a surplus or deficit model.

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.

Impairment

The Kisumu County Revenue Board 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 Kisumu County Revenue Board recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Financial liabilities

Classification

The Kisumu County Revenue Board classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

g) 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:

Raw materials: purchase cost using the weighted average cost method

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 Kisumu County Revenue Board.

h) Provisions

Provisions are recognized when the Kisumu County Revenue Board 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 Kisumu County Revenue Board 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.

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i) Social Benefits

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

j) Contingent liabilities

The Kisumu County Revenue Board 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.

k) Contingent assets

The Kisumu County Revenue Board 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 Kisumu County Revenue Board 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

l) Nature and purpose of reserves

The Kisumu County Revenue Board creates and maintains reserves in terms of specific requirements. *Kisumu County Revenue Board to state the reserves maintained and appropriate policies adopted*

m) Changes in accounting policies and estimates

The Kisumu County Revenue Board recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

n) Employee benefits – Retirement benefit plans

The Kisumu County Revenue Board provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the Kisumu County Revenue Board pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the Kisumu County Revenue Board does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to scheme 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 benefits 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.

o) 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.

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p) 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.

q) Related parties

The Kisumu County Revenue Board 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 Kisumu County Revenue Board, or vice versa. Members of key management are regarded as related parties and comprise the Board members, the Kisumu County Revenue Board Managers and Kisumu County Revenue Board Accountant.

r) 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 various commercial banks at the end of the financial year.

s) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

t) Events after the reporting period

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorized for issue. Two types of events can be identified:

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(a) Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and

(b) Those that are indicative of conditions that arose after the reporting date (*non-adjusting events after the reporting date*).

The Kisumu County Revenue Board had no material adjusting and non- adjusting events after the reporting period.

u) Currency

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

5. Significant judgments and sources of estimation uncertainty

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

Useful lives and residual values

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

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

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Notes to the Financial Statements

6. Transfers from the County Government

| Description | FY 2024/2025 | FY 2023/2024 |
|--|-------------------|-------------------|
| | Kshs. | Kshs. |
| Transfers from County Govt. – Recurrent | 46,791,384 | 64,365,779 |
| Payments by County on behalf of the entity | - | - |
| Unconditional development grants | - | - |
| Total | 46,791,384 | 64,365,779 |

(The direct transfers to the Kisumu County Revenue Board operations account for the period ended was Kshs. 46,791,384)

(a) Transfers from County Government entities (Categorized)

| Name Of The Entity Sending The Grant | Amount recognized to Statement of financial performance* Kshs | Amount deferred under deferred income Kshs | Amount recognised in capital fund. | Total grant income during the year | Insert Comparative FY |
|--------------------------------------|---|--|------------------------------------|------------------------------------|-----------------------|
| | | | Kshs | Kshs | Kshs |
| | xx | xx | xx | xx | xx |
| XX Ministry | xx | xx | xx | xx | xx |
| | | | | | |
| Total | xx | xx | xx | xx | xx |

(Ensure that the amount recorded above as having been received from the County fully reconciles to the amount recorded by the sending County office. An acknowledgement note/receipt should be raised in favour of the sending County office.) *Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached. Total of column 1 should tie to note 6 The details of the reconciliation have been included under appendix 3

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7. Use of Goods and Services

| Description | FY 2024/2025 | FY 2023/2024 |
|---|-------------------|-------------------|
| | Kshs. | Kshs. |
| Utilities, supplies and services | 41,273 | 109,889 |
| Communication, supplies and services | 7,452,231 | 1,872,397 |
| Domestic travel and subsistence | 18,754,823 | 12,643,450 |
| Foreign travel and subsistence | - | - |
| Printing, advertising, supplies & services | 3,780,719 | 1,087,445 |
| Rent and rates | 112,750 | 133,200 |
| Training expenses | 1,804,600 | - |
| Hospitality supplies and services | 4,572,881 | 3,343,559 |
| Insurance costs | - | - |
| Specialized materials and services | - | - |
| Office and general supplies and services | 2,618,610 | 11,068,525 |
| Fuel, oil and lubricants | 4,850,826 | 2,808,039 |
| Other operating expenses (KRA) | 1,170,746 | 1,808,046 |
| - PPRA | 1,125 | - |
| - Impounding fees | - | 30,000 |
| Routine maintenance – vehicles and other equipment | - | - |
| Routine maintenance – other assets | - | - |
| Contracted Professional Services | - | 4,159,751 |
| Audit fees | - | - |
| Sanitary & Cleaning | 1,431,869 | 545,691 |
| Hire of Transport, equipment etc | 10,350 | - |
| Office security | 875,240 | 596,337 |
| Bank Charges | 4,860 | 16,895 |
| Uniforms & clothing | 3,361,348 | 12,100 |
| Membership & subscription | 84,800 | 74,900 |
| Social Benefit expenses* | - | - |
| Computer accessories | - | 147,980 |
| Total | 50,929,051 | 40,731,804 |

**Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.*

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8. Board expenses

| Description | FY 2024/2025 | FY 2023/2024 |
|-----------------------------|------------------|------------------|
| | Kshs. | Kshs. |
| Chairman/Members' Honoraria | | |
| Sitting allowances | 1,041,300 | 2,831,328 |
| Medical Insurance | | |
| Induction and Training | | |
| Travel and accommodation | 1,712,000 | 4,478,893 |
| Conference Costs | 337,000 | 327,160 |
| Other allowances (Mileage) | 820,451 | 1,875,787 |
| Total | 3,910,751 | 9,513,168 |

9. Depreciation and amortization

| Description | FY 2024/2025 | FY 2023/2024 |
|--|------------------|------------------|
| | KShs | KShs |
| Office equipment | 15,172 | 17,339 |
| ICT Equipment | 1,568,583 | 1,124,454 |
| Furniture & fittings | 371,096 | 288,395 |
| Property, plant and equipment - Buildings | 163,600 | 170,417 |
| Total depreciation and amortization | 2,118,450 | 1,600,604 |

10. Repairs and Maintenance

| Description | FY 2024/2025 | FY 2023/2024 |
|--------------------------------------|------------------|------------------|
| | KShs | KShs |
| Property- Buildings | - | - |
| Office equipment | 16,000 | 43,320 |
| Furniture and fittings | - | - |
| Motor vehicle expenses | 3,177,209 | 1,329,075 |
| Maintenance of civil works | | |
| Total repairs and maintenance | 3,193,209 | 1,372,075 |

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11. Cash and cash equivalents

| Description | FY 2024/2025 | FY 2023/2024 |
|--|--------------|------------------|
| | Kshs. | Kshs. |
| Fixed deposits account | | |
| On – call deposits | | |
| Current account | 2,012 | 1,966,978 |
| Others(<i>specify</i>) | | |
| Total cash and cash equivalents | 2,012 | 1,966,978 |

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

Detailed analysis of the cash and cash equivalents are as follows:

| Financial institution | Account number | FY 2024/2025 | FY 2023/2024 |
|----------------------------------|----------------|--------------|------------------|
| | | Kshs. | Kshs. |
| a) Fixed deposits account | | | |
| Kenya Commercial bank | | xxx | xxx |
| Equity Bank, etc | | xxx | xxx |
| Sub- total | | xxx | xxx |
| b) On - call deposits | | | |
| Kenya Commercial bank | | xxx | xxx |
| Equity Bank - etc | | xxx | xxx |
| Sub- total | | xxx | xxx |
| c) Current account | | | |
| Kenya Commercial Bank | 1318439736 | 2,012 | 1,966,978 |
| Equity Bank - etc | | xxx | xxx |
| Sub- total | | 2,012 | 1,966,978 |
| d) Others(<i>specify</i>) | | | |
| Cash in transit | | xxx | xxx |
| Cash in hand | | xxx | xxx |
| Mobile Money | | xxx | xxx |
| Sub- total | | xxx | xxx |
| Grand total | | 2,012 | 1,966,978 |

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12. Property, Plant and Equipment

| Description | Land | Building | Motor vehicles | Furniture and fittings | Computers & ICT Equipment | Other Assets (office equipments) | Capital work in progress | Total |
|--|------|-----------|----------------|------------------------|---------------------------|----------------------------------|--------------------------|------------|
| | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs |
| As at 1 July 2023 (previous year) | - | - | - | - | - | - | - | - |
| Additions | - | 4,260,414 | - | 2,307,159 | 8,995,630 | 138,712 | - | 15,701,915 |
| Disposals | - | - | - | - | - | - | - | - |
| Transfers/adjustments | - | - | - | - | - | - | - | - |
| As at 30th June 2024 (previous year) | - | 4,260,414 | - | 2,307,159 | 8,995,630 | 138,712 | - | 15,701,915 |
| Additions for the year | - | - | - | 950,000 | 4,677,490 | - | - | 5,627,490 |
| Disposals for the year | - | - | - | - | - | - | - | - |
| Transfer/adjustments | - | - | - | - | - | - | - | - |
| As at 30th June 2025 (current year) | - | 4,260,414 | - | 3,257,159 | 13,673,120 | 138,712 | - | 21,329,405 |
| Depreciation and impairment | | | | | | | | |
| At 1 July 2023 (previous year) | - | - | - | - | - | - | - | - |
| Depreciation | - | 170,417 | - | 288,395 | 1,124,454 | 17,339 | - | 1,600,604 |
| Impairment | - | - | - | - | - | - | - | - |
| Transfers/ Adjustments | - | - | - | - | - | - | - | - |
| As at 30th June 2024 | - | 170,417 | - | 288,395 | 1,124,454 | 17,339 | - | 1,600,604 |
| Depreciation for the year | - | 163,600 | - | 371,096 | 1,568,583 | 15,172 | - | 2,118,450 |
| Disposals for the year | - | - | - | - | - | - | - | - |
| Impairment for the year | - | - | - | - | - | - | - | - |
| Transfer/adjustment | - | - | - | - | - | - | - | - |
| As at 30th June 2025 (current year) | - | 334,016 | - | 659,490 | 2,693,037 | 32,511 | - | 3,719,055 |
| | | | | | | | | |
| NBV as at 30th June 2024 (previous year) | - | 4,089,997 | - | 2,018,764 | 7,871,176 | 121,373 | - | 14,101,311 |
| NBV as at 30th June 2025 (current year) | - | 3,926,398 | - | 2,597,669 | 10,980,083 | 106,201 | - | 17,610,350 |

(Include a brief description of WIP as a footer.)

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13. Trade and Other Payables

| Description | FY 2024/2025 | | FY 2023/2024 | |
|---|---------------------|-----------------------|---------------------|-----------------------|
| | Kshs. | | Kshs. | |
| Trade payables (Recurrent) | 16,553,040 | | 7,094,185 | |
| Trade payables (Development) | 7,898,980 | | 4,920,480 | |
| Board expenses | 34,197 | | 56,000 | |
| Domestic travel and subsistence | 2,422,600 | | - | |
| Communication (secretariat staff airtime) | 66,000 | | - | |
| Total trade and other payables | 26,974,816 | | 12,070,665 | |
| | | | | |
| Ageing analysis: | FY 2024/2025 | % of the Total | FY 2023/2024 | % of the Total |
| Under one year | 22,334,963 | 82.8% | 12,070,665 | 100% |
| 1-2 years | 4,639,853 | 17.2% | xxx | % |
| 2-3 years | xxx | % | xxx | % |
| Over 3 years | xxx | % | xxx | % |
| Total | 26,974,816 | 100% | 12,070,665 | 100% |

19. Appendices

Appendix 1. Progress on Follow up of Auditors Recommendations.

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

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---|---|--------------------------------------|---|
| FY 2023/2024 | There was a breach in effectiveness and lawfulness in utilization of public finance | Management has put measures in place to ensure effective and lawful use of public finance | Implementation ongoing | FY 2024/2025 |

Guidance Notes:

- a) Use the same reference numbers as contained in the external audit report.
- b) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- c) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue.
- d) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to County Treasury.

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Philip Adundo
Accounting Officer




County Government of Kisumu
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Appendix 2: Inter-Entity Transfers

| NAME: KISUMU COUNTY REVENUE BOARD | | | | |
|--|--------------------|----------------------------|-----------------------|--|
| Breakdown of Transfers from the County Treasury of Kisumu County | | | | |
| FY 2024/20 | | | | |
| a. | Recurrent Grants | <u>Bank Statement Date</u> | <u>Amount (Kshs.)</u> | <u>Indicate the FY to which the amounts relate</u> |
| | | | xx | |
| | | Total | XXX | |
| b. | Development Grants | <u>Bank Statement Date</u> | <u>Amount (Kshs.)</u> | <u>Indicate the FY to which the amounts relate</u> |
| | | | xx | |
| | | Total | XXX | |
| c. | Direct Payments | <u>Bank Statement Date</u> | <u>Amount (Kshs.)</u> | <u>Indicate the FY to which the amounts relate</u> |
| | | 27-09-2024 | 8,000,000 | 2024-2025 |
| | | 26-11-2024 | 10,093,500 | 2024-2025 |
| | | 10-02-2025 | 8,000,000 | 2024-2025 |
| | | 13-05-2025 | 14,852,184 | 2024-2025 |
| | | 26-06-2025 | 5,845,700 | 2024-2025 |
| | | Total | 46,791,384 | |

(The above amounts have been communicated to and reconciled with the parent Department in the County.)



 CPA David Nandi
 Head of Finance
 Kisumu County Revenue Board



 CPA Martin Okode
 Chief Officer Finance
 County Government of Kisumu