

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

# REPORT

OF

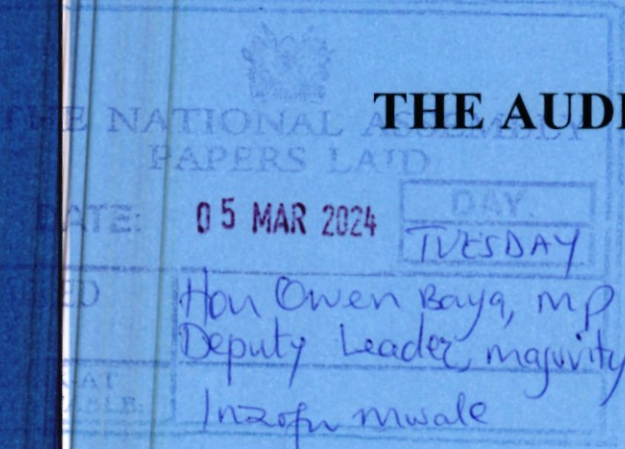
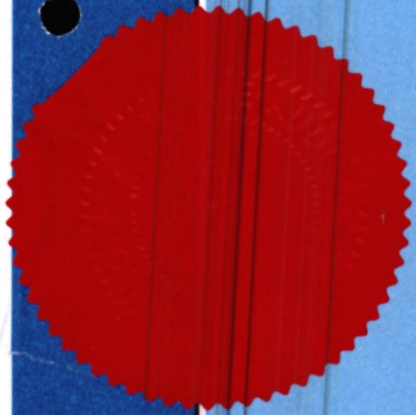
**THE AUDITOR-GENERAL**

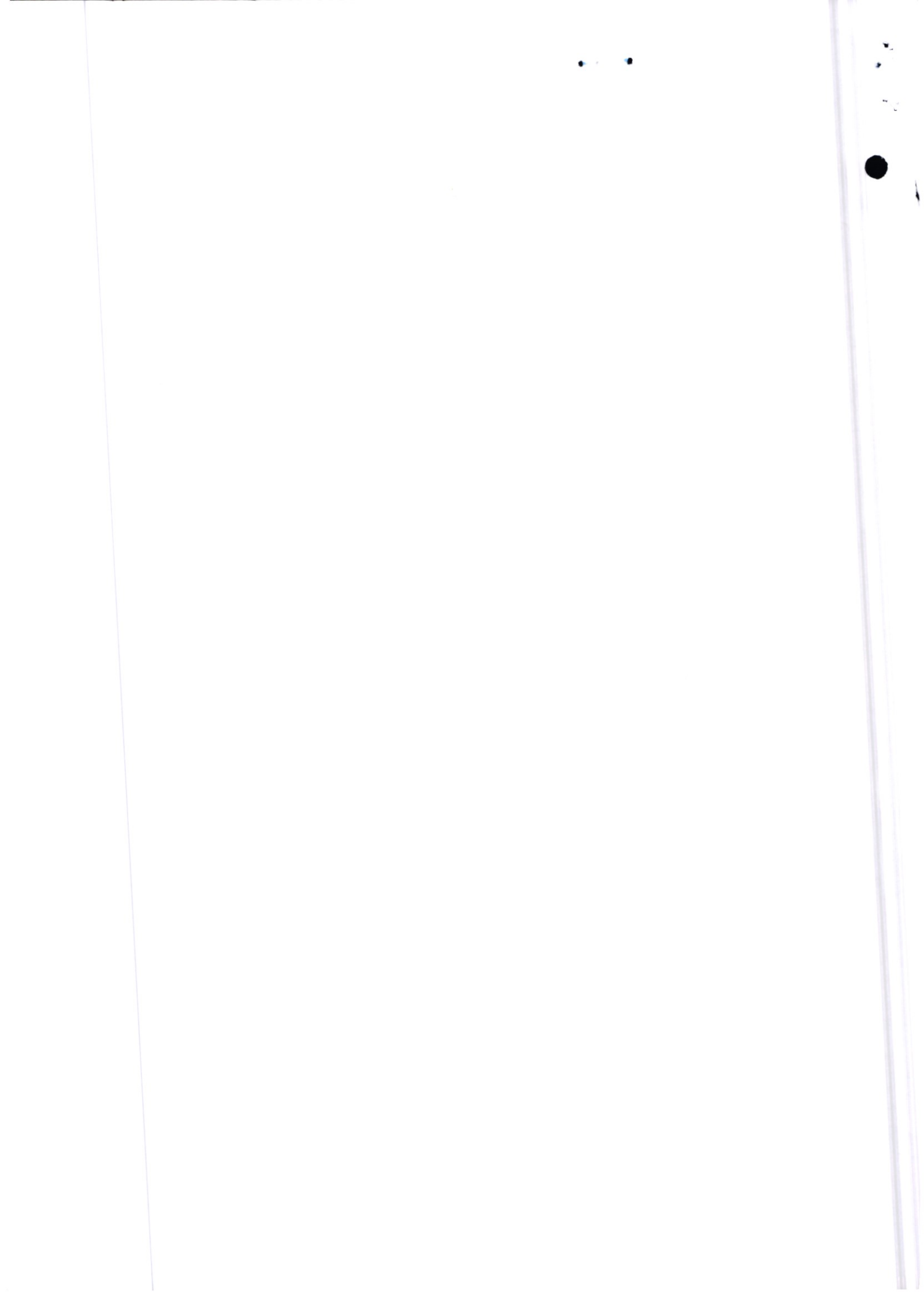
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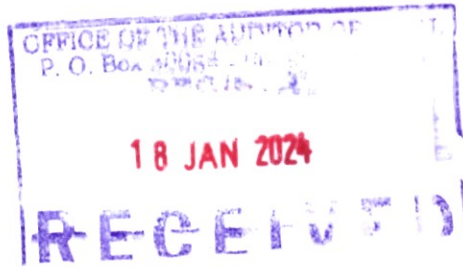
Hon Owen Bayo, MP  
Deputy Leader, Majority Party  
Inzofu mwale

**INTERGOVERNMENTAL RELATIONS  
TECHNICAL COMMITTEE**

**FOR THE YEAR ENDED  
30 JUNE, 2023**







*Revised 30<sup>th</sup> June 2023*



**IGRTC**  
INTERGOVERNMENTAL  
RELATIONS TECHNICAL  
COMMITTEE

Consultation, Cooperation & Coordination in Devolution

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**INTERGOVERNMENTAL RELATIONS TECHNICAL COMMITTEE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2023**

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

**Intergovernmental Relations Technical Committee  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

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**1. Acronyms, Abbreviations and Glossary of Terms**

**A: Acronyms and Abbreviations**

CEO	Chief Executive Officer
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IGRTC	Intergovernmental Relations Technical Committee
IPSA	International Public Sector Accounting Standards
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations

**B: Glossary of Terms**

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

**Comparative Year-** Means the prior period.

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

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

The Intergovernmental Relations Technical Committee was established under the Intergovernmental Relations Act of 2012. The Entity is domiciled in Kenya.

IGRTC is a state agency responsible for the day to day functioning of the National and County Government Co-ordinating Summit (the summit) and the Council of County Governors (CoG). By law, it is charged with the responsibility of facilitating the activities of the Summit and CoG, as well as implementing the decisions of the two bodies. IGRTC was established in the fifth year of the implementation of the Constitution of Kenya, 2010 and the third year of the implementation of the system of devolved government established by the Constitution.

#### **Vision Statement**

Harmonious and effective intergovernmental relations.

#### **Mission Statement**

To support successful devolution through cooperative, consultative and coordinating intergovernmental relations

### **(b) Principal Activities**

Section 12 of the Intergovernmental Relations Act, 2012 states that the IGRTC shall:

- (a) Be responsible for the day to day administration of the Summit and of the Council and in particular
  - (i) Facilitate the activities of the Summit and of the Council; and
  - (ii) Implement the decisions of the Summit and of the Council;
- (b) Take over the residual functions of the transition entity established under the law relating to transition to devolved government after dissolution of such entity;
- (c) Convene a meeting of the forty-seven County Secretaries within thirty days preceding every Summit meeting; and
- (d) Perform any other function as may be conferred on it by Summit, the Council, this Act or any other legislation.

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**(c) Key Management**

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

No.	Designation	Name
1.	Board of Directors	
	Chairman	Mr. Kithinji Kiragu
	Vice Chair	Ms. Saadia Kontoma
	Member	Mr. John Burugu
	Member	Mrs. Linet Mavu
	Member	Dr Ndimitu Perminus
	Member	Mrs. Alice Mayaka
	Member	Mr. Wilson Pere
	Member	Mrs. Alice Mayaka
	Member	Mr. John Kimwela
2.	CEO/Secretary	Ms. Agnes M. Ndwiga
3.	Director	Sophie Amutavy
4.	Director	Monicah Wambua
5.	Director	Fatuma Amin
6.	Director	Victor Odanga
7.	Director	Joy Bigambo

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CEO	Agnes M. Ndwiga
2.	Head of Corporate Services	Monicah Wambua
3.	Head of Finance(CFO)	Peter Ochieng'

**Key Entity Information and Management (continued)**

**(e) Fiduciary Oversight Arrangements**

**1. Audit and Risk Committee**

This is an internal oversight committee responsible for systems and expenditure review and advises management on necessary internal controls aimed at securing and safeguarding the assets of the organization.

**2. Finance committee**

Deals with day to today operations on internal financial and administrative issues while ensuring that programmes and activities are implemented as planned and that they are within the budget.

**(f) Entity Headquarters**

Parklands Plaza,  
MEZZANINE, 3<sup>RD</sup> & 4<sup>TH</sup> Floor,  
Chiromo Lane, Muthithi Road,  
Nairobi, KENYA.

**(g) Entity Contacts**

Parklands Plaza,  
P.O. Box 44880 – 00100,  
**NAIROBI.**  
Telephone: 0202101489  
E-mail: [info@igrtc.go.ke](mailto:info@igrtc.go.ke), [igrtc2015@gmail.com](mailto:igrtc2015@gmail.com)  
Website: [www.igrtc.go.ke](http://www.igrtc.go.ke)

**(h) Entity Bankers**

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

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**Key Entity Information and Management (continued)**



**(i) Independent Auditor**

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


**(j) Principal Legal Adviser**

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



**3. The Board of Directors/Council**

Ref	Directors	Details
1.	 <p>Mr. Kithinji Kiragu, OGW, MBS. Chairman Universities of Nairobi (Bachelor of Commerce) and Strathclyde, Glasgow (MBA).</p>	<p>Mr. Kithinji Kiragu, OGW, MBS, was born on October 10, 1952. He holds a Bachelor of Commerce degree from the University of Nairobi and an MBA from the University of Strathclyde, Glasgow. A Certified Public Accountant (Kenya), Mr. Kiragu practiced accounting and auditing, later lecturing on these subjects at the University of Nairobi for three years. He has a wealth of experience in management and economics consulting, notably with the legacy firm of Coopers &amp; Lybrand, which integrated into PricewaterhouseCoopers (PWC). At PWC, he served as Partner/Director, overseeing public sector advisory services in the Africa Central Region until 2007. Mr. Kiragu served as Chairman of the State Corporations Advisory Committee (SCAC). He currently serves as the Chairperson of IGRTC.</p>
2.	 <p>Ms. Saadia A. Kontoma, OGW -Master of Education in Early Childhood Development (ECD) from the University of Nairobi (UoN).</p>	<p>Ms. Saadia A. Kontoma, OGW, was born on January 1, 1969, and holds a Master of Education in Early Childhood Development (ECD) from the University of Nairobi. With over twenty years of valuable experience, she has held diverse roles including a six-year tenure as a TSC Commission Member. Ms. Kontoma has also served as a Focal Officer with the Forum for African Women Educationalist Kenya (FAWEKE). Currently, she is the Vice Chairperson of the IGRTC and serves as the</p>


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		<p>Chairperson of the thematic area on Alternative Dispute Resolution (ADR) committee of the board. Ms. Kontoma's extensive background in education, coupled with her leadership roles and commitment to women's empowerment, makes her a significant asset to the board.</p>
3.	 <p>Mr. John N. Burugu - Master of Arts Degree in International Studies from the University of Nairobi (UoN). - Bachelor of Arts Degree from the University of Nairobi (UoN). - Higher Diploma in Human Resources Management from the Institute of Human Resources Management of Kenya, IHRM(K).</p>	<p>Mr. John N. Burugu, born on March 13, 1969, holds a Master of Arts Degree in International Studies and a Bachelor of Arts Degree from the University of Nairobi (UoN). Additionally, he earned a Higher Diploma in Human Resources Management from the Institute of Human Resources Management of Kenya (IHRM(K)). A member of the Kenya Institute of Management (KIM), Mr. Burugu brings over 26 years of public service experience to the board. As a trained Career Administrator, he served in Provincial Administration for fourteen years across Western, Coast, and Central regions. Subsequently, he transitioned to the Central Government, contributing to the then Local Government, Cooperatives Development and Marketing, as well as Youth and Sports Affairs Ministries. Currently, Mr. Burugu chairs the thematic area (Sub-Committee) on Summit and Council of Governors (COG) Affairs, showcasing his leadership and administrative skills.</p>

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<p>4.</p>	 <p>Mrs. Angeline Hongo, MBS - Master of Business Administration in Finance from the University of Nairobi (UoN). - Bachelor of Commerce in Accounting from the University of Nairobi (UoN).</p>	<p>Mrs. Angeline Hongo, MBS, born on August 15, 1960, is a highly qualified professional with a Master of Business Administration in Finance from the University of Nairobi (UoN) and a Bachelor of Commerce in Accounting, also from UoN. As a distinguished civil servant with over 30 years of experience, Mrs. Hongo has contributed significantly to various sectors. Her career began as an Auditor in the then Controller and Auditor General’s Office, followed by a role as Principal Cooperative Auditor in the Ministry of Cooperatives. She later served in the Ministry of Local Government as the Program Coordinator for the Kenya Local Government Reform Program (KLGRP). Her extensive service includes roles in statutory boards such as the Kenya Accountants and Secretaries National Examinations Board (KASNEB), TANA Water Services Board, and TANATHI Water Services Board. Mrs. Hongo is a member of the IGRTC and holds the position of Chairperson of the thematic area on Assets and Liabilities and Related Records.</p>
<p>5.</p>	 <p>Mr. Wilson Pere - Bachelor of Commerce degree from the University of Nairobi.</p>	<p>Mr. Wilson Pere, born on January 1, 1974, holds a Bachelor of Commerce degree from the University of Nairobi. With over 20 years of experience in the water sector and institutional development, he has demonstrated a commendable career trajectory. His career journey includes roles such as Assistant Secretary with the Public Service Commission, Fund Manager, National Constituency</p>


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		<p>Development Fund, and eventually rising to the position of Managing Director of Narok Water and Sewerage Co. Throughout his career, Mr. Pere has been actively involved in governance, serving on various boards, including the Kenya Water Services Providers Association, where he held an executive committee membership. Mr. Pere is currently a member of the IGRTC, where he chairs the sub-committee on Finance, Human Resource, and Institutional Development.</p>
6.	 <p>Mrs. Alice K. Mayaka, CBS, OGW - University of Nairobi and obtained a bachelor of Education (Science) degree, - postgraduate Diploma in curriculum Development from Kenyatta University, - Master of Science (Human Resource Development) from the University of Manchester, UK,</p>	<p>Mrs. Alice K. Mayaka, CBS, OGW, born on December 18, 1951, is a highly qualified and accomplished individual. She obtained a Bachelor of Education (Science) degree from the University of Nairobi and holds a postgraduate Diploma in curriculum Development from Kenyatta University. Additionally, Mrs. Mayaka earned a Master of Science in Human Resource Development from the University of Manchester, UK. Mrs. Mayaka's distinguished career includes serving as Permanent Secretary (PS) in the Ministry of State for National Heritage. She has also contributed significantly to education as a curriculum developer at the Kenya Institute of Education (now Kenya Institute of Curriculum Development) and as Deputy Director of Human Resource Development at the Directorate of Personal Management in the Office of the President. Her leadership extends to the academic realm, where she held roles such as Vice Chairperson of Kisii University College and continued as a member when it became a full-</p>



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		<p>fledged university. Mrs. Mayaka is a Member of the first Council of the University of Eldoret and has served as an Independent Director on the board of Total Kenya Limited for two terms. She is also a Member of the National Board of Trustees of the Kenya Girl Guides Association (KGGGA) and holds full membership in the Institute of Human Resource Management (IHRM). Currently a member of the Intergovernmental Relations Technical Committee (IGRTC), she chairs the subcommittee on Consultation, Cooperation, Coordination, Human Resource, and Capacity Development.</p>
7.	 <p>Mrs. Linet M. Mosa -Ongoing Ph.D. In pursuit of a doctorate in Business Management at the Jomo Kenyatta University of Agriculture and Technology (JKUAT). -Master of Business Administration in Strategic Management from the University of Nairobi (UoN). -Bachelor of Arts in Education from Kenyatta University. -Diploma in Public Relations Management from Kenya Institute of Management.</p>	<p>Mrs. Linet M. Mosa, born on January 3, 1972, is currently pursuing a Ph.D. in Business Management at the Jomo Kenyatta University of Agriculture and Technology (JKUAT). She holds a Master of Business Administration in Strategic Management from the University of Nairobi (UoN), a Bachelor of Arts in Education from Kenyatta University, and a Diploma in Public Relations Management from the Kenya Institute of Management. A member of the Kenya Institute of Management (KIM), she brings a diverse professional background to the board. Mrs. Mosa has served in various capacities, including five years as the County Executive Committee Member (CECM) for Administration and Devolution in Taita Taveta County Government. Prior to this, she spent six years in the Ministry of Local Government,</p>

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		<p>stationed in Mombasa Municipal Council. Her career also includes roles as a Graduate Teacher in Allidina Visram (Mombasa), Kenyatta High School (Mwatate), and Murray Girls High School in Taita Taveta. In addition to her professional achievements, Mrs. Mosa is the founder of Ache Africa-Arise Organization, focused on women's empowerment. Mrs. Mosa is the Chairperson of the thematic area (Sub-Committee) on Functional Analysis, Costing, and Transfer of Services (FACT) at the IGRTC.</p>
8.	 <p>Dr. Perminus Ndimitu -Doctor of Philosophy in Business Administration (Accounting Option)-UoN -Master of Business Administration (Accounting Option)-UoN -Bachelor of Commerce (Accounting Option) -UoN -Master of Tax and Customs Administration (Tax Option)-KESRA (Ongoing)</p>	<p>Dr. Perminus Ndimitu, born on January 1, 1950, is a highly qualified professional with an impressive academic background. He holds a Doctor of Philosophy in Business Administration with a focus on Accounting from the University of Nairobi (UoN). Additionally, Dr. Ndimitu has earned a Master of Business Administration (Accounting Option) and a Bachelor of Commerce (Accounting Option), both from UoN. Currently pursuing a Master of Tax and Customs Administration with a specialization in Tax at KESRA, he demonstrates a commitment to continuous learning. Dr. Ndimitu is a Certified Public Accountant and a Certified Internal Auditor, showcasing his expertise in financial management, audit, and tax consultancy. With over 25 years of experience, he has established himself as a business leader. Dr. Ndimitu is currently serving as a member of the IGRTC and holds the position of Chairperson of the thematic area (Sub-Committee) on Legal Procedures.</p>


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<p>9.</p>	 <p>Mr. John Kimwela - Bachelor of science in mathematics degree from Catholic University of Eastern Africa.</p>	<p>Mr. John Kimwela, born on December 31, 1976, is a versatile professional with a Bachelor of Science in Mathematics degree from the Catholic University of Eastern Africa. With over 15 years of experience in both the public and private sectors, Mr. Kimwela has demonstrated a diverse career. He has served as a policy advisor to the Ministry of Devolution, contributing his expertise to governmental initiatives. His career also extends to the media industry, where he worked as a media consultant for reputable organizations such as Capital News, Standard Media Group, and Nation Media. In the banking sector, Mr. Kimwela served as a Business Advisor at Barclays Bank, bringing his skills to the financial domain. As a civil servant and seasoned professional, he offers a unique perspective that combines mathematical acumen, policy advisory experience, media consultancy, and financial sector knowledge.</p>
<p>10.</p>	 <p>Agnes Muthoni Ndwiga, CEO - Master of Science in Governance and Leadership from Karatina University - Bachelor of Business Management (Human Resource Option).</p>	<p>Agnes Muthoni Ndwiga, born on November 28, 1969, is a highly qualified and experienced professional currently serving as the Acting CEO of IGRTC since February 2022. She holds a Master of Science in Governance and Leadership, a Bachelor of Business Management with a Human Resource Option from Karatina University, and a Diploma in Human Resource Management from the University of Nairobi. A member of the Kenya Institute of Management, Ms. Ndwiga has a strong educational foundation. Her career journey includes serving as the</p>



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	University of Nairobi –Diploma in Human Resource Management.	Director for Summit, Council of Governors, and Intergovernmental Structures at IGRTC from 2018 to 2022. Prior to this, she held the position of Deputy Clerk of the County Assembly of Laikipia from 2013 to 2017. Ms. Ndwiga has a wealth of experience in various administrative roles. With a strong background in governance, leadership, and human resource management, Ms. Ndwiga's multifaceted experience positions her as a capable and effective leader in her role as CEO.
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**4. Key Management Team**

	Management	Details
1.	 <p><b>Agnes Muthoni Ndwiga, Chief Executive Officer</b></p> <ul style="list-style-type: none"> <li>- Master of Science in Governance and Leadership from Karatina University</li> <li>- Bachelor of Business Management (Human Resource Option). University of Nairobi – Diploma in Human Resource Management.</li> </ul>	<p><b>Main Area of Responsibility</b></p> <p><b>Strategic Management:</b> Provide strategic management in the implementation of decisions made by the Summit and the Technical Committee.</p> <p><b>Strategic Planning and Policy Implementation:</b> Design and manage the implementation of IGRTC's strategies and policies for effective programs and activities.</p> <p><b>Establishment of Procedures and Guidelines:</b> Facilitate the establishment of procedures and guidelines for committee functions to meet the requirements of the Committee.</p> <p><b>Development of Key Policies:</b> Ensure the development of key policies and strategies for respective support divisions.</p> <p><b>Budget Management and Procurement Oversight:</b> Provide strategic management in the budgeting process. Negotiate with the National Treasury and oversee the overall implementation of the procurement plan.</p> <p><b>Organization and Staff Management:</b> Organize, control, and manage the staff of the Secretariat.</p> <p><b>Advisory Role:</b> Advise the Committee on reforms and change initiatives in support services.</p> <p>Implement government circulars.</p> <p><b>Summit Advisory and Reporting:</b> Support the Committee in advising the Summit on the progress of devolution and matters of national interest.</p> <p><b>Communication Forums:</b> Organize forums to communicate with county secretaries on the progress of devolution and matters of intergovernmental issues.</p>


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<p>2.</p>	 <p>Monicah M. Wambua, CHRP, HSC. <b>Director Corporate Affairs</b></p> <p>Master's in Business Administration (MBA) - Human Resources Management Option Kenya -Methodist University (2010 to 2012) Bachelor of Arts Degree in Sociology and Social Work - University of Nairobi.</p>	<p><b>Main Area of Responsibility</b></p> <p>Strategic Planning and Policy Oversight: Designing and implementing strategies and policies for the Committee's programs and activities.</p> <p>Establishing Procedures and Guidelines: Facilitating the creation of operational procedures and guidelines for all functions in consultation with the CEO.</p> <p>Development of Divisional Policies: Creating key policies and strategies for respective support divisions.</p> <p>Financial Management: Managing the budgeting process and ensuring compliance with approved plans and timelines.</p> <p>Performance Management: Setting targets, evaluating staff performance, and ensuring accountability measures are in place for the Secretariat.</p> <p>Advisory Role: Providing advice on reforms and change initiatives in support services to the Committee.</p> <p>Corporate Services Management: Planning, managing, and overseeing the day-to-day corporate services functions.</p>
<p>3.</p>	 <p>Ms Sophie Amutavy <b>Director Legal</b></p> <p>Master of Arts Degree in International Relations from the United States International University (USIU),</p>	<p><b>Main Area of Responsibility</b></p> <p>Constitutional Mandate Oversight: Ensure the implementation of the organization's mandate in accordance with the Constitution of Kenya 2010 and relevant provisions.</p> <p>Compliance and Legal Advisory: Oversee compliance with statutory and regulatory requirements.</p> <p>Provide legal advisories on intergovernmental relations and governance matters to the Technical Committee.</p> <p>Legal Research and Instrument Preparation: Conduct legal research on issues related to IGRTC's mandate. Spearhead the review and interpretation of devolution and intergovernmental relations policies and legislation. Prepare legal instruments aligned with the Technical Committee's mandate.</p>

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	<p>- Bachelor of Laws Degree (LL.B.) from Moi University</p>	<p>Legislation Database Maintenance: Maintain an up-to-date database of national and county legislation related to devolution and intergovernmental relations.</p> <p>Litigation Coordination: Coordinate IGRTC's representation in litigation matters, including preparing legal briefs and submissions for court.</p> <p>Dispute Resolution and Agreements: Undertake dispute resolution in intergovernmental disputes. Maintain a repository for all intergovernmental agreements between national and county governments</p>
<p>4.</p>	 <p>Mrs Fatuma Mohamed <b>Director Programs - Intergovernmental Relations</b></p> <p>Masters of Arts In Advanced Disaster Management - University of Nairobi.</p> <p>Bachelor of Development Studies (Specialised In Rural Development And Natural Resource Management) - Islamic University of Uganda</p>	<p><b>Main Area of Responsibility</b></p> <p>Constitutional and Legal Mandate: Direct the implementation of the organization's mandate in accordance with the Constitution of Kenya 2010, including specific provisions.</p> <p>Statutory Compliance and Strategic Planning: Direct the delivery of the organization's mandate in alignment with the Intergovernmental Relations Act, 2012, and the strategic plan.</p> <p>Capacity Building and Human Resource Management: Coordinate the provision of support and assistance to National and County Governments in capacity building initiatives and human resource management matters.</p> <p>Program Strategies and Policies: Design and oversee the implementation of program strategies and policies in consultation with the Technical Committee.</p> <p>Establishment of Policies and Guidelines: Facilitate the establishment of intergovernmental relations program policies, procedures, and guidelines for the institution.</p> <p>Consultation and Coordination: Facilitate consultation, coordination, and cooperation between national and county governments, as well as among county governments.</p>

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		<p>Consultative Fora Convening: Convene consultative fora on sectoral issues of common interest to the national and county governments.</p> <p>Research in Intergovernmental Relations: Conduct frequent research in relevant fields related to intergovernmental relations.</p> <p>Budgeting and Work Plan Management: Develop, review, and update the Directorate's budget and work plan to support its operations.</p> <p>Delivery of Intergovernmental Relations Programs: Direct the delivery of the institution's intergovernmental relations programs in line with the committee's strategic objectives.</p> <p>Performance Monitoring: Develop, implement, and maintain a process for monitoring the organization's performance in terms of achieving its program strategic objectives.</p>
5.	 <p>Mr Victor Odanga <b>Director Programs – Transfer of Functions</b></p> <p>Masters in Public Policy and Management (MPPM) - Strathmore University School of Business - Kenya School of Revenue Administration (KESRA) - Post Graduate Diploma in Revenue Administration.</p>	<p><b>Main Area of Responsibility</b></p> <p>Functional Analysis and Transfer: Undertake functional analysis and transfer residual functions to either level of government as per the Fourth Schedule.</p> <p>Resource Allocation and Utilization: Undertake costing of functions to optimize resource allocation and utilization.</p> <p>Coordination of Transfer: Coordinate the transfer of functions, power, or competencies between levels of government.</p> <p>Mutual Agreement Functions Transfer: Conduct the transfer of assigned functions through mutual agreement between the two levels of government.</p> <p>Asset and Liability Validation: Validate the inventory of all existing assets and liabilities of government, public entities, and local authorities.</p>

	<p>University of Nairobi, School of Business - Bachelor of Commerce</p>	<p>Asset Management Recommendations: Make recommendations for the effective management of assets of the national and county governments.</p> <p>Knowledge-Based Research: Initiate and develop knowledge-based research to inform policy decisions on issues affecting devolution and intergovernmental relations.</p>
<p>6.</p>	 <p>Ms Joy Bigambo <b>Director, Summit &amp; Intergovernmental Relations Structures</b></p> <p>Masters in Law (LLM): The University of Nairobi, Bachelor of Laws (LLB) 2<sup>nd</sup> Class Honors (Upper Division): Moi University School of Law</p>	<p><b>Main Area of Responsibility</b></p> <p>Supervision of Summit and IGR Functions: Supervise the implementation of functions of the Summit and Intergovernmental Relations structures as per the Intergovernmental Relations Act, 2012.</p> <p>Summit Coordination and Agenda Setting: Coordinate the convening of the Summit and identify agenda items for the Summit Meeting.</p> <p>County Secretaries Meetings Organization: Organize County Secretaries meetings to inform agenda setting for Summit meetings.</p> <p>Resolution Dissemination: Disseminate information on resolutions of the Summit and IGR structures to all relevant stakeholders.</p> <p>Stakeholder Coordination for Resolution Implementation: Coordinate all stakeholders to ensure Summit resolutions are implemented.</p> <p>Progress Reports Reception and Advice: Receive progress reports on the implementation of Summit meetings' resolutions by all actors. Provide advice as appropriate based on the progress reports.</p> <p>Decisions Transmission: Transmit the decisions of intergovernmental structures to the Summit.</p> <p>Summit Reports Preparation and Submission: Prepare and submit to the Summit progress reports on the implementation of Summit resolutions. Prepare and submit Annual Summit</p>

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		<p>Reports to the National Assembly, the Senate, and County Assemblies.</p> <p>Monitoring of Intergovernmental Agreements: Monitor the implementation of intergovernmental agreements on intergovernmental projects.</p>
7.	 <p>Dr. Dominic Muteshi <b>Deputy Director Human Resources and Administration</b> PhD In Business Administration - Strategic Management (University of Nairobi- Kenya). Master of Science in Human Resource Management (Masinde Muliro University of Science And Technology). Post Graduate Diploma In Human Resources Management (University Of Nairobi -Kenya). - Mba- Finance and Higher Control. (Annamalai University- India) - Bachelor of Commerce – Banking And Finance (Dr.</p>	<p><b>Main Area of Responsibility</b></p> <p>Program Policies and Guidelines: Coordinate and design the establishment of policies, procedures, and guidelines for all programs within the directorate.</p> <p>Budgeting and Work Plan Management: Oversee the development, review, and update of the division's budget and work plan to support its operations.</p> <p>Accountability Measures and Staff Appraisal: Develop key accountability measures, set targets for the directorate, and appraise staff against agreed set targets.</p> <p>Performance Review and Appraisal: Undertake performance reviews of the division and appraise staff working under the director.</p> <p>Staffing Plans and Recruitment Process: Liaise with the senior management team to develop staffing plans for an efficient and professional recruitment process.</p> <p>Training Needs Assessment and Programs: Develop training needs assessment tools and conduct surveys to inform the annual training plan based on organizational needs.</p> <p>Payroll and Benefits Administration: Oversee the timely preparation of the payroll and administration of other staff benefits.</p> <p>Pension, Insurance, and Other Cover Oversight: Oversee the administration of staff pension/gratuity, medical insurance scheme, work injury, and group life cover.</p> <p>Deductions and Remittance Coordination: Coordinate the timely statutory and non-statutory deductions and remittance.</p>

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<p>Babasaheb Ambedkar Marathwada University – India A.H.I.T.I Nyahururu - Kenya</p>	<p>Succession Planning: Coordinate the implementation and continuous update of succession plans.</p> <p>Employee Performance Assessment: Work closely with all line managers to assess employee performance against agreed performance indicators. Identify areas of growth and development, providing mentoring, counselling, and coaching to staff in the division.</p>
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**5. Chairman's Statement**

The Constitution of Kenya (COK, 2010) created a devolved system of government premised on a two-tier structure of government. This system comprises the national government and forty-seven (47) county governments. The structure of devolved system of government involves the transfer of political, economic as well as administrative powers from the national to county governments. It also encompasses equitable sharing of national resources between the two levels of government. Articles 6(2) and 189 of the COK, 2010 provide the basis for relationships between the two levels of government. It outlines the nature of the cooperation between the national and county governments, where it stipulates that either level shall perform its functions, and exercise its powers in a manner that respects the functional and institutional integrity of the government at the other level, and respects the constitutional status and institutions of government at the other level. It also provides for consultation and cooperation between the two levels of government and among county governments as the two levels are distinct but interdependent.

The Intergovernmental Relations Technical Committee (IGRTC) is established under Section 11 of the Intergovernmental Relations Act, 2012 (IGRA, 2012). The functions of the Technical Committee are provided for in Section 12 of the Act and include facilitating the activities and implementing the decisions of the National and County Government Coordinating Summit (The Summit) and the Council of County Governors (COG). As an intergovernmental structure established under an Act of Parliament, IGRTC is tasked with providing fora for consultations and cooperation between the national government and county governments; and amongst county governments, as well as providing a framework for the inclusive consideration of any matter that affects the relations between the two levels of government and amongst county governments.

Throughout the reporting period, the Committee undertook various county visits to ascertain the nature of the disputes and held consultative meetings with the National Land Commission on disputes relating to land.

During the period, IGRTC offered technical support in the review and amendment of policies and laws under devolution.

I hope that you will find the report insightful and adequately informative on the IGRTC continuing work and achievements for the review period. The Committee wishes to thank all stakeholders and partners for their continued support. We look forward to building on the achievements to deliver on our mandate effectively and efficiently in the next financial year.



**Chairman of the Committee**  
CPA Kithinji Kiragu

## **6. Report of the Chief Executive Officer**

It gives me great pleasure to present the 2022/2023, Intergovernmental Relations Technical Committee (IGRTC) Financial Report. The IGRTC is responsible for facilitating the activities of the Summit and CoG, as well as implementing the decisions of the two bodies. It also took over residual functions of the defunct Transition Authority which was established under the law relating to transition to devolved government that is the Transition to Devolved Government Act (TDGA) 2012. During this reporting period, there were considerable achievements in the various departments and committees of the IGRTC. I am confident to state that the Committee worked diligently to deliver desirable results while leveraging opportunities that arose from time to time. Strategically, the Committee adopted and implemented practical approaches, which continue to guide the transition process, while drawing from successful models around the world.

The end of the financial year is a perfect time to take stock. The Committee continued to deliver on its mandate and seek more effective and efficient ways to support devolution. With county governments in place and most process taking off, the Committee has focused more on operational issues.

Key among them is;

- ▶ **Summit meetings.** IGRTC Organized and managed Summit meetings and Implemented the resolutions of the Summit.
- ▶ **The Assets and liabilities for the defunct local authorities and devolved functions.** IGRTC in consultation with IBEC and MODP developed framework for the verification and transfer of the assets and liabilities of the defunct local authorities and devolved functions to the County Governments.  
IGRTC facilitated and coordinated the exercise in line with Gazette Notice no. 2701 dated 24<sup>th</sup> march 2017, which established institutional structures for the identification, verification and validation of the assets and liabilities belonging to the Defunct Local Authorities as at 27<sup>th</sup> March 2013.

To deliver on its mandates, IGRTC required funding. During the 2022/2023 Financial Year, IGRTC approved recurrent budget was Kshs. 446,119,328. Under the same period, total expenditure amounted to Kshs 422,871,816 leaving a balance of Kshs 23,247,512. This expenditure represents an absorption rate of 95%.

We at IGRTC are committed to ensuring that the Committee continues to utilize its budgetary allocation for the intended purposes. I would therefore urge all our stakeholders to continue supporting our activities, so that we can collectively achieve success and entrench devolution in our country.

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**KEY ACHIEVEMENTS**

- i. Three Ordinary sessions of the Summit and three Extra-Ordinary Sessions (Special) of National and County Government co-coordinating summit meetings were held and resolutions implemented.
- ii. Identification and verification of Assets and Liabilities of the Defunct Local Authorities carried out in all the 47 counties and report implemented.
- iii. Assets and liabilities of the devolved functions were completed in twenty-seven (27) counties.
- iv. Establishment and convened intergovernmental sectorial forums in the following:
  - a. Delineation of cooperatives function;
  - b. Betting, licensing, casinos and gaming functions;
  - c. Sharing of revenue from meat inspection functions between national and county governments and agricultural training centre houses to the counties;
  - d. Intergovernmental forum on human resource management in Kenya's public service;
  - e. Supported sector forums in health, Trade and Agriculture and;
  - f. Operationalization of the Framework for the Inter-governmental Gender Sector Forum.
  - g. Development of the guidelines on Closure and Transfer of Public Records and Information.
  - h. Unbundling and Transfer of functions in Library, Museums, disaster management and Cooperatives.
  - i. Eight (8) Intergovernmental Disputes resolved through Alternative Dispute Resolution mechanism.
- v. Carried out research and published studies on;
  - Emerging Issues on Devolution and Best Practices in Intergovernmental Relations
  - Finalization of outstanding issues in the Transfer of Functions in the Agriculture sector
  - Emerging issues on Transfer of Functions to National and County Government
  - Cost of Litigation in Inter and Intra-Government Litigation in Kenya
  - Monitoring Evaluation Framework
  - Status of Sectoral and Intergovernmental Forums in Kenya
  - Final Public Participation Report

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**7. Statement of IGRTC’s Performance against Predetermined Objectives for FY 2022/2023**

IGRTC has several strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2022/2023. These strategic pillars/ themes/ issues are as follows:

Pillar/theme/issue 1: Summit and Intergovernmental Structures

Pillar/theme/issue 2: Functional Analysis Costing and Transfer

Pillar/theme/issue 3: Assets and Liabilities

Pillar/theme/issue 4: Alternative Dispute Resolution (ADR) Mechanisms

Pillar/theme/issue 5: Consultation Cooperation Coordination, HR and capacity Development

Pillar/theme/issue 6: Policy and Legislation

IGRTC develops its annual work plans based on the above 6 pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The IGRTC achieved its performance targets set for the FY 2022/2023 period for its 6 strategic pillars, as indicated in the table below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Summit and Intergovernmental Structures	To coordinate and organize Summit meetings and implementation of the resolutions of the Summit and COG	No of summit meetings held and % of resolutions implemented	Summit meetings held and resolutions implemented	1 Summit meeting 80 % of resolutions implemented
Functional Analysis Costing and Transfer	Facilitate unbundling of devolved functions	No. of functions unbundled	Functions unbundled and transferred	14
Assets and Liabilities	Carry out Identification and Verification of and Transfer of Assets & Liabilities related to devolved functions	Reports published	Identification, verification and transfer of Assets and Liabilities related to devolved functions	0
Alternative Dispute Resolution (ADR) Mechanisms	Resolve Intergovernmental Disputes through Alternative	No. of disputes resolved	Intergovernmental Disputes resolved	2

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	Dispute Resolution Mechanisms			
Consultation Cooperation Coordination, HR and Capacity Development	Ensure harmonious working relationship between the two levels of government through Consultation, Cooperation and Coordination	No. of sector fora convened	Sector fora convened	4
Policy and Legislation	Review of relevant policies, laws and regulations, with the aim of ensuring conformity with Constitution	No of legislative gaps identified and reviewed	Legislative gaps identified and reviewed	4

## **8. Corporate Governance Statement**

We remain committed to the highest standards of corporate governance and business ethics. Good corporate governance practices are essential to the delivery of long term objectives.

We believe that good corporate governance is critical, not only at the corporate level but also at the national level. We require our partners to adhere to the highest level of integrity and business ethics in their dealings with us or with other entities.

In the financial year under review, we continued to achieve high levels of corporate governance by focusing on the following areas:

- Continuing to implement our strategy for the long-term prosperity of the entity.
- Timely and relevant disclosures and financial reporting for a clear understanding of our operations and performance;
- Focus on clearly defined board and management duties and responsibilities;
- Ensuring Committee members competencies through induction for new members and on-going trainings for all members;
- Focusing on compliance with relevant laws and upholding the highest levels of integrity in the organization's culture and practices.

The IGRTC board is constituted by;

1. A chairperson competitively recruited and appointed by the Summit;
2. Not more than eight members competitively recruited and appointed by the Summit; and
3. The Principal Secretary of the State department for the time being responsible for matters relating to devolution;
4. The CEO/Secretary competitively recruited and appointed by the Technical Committee, with the approval of the Summit who will be an ex-official member without voting rights.

The members elect one person from amongst their number to be the vice-chairman, to step in and to coordinate a meeting in the absence of the chairman.

The Chairperson, Members of the Board and the Chief Executive Officer are appointed for a non-renewal term of 6 years.

IGRTC's Technical Committee undertakes its Ordinary meetings once every quarter to deliberate matters presented before it by management for policy direction. The Chairperson sets the agenda for the meetings in consultation with the Secretary/CEO and in accordance with the strategic plan, emerging needs and challenges. The Ordinary meetings are held at least once every quarter of the financial year.

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The period under review, the Technical Committee met three times as shown in the table below;

**Board meetings 2022/2023**

<b>No</b>	<b>Name</b>	<b>21<sup>st</sup> July 2022</b>	<b>27<sup>th</sup> October 2022</b>	<b>8<sup>th</sup> March 2023</b>
1.	Mr. Kithinji Kiragu, OGW, MBS - Chairman	✓	✓	✓
2.	Ms. Saadia A. Kontoma, OGW - V. Chair	✓	x	✓
3.	Mr. John N. Burugu - Member	✓	✓	✓
4.	Mrs. Angeline Hongo, MBS - Member	✓	✓	✓
5.	Mrs. Linet M. Mavu - Member	✓	✓	✓
6.	Dr. Perminus N. Ndimitu - Member	x	✓	✓
7.	Mr. Wilson L. Ole Pere - Member	✓	✓	✓
8.	Mr. John N. Kimwela - Member			✓
9.	Mrs. Alice K. Mayaka, CBS, OGW - Member	✓	✓	✓
10.	Mr. Patrick Karanja - Rep. PS. State Dept. for Devolution	x	x	✓
11.	Ms. Agnes Ndwiga - CEO	✓	✓	✓

IGRTC has a Board Charter 2021 which outlines the conduct of the Board, powers, duties, fiduciary duty, how to carry out meetings among other procedures.

The members of the Board are paid such remuneration, fees, allowances and disbursements for expenses as per the SRC guidelines. The Board undergoes induction every time a new board is in office.

## **9. Management Discussion and Analysis**

### **IGRTC Major Achievements for The Last Three Years**

- i. Three Ordinary sessions of the Summit and three Extra-Ordinary Sessions (Special) of National and County Government co-coordinating summit meetings were held and resolutions implemented.
- ii. Identification and verification of Assets and Liabilities of the Defunct Local Authorities carried out in all the 47 counties and report implemented.
- iii. Assets and liabilities of the devolved functions were completed in twenty-seven (27) counties.
- iv. Establishment and convened intergovernmental sectorial forums in the following:
  - j. Delineation of cooperatives function;
  - k. Betting, licensing, casinos and gaming functions;
  - l. Sharing of revenue from meat inspection functions between national and county governments and agricultural training centre houses to the counties;
  - m. Intergovernmental forum on human resource management in Kenya's public service;
  - n. Supported sector forums in health, Trade and Agriculture and;
  - o. Operationalization of the Framework for the Inter-governmental Gender Sector Forum.
- v. Development of the guidelines on Closure and Transfer of Public Records and Information.
- vi. Unbundling and Transfer of functions in Library, Museums, disaster management and Cooperatives.
- vii. Eight (8) Intergovernmental Disputes resolved through Alternative Dispute Resolution mechanism.
- viii. Carried out research and published studies on;
  - Emerging Issues on Devolution and Best Practices in Intergovernmental Relations
  - Finalization of outstanding issues in the Transfer of Functions in the Agriculture sector
  - Emerging issues on Transfer of Functions to National and County Government
  - Cost of Litigation in Inter and Intra-Government Litigation in Kenya
  - Monitoring Evaluation Framework
  - Status of Sectoral and Intergovernmental Forums in Kenya 2018
  - Final Public Participation Report

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**Future Major Activities**

- i. Coordinate and organize at least 2 Summit meetings and implementation of the resolutions of the Summit and the COG.
- ii. Convene meetings of the county secretaries thirty (30) days preceding every Summit meeting.
- iii. Resolve at least Eight (8) Intergovernmental Disputes cases through Alternative Dispute Resolution mechanism.
- iv. Unbundle and transfer of functions in Regional Development Authorities, Water, Housing and Public works.
- v. Identification, Verification and Validation of Assets and Liabilities of 156 State Corporations and Semi-Autonomous agencies.
- vi. Closure of Public Records and Information of the 175 Defunct Local Authorities
- vii. Finalization of coordination and valuation of Assets of 175 Defunct Local Authorities and the 14 Devolved functions in 47 Counties.
- viii. Valuation of the 47 County Assets of the defunct local Authorities and devolved functions  
County Assets
- ix. Coordinate and facilitate the assumption of office of the new governors and their initial induction.
- x. Carry-out consultative sensitization forums in intergovernmental relations for new County Governments and Parliament (National Assembly and Senate) after the 2022 general elections.

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

IGRTC exists to enhance collaboration between the two levels of government to entrench sharing and devolution of power. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting matters devolution first, delivering relevant services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

### **i) Sustainability strategy and profile**

IGRTC has put in place a strategic plan with clear activities and undertakes consultative meetings between the two levels of government and other key stakeholders in devolution. IGRTC has an adequate institutional capacity with appropriate work environment and human resource development plan.

### **ii) Environmental performance**

IGRTC takes action that are in the interests of protecting the natural resources, with particular emphasis on preserving the capability of the environment to support human life. IGRTC has put in place measures that control, prevent and reduce pollution to the environment by ensuring proper handling and disposal of waste

### **iii) Employee welfare**

IGRTC is committed to the employee welfare by implementing trust fund welfare to cater for unforeseen circumstances such as staff bereavement. IGRTC undertakes annual assessment on various training need for both members and staff. During the reporting period members and senior officers were trained on corporate governance. At the same time various staff members were able to undertake various courses at the Kenya School of Government. IGRTC also provides equal employment opportunity to all qualified Kenyans and encourages all genders and persons with disability to apply for jobs.

IGRTC implements measures to support gender mainstreaming and youth empowerment through employment. IGRTC also undertakes bi-annual gender mainstreaming reporting to the National Gender and Equality Commission on gender disaggregated data.

**iv) Market place practices-**

IGRTC continues to promote local manufacturers by purchasing goods manufactured locally through the buy and build Kenya initiative.

**a) Responsible Supply chain and supplier relations**

IGRTC maintains good business practices by engaging local Kenyans for the provision of services and purchase of goods. IGRTC treats suppliers responsibly by honouring contracts and making payments on time.

**b) Responsible marketing and advertisement**

IGRTC places its advertisements in the main daily newspapers and on the IGRTC website, while providing equal opportunity to all suppliers and encouraging youth and women and people living with disability to apply for tenders.

**11. Report of the Directors**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Intergovernmental Relations Technical Committee's affairs.

**i) Principal activities**

The principal activities of the IGRTC are:

- (a) Be responsible for the day-to-day administration of the Summit and of the Council and in particular - Facilitate the activities of the Summit and of the Council; and implement the decisions of the Summit and of the Council;
- (b) Take over the residual functions of the transition entity established under the law relating to transition to devolved government after dissolution of such entity;
- (c) Convene a meeting of the forty-seven County Secretaries within thirty days preceding every Summit meeting; and
- (d) Perform any other function as may be conferred on it by Summit, the Council, this Act or any other legislation.

**ii) Results**

The results of the Entity for the year ended June 30, 2023, are set out on page 1 to 71.

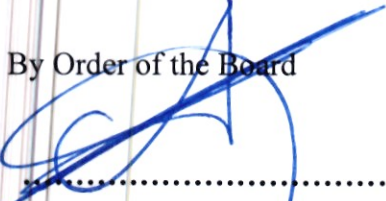
**iii) Directors**

The members of the Board of Directors who served during the year are shown on page viii to xiv. During the year no director retired/ resigned and none was appointed.

**iv) Auditors**

The Auditor-General is responsible for the statutory audit of the Intergovernmental Relations Technical Committee in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



.....

**Name:** Agnes M. Ndwiga  
**Chief Executive Officer**

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**12. Statement of Directors Responsibilities**

Section 81 of the Public Finance Management Act, 2012 require the Directors to prepare financial statements in respect of that Intergovernmental Relations Technical Committee (IGRTC), which give a true and fair view of the state of affairs of the IGRTC at the end of the financial year/period and the operating results of the IGRTC for that year/period. The Directors are also required to ensure that the IGRTC keeps proper accounting records which disclose with reasonable accuracy the financial position of the IGRTC. The Directors are also responsible for safeguarding the assets of the IGRTC.

The Directors are responsible for the preparation and presentation of the IGRTC's financial statements, which give a true and fair view of the state of affairs of the IGRTC for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Entity; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the IGRTC; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the IGRTC's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Directors are of the opinion that the IGRTC's financial statements give a true and fair view of the state of IGRTC's transactions during the financial year ended June 30, 2023, and of the IGRTC's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the IGRTC, which have been relied upon in the preparation of the IGRTC's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the IGRTC will not remain a going concern for at least the next twelve months from the date of this statement.

**Intergovernmental Relations Technical Committee  
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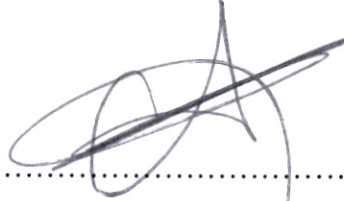
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**Approval of the financial statements**

The IGRTC's financial statements were approved by the Board on 12/01/2024 2023 and signed on its behalf by:



.....  
**Name:** CPA Kithinji Kiragu  
**Chairperson of the Committee**



.....  
**Name:** Agnes M. Ndwiga  
**Accounting Officer**

# REPUBLIC OF KENYA

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## **REPORT OF THE AUDITOR-GENERAL ON INTERGOVERNMENTAL RELATIONS TECHNICAL COMMITTEE FOR THE YEAR ENDED 30 JUNE, 2023**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Intergovernmental Relations Technical Committee set out on pages 1 to 32, which comprise the statement of financial

position as at 30 June, 2023 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, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Inter-Governmental Relations Technical Committee as at 30 June, 2023 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 comply with and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Unsupported Expenditure in the Bank Statement**

The statement of financial position reflects cash and cash equivalents balance of Kshs.245,833,222 as disclosed in Note 13 to the financial statements. Review of the bank reconciliation statement for the month of June, 2023 revealed payments in bank not in cashbook amounting to Kshs.8,662,291 relating to the period of July, 2022 to January, 2023. Management explained that the irregular payments were made by an officer who has since retired and that the matter was reported to the Assets Recovery Authority and is being investigated by the Ethics and Anti-Corruption Commission. However, the outcome of the investigations on the loss of funds was not provided for audit review.

In the circumstances, the completeness and accuracy of the cash and cash equivalents balance of Kshs.8,662,291 as at 30 June, 2023 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Intergovernmental Relations Technical Committee 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 qualified opinion.

### **Key Audit Matters**

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

## **Other Matter**

### **Unresolved Prior Year Matters**

In the audit report of the previous year, issues were raised under the Qualified Opinion and Report of Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not resolved the issues nor given any explanation for not preparing accurate financial statements, failure to adhere to provisions of the Public Finance Management Act and Public Procurement and Asset Disposal Act and Regulations.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Late Submission of Financial Statements**

The Intergovernmental Relations Technical Committee annual report and financial statements for the financial year ended 30 June, 2023 was submitted to the Auditor General for audit on 13 October, 2023. This is contrary to Section 81(4) of the Public Finance Management Act, 2012 which requires the financial statements to be submitted three months after the close of the financial year.

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

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAI) 4000. The Standard requires 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my

report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

## **Basis for Conclusion**

### **Exposure to Loss of Funds**

Audit review of the bank reconciliation statement for the month of June, 2023 revealed an irregular bank withdrawal or loss of funds totaling Kshs.8,662,291 made between July, 2022 and January, 2023 by an officer who has since retired.

The internal controls were ineffective to safeguard or minimize exposure to the loss of funds. A timely bank reconciliation and segregation of duties would have detected the numerous payments to the same officer over the seven (7)-months period.

In the absence of a strong internal control system, it has not been possible to confirm the weaknesses that led to the loss and the internal controls built within the financial and operational systems to deter future similar losses.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 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 the Board of Directors**

The 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 the 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, the Management is responsible for assessing the Committee's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to terminate the Committee or to cease operations.

The 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, the 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.

The Board of the Directors is responsible for overseeing the Committee'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**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control 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 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Committee's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Committee to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Committee to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide the Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

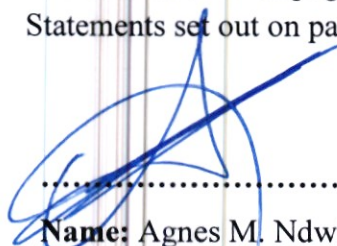
**08 February, 2024**

**Intergovernmental Relations Technical Committee  
Annual Report and Financial Statements  
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**14. Statement of Financial Performance for the year ended 30 June 2023**

	Notes	2022-2023	2021-2022
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments entities	6	446,294,350	496,772,032
<b>Total revenue</b>		<b>446,294,350</b>	<b>496,772,032</b>
<b>Expenses</b>			
Use of goods and services	7	249,244,483	336,692,345
Employee costs	8	94,783,489	41,481,295
Board Expenses	9	74,462,256	85,407,110
Depreciation and amortization expense	10	5,723,403	4,437,428
Repairs and maintenance	11	3,692,799	10,863,943
Contracted services	12	0	13,578,068
<b>Total expenses</b>		<b>427,906,431</b>	<b>492,471,388</b>
<b>Surplus before tax</b>		<b>18,387,919</b>	<b>4,300,644</b>
<b>Surplus/ (deficit) for the period/year</b>		<b>18,387,919</b>	<b>4,300,644</b>
<b>Net Surplus for the year</b>		<b>18,387,919</b>	<b>4,300,644</b>

The notes set out on pages 6 to 29 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

  
.....  
**Name:** Agnes M. Ndwiga

**Accounting Officer**

**Date** 12/01/2024

  
.....  
**Name:** Mohamedoor Hassan

**Head of Finance**

ICPAK M/No: 26178

**Date** 12/01/2024

  
.....  
**Name:** CPA Kithinji Kiragu

**Chairman of the Board**

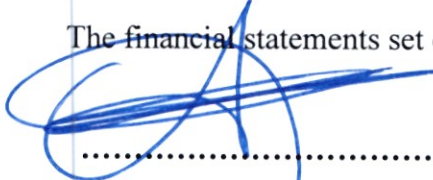
**Date** 12/01/2024

**Intergovernmental Relations Technical Committee  
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**15 Statement of Financial Position as at 30 June 2023**

	Notes	2022-2023 Kshs	2021-2022 Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	245,833,222.85	13,345,882.00
Inventories	14	5,949,365.30	-
<b>Total Current Assets</b>		<b>251,782,588.15</b>	<b>13,345,882.00</b>
<b>Non-current assets</b>			
Property, plant and equipment	15	23,832,340.11	21,470,264.00
<b>Total assets</b>		<b>275,614,928.26</b>	<b>34,816,146.00</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	16	2,910,220.00	-
Current Provision	17	23,841,633.12	
Deferred Income	18	195,659,010.00	
<b>Total Current Liabilities</b>		<b>222,410,863.12</b>	
<b>Net assets</b>		<b>53,204,065.14</b>	<b>34,816,146.00</b>
Accumulated surplus		28,253,558.14	9,865,639.00
Capital Fund		24,950,507.00	24,950,507.00
<b>Total Net Assets and Liabilities</b>		<b>53,204,065.14</b>	<b>34,816,146.00</b>

The financial statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

  
.....  
**Name:** Agnes M. Ndwiga  
**Accounting Officer**

  
.....  
**Name:** Mohamednoor Hassan  
**Head of Finance**

  
.....  
**Name:** CPA Kithinji Kiragu  
**Chairman of the Board**

**Date** 12/01/2024

**ICPAK M/No:** 26178  
**Date** 12/01/2024

**Date** 12/01/2024

**16. Statement of Changes in Net Assets for the year ended 30 June 2023**

	Retained earnings	Capital Fund	Total
	Kshs.	Kshs.	Kshs.
<b>As At July 1, 2022</b>	<b>9,865,639.00</b>	<b>24,950,507.00</b>	<b>34,816,146.00</b>
Revaluation gain	-	-	-
Transfer of excess depreciation on revaluation	-	-	-
Prior year adjustment	-	-	-
Deferred tax on excess depreciation	-	-	-
Fair value adjustment on quoted investments	-	-	-
Total comprehensive income	-	-	-
Capital/Development grants received during the year	-	-	-
Transfer of depreciation/amortization from capital fund to retained earnings	-	-	-
Dividends paid – 2023	-	-	-
Interim dividends paid – 2023	-	-	-
Surplus/ (deficit) for the year	18,387,919.14		
Proposed final dividends	-	-	-
<b>As At June 30, 2023</b>	<b>28,253,558.14</b>	<b>24,950,507.00</b>	<b>53,204,065.14</b>
<b>As At July 1, 2023</b>	<b>28,253,558.14</b>	<b>24,950,507.00</b>	<b>53,204,065.14</b>

**Intergovernmental Relations Technical Committee  
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**17. Statement of Cash Flows for the year ended 30 June 2023**

	Notes	2022-2023	2021-2022
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments entities	6	641,953,360.00	496,772,032.00
<b>Total Receipts</b>		<b>641,953,360.00</b>	<b>496,772,032.00</b>
<b>Payments</b>			
Use of goods and services	7	(246,034,263.40)	(116,193,024.00)
Employee costs	8	(82,630,050.50)	(323,585,867.00)
Board Expenses	9	(74,462,256.00)	(42,591,455.00)
Repairs and maintenance	11	(3,692,799.25)	
Contracted services	12	0.00	
Grants and subsidies			
<b>Total Payments</b>		<b>(406,819,369.15)</b>	<b>(482,370,346.00)</b>
<b>Net cash flows from/(used in) operating activities</b>		<b>235,133,990.85</b>	<b>14,401,686.00</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE and Intangible assets	15	(2,646,650.00)	(1,753,100.00)
<b>Net cash flows used in investing activities</b>		<b>(2,646,650.00)</b>	<b>(1,753,100.00)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		0.00	0.00
<b>Net cash flows from financing Activities</b>		<b>0.00</b>	<b>0.00</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>232,487,340.85</b>	<b>12,648,586.00</b>
Cash and cash equivalents at 1 July 2022	13	13,345,882.00	697,296.00
<b>Cash and cash equivalents at 30 June 2023</b>	<b>13</b>	<b>245,833,222.85</b>	<b>13,345,882.00</b>

**18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs		Kshs
<b>Revenue</b>						
Transfers from Other Governments entities	446,119,328.00	-	446,119,328.00	446,294,350.00	(175,022)	-0.04%
<b>Total income</b>	<b>446,119,328.00</b>	<b>-</b>	<b>446,119,328.00</b>	<b>446,294,350.00</b>	<b>(175,022)</b>	<b>-0.04%</b>
<b>Expenses</b>					0	
Use of Goods and Services	277,280,852.00		277,280,852.00	249,244,483.40	28,036,369	10.11%
Employee costs	84,876,220.00		84,876,220.00	94,783,489.32	(9,907,269)	-11.67%
Board Expenses	74,462,256.00		74,462,256.00	74,462,256.00	0	0.00%
Repairs and maintenance	9,500,000.00		9,500,000.00	3,692,799.25	5,807,201	61.13%
Contracted Services					0	
					0	
<b>Total expenditure</b>	<b>446,119,328.00</b>	<b>-</b>	<b>446,119,328.00</b>	<b>422,183,027.97</b>	<b>23,936,300</b>	<b>94.63%</b>
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,111,322.03</b>	<b>(24,111,322)</b>	
<b>Capital Expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

**19. Notes to the Financial Statements**

**1. General Information**

Intergovernmental Relations Technical Committee is established by and derives its authority and accountability from Intergovernmental Relations Act. The Entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Entity's principal activity is to coordinate the day to day functioning of the National and County Government Co-ordinating Summit (the summit) and the Council of County Governors (CoG).

**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 judgement in the process of applying the IGRTC's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the IGRTC. 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 years presented.

**Intergovernmental Relations Technical Committee  
Annual Reports and Financial Statements  
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**Notes to the Financial Statements (Continued)**

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

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p>

**Intergovernmental Relations Technical Committee  
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Standard	Effective date and impact:
	<p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p> <p>There were no financial impact effected by the application of this standard in the financial year.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement.</b> Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>

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

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

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

- iii. *Early adoption of standards*

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

**Notes to the financial statements (continued)**

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the IGRTC 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 has been acquired using such funds.

**b) Budget information**

The original budget for the Current FY was approved by the National Assembly on 6<sup>th</sup> April 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional appropriations of Kshs. 102,800,318 on the 28<sup>th</sup> February 2023 budget following the governing body's approval.

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

**Intergovernmental Relations Technical Committee  
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**Notes to the Financial Statements (Continued)**

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

**c) Property, plant and equipment**

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

**d) Leases**

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

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the IGRTC. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

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

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

**e) 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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

**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 entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**a) Financial assets**

**Classification of financial assets**

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

**Intergovernmental Relations Technical Committee  
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**Notes to the Financial Statements (Continued)**

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

measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

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

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Trade and other receivables**

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

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

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

**Fair value through surplus or deficit**

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

**b) Financial liabilities**

**Classification**

The entity 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:

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

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

**h) Provisions**

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

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

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

expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**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 need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

**j) Contingent liabilities**

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

**k) Contingent assets**

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

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

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

**l) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements.

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

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

**n) Employee benefits**

**Retirement benefit plans**

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

**o) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

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

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

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

**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 the Central Bank of Kenya at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for 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) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

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

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

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

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

**Estimates and assumptions.**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the 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 Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful lives and residual value**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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

**6. Transfers from Ministries, Departments and Agencies (MDAs)**

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognized in capital fund	Total transfers (Current FY)	2021-2022
	KShs	KShs	KShs	KShs	KShs
State Department for Devolution	446,294,350	195,659,010	0	641,953,360	496,772,032
<b>Total</b>	<b>446,294,350</b>	<b>195,659,010</b>	<b>0</b>	<b>641,953,360</b>	<b>496,772,032</b>

**7. Use of Goods and Services**

Description	2022-2023	2021-2022
	KShs	KShs
Electricity	1,319,960.80	884,126.00
Professional Services		
Subscriptions	283,049.00	
Advertising	2,258,902.00	16,862,409.00
Admin Fees		
Audit Fees	300,000.00	
Conferences and Delegations	25,013,976.80	19,664,712.00
Consulting Fees		
Consumables	6,886,577.00	
Fuel and Oil	6,475,069.25	9,703,500.00
Insurance	17,123,605.80	
Legal Expenses		
Licenses and Permits		
Postage	626,714.00	3,827,679.00
Printing and Stationery	3,462,245.00	13,106,478
Hire Charges		2,118,113.00
Rent expenses	49,366,938.85	49,413,569.00
Skills Development Levies		
Inventory Scrapping		
Telecommunication	8,633,699.60	
Training	2,843,544.00	533,200.00
Travel, Subsistence & Other Allowances	124,540,201.30	220,578,559.00
Other General Expenses	110,000.00	
<b>Total good and services</b>	<b>249,244,483.40</b>	<b>336,692,345.00</b>

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

**8. Employee Costs**

	2022-2023	2021-2022
	KShs	KShs
Salaries and wages	56,899,178.80	30,785,914.00
Employer contribution to health insurance schemes		
Employer contribution to pension schemes	1,977,427.40	
Travel, accommodation, subsistence, & other allowances		
Housing benefits and allowances	12,365,250.00	
Overtime payments		
Performance and other bonuses		
Social contributions		
Gratuity	23,541,633.12	10,695,381.00
Other employee related costs		
<b>Employee costs</b>	<b>94,783,489.32</b>	<b>41,481,295.00</b>

**9. Board Expenses**

Description	2022/2023	2021/2022
	Kshs	Kshs
Salaries for Full-time Board members	71,582,256.00	85,407,110.00
Sitting Allowances		
Medical Insurance		
Induction and Training		
Travel and Accommodation		
Other Allowances – Commuter Allowance	2,880,000.00	
<b>Total</b>	<b>74,462,256.00</b>	<b>85,407,110.00</b>

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

**10. Depreciation and Amortization Expense**

Description	2022-2023	2021-2022
	KShs	KShs
Property, plant and equipment	5,723,402.90	4,437,428.40
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>5,723,402.90</b>	<b>4,437,428.40</b>

**11. Repairs and Maintenance**

Description	2022-2023	2021-2022
	KShs	KShs
Property and equipment	2,140,691.25	5,103,712.00
Investment Property		
Equipment and Machinery		
Vehicles	1,552,108.00	5,760,231.00
Furniture and Fittings		
Computers and Accessories		
Others (specify)		
<b>Total Repairs and Maintenance</b>	<b>3,692,799.25</b>	<b>10,863,943.00</b>

**12. Contracted Services**

Description	2022-2023	2021-2022
	KShs	KShs
Actuarial Valuations		13,570,068.00
Investment Valuations		8,000.00
Property Valuations		
Others (specify)		
Total Contracted Services	-	-
<b>Total Contracted Services</b>	<b>-</b>	<b>13,578,068.00</b>

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

**13. Cash and Cash Equivalents**

Description	2022/2023	2021/2022
	KShs	KShs
Current Account	245,833,222.85	13,345,882.20
Savings Account		
On - Call Deposits		
Fixed Deposits Account		
Staff Car Loan/ Mortgage		
Others (Specify)		
<b>Total Cash and Cash Equivalents</b>	<b>245,833,222.85</b>	<b>13,345,882.20</b>

**Detailed Analysis of the Cash and Cash Equivalents**

Financial Institution	Account number	2022/2023	2021/2022
		Kshs	Kshs
<b>a) Current Account</b>			
Central Bank of Kenya	1000304863	245,833,222.85	13,345,882.20
<b>Sub- Total</b>		<b>245,833,222.85</b>	<b>13,345,882.20</b>
<b>Grand Total</b>		<b>245,833,222.85</b>	<b>13,345,882.20</b>

**14. Inventories**

Description	2022/2023	2021/2022
	Kshs	Kshs
Consumable stores	5,949,365.30	-
Medical supplies	-	-
Spare parts and meters	-	-
Water for distribution	-	-
Other goods held for resale	-	-
Catering	-	-
Less: allowance for impairment	-	-
<b>Total inventories at the lower of cost and net realizable value</b>	<b>5,949,365.30</b>	<b>-</b>

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

**15. Property, Plant and Equipment**

Class	Furniture and fittings	Computers	Total
	Kshs	Kshs	Kshs
<b>As At 1 July 2021</b>	<b>19,103,499.00</b>	<b>5,051,094.00</b>	<b>24,154,593.00</b>
Additions	-	2,754,500.00	2,754,500.00
Disposals	-	-	-
Transfers/Adjustments	-	-	-
<b>As at 30<sup>th</sup> June 2022</b>	<b>19,103,499.00</b>	<b>7,805,594.00</b>	<b>26,909,093.00</b>
Additions	555,000.00	2,091,650.00	<b>2,646,650.00</b>
Disposals	-	-	-
Transfer/Adjustments	-	-	-
<b>As at 30<sup>th</sup> June 2023</b>	<b>19,658,499.00</b>	<b>9,897,244.00</b>	<b>29,555,743.00</b>
<b>Depreciation And Impairment</b>			
<b>At 1 July 2021</b>			
Depreciation	2,387,937.38	2,049,491.02	<b>4,437,428.40</b>
Impairment	-	-	-
Transfers/ Adjustments	-	-	-
<b>As at 30<sup>th</sup> June 2022</b>	<b>2,387,937.38</b>	<b>2,049,491.02</b>	<b>4,437,428.40</b>
Depreciation	2,457,312.38	3,266,090.52	<b>5,723,402.90</b>
Disposals	-	-	-
Impairment	-	-	-
Transfer/Adjustment	-	-	-
<b>As at 30<sup>th</sup> June 2023</b>	<b>2,457,312.38</b>	<b>3,266,090.52</b>	<b>5,723,402.90</b>
<b>Net Book Values</b>			
<b>As at 30<sup>th</sup> June 2022</b>	<b>16,715,561.63</b>	<b>5,756,102.98</b>	<b>22,471,664.61</b>
<b>As at 30<sup>th</sup> June 2023</b>	<b>17,201,186.63</b>	<b>6,631,153.48</b>	<b>23,832,340.11</b>

The depreciation rates used are as follows:

Furniture and fittings	12.50%
Computers	33.00%

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

**16. Trade and Other Payables**

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Trade payables	2,910,220.00			
Payments received in advance				
Employee payables	-			
Third-party payments				
Other payables	-			
<b>Total trade and other payables</b>	<b>2,910,220.00</b>			
<b>Ageing analysis: (Trade and other payables)</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	232,360.00	8%	-	%
1-2 years	2,677,860.00	92%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (tie to above total)</b>	<b>2,910,220.00</b>	<b>100%</b>		

**17. Current Provisions**

Description	Leave provision	Bonus provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Balance b/f</b>	-	-	<b>10,695,381.00</b>	<b>0.00</b>	<b>10,695,381.00</b>
Additional provisions	-	-	23,541,633.12	300,000.00	<b>23,841,633.12</b>
Provision utilised	-	-	(10,695,381.00)	0.00	<b>(10,695,381.00)</b>
Change due to discount and time value for money	-	-	0.00	0.00	<b>0.00</b>
Transfers from non-current provisions	-	-	0.00	0.00	<b>0.00</b>
<b>Total provisions year end</b>	-	-	<b>23,541,633.12</b>	<b>300,000.00</b>	<b>23,841,633.12</b>

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

The deferred income movement is as follows:

**18. Deferred Income**

Description	2022-2023	2021-2022
	KShs	KShs
National Government	195,659,010.00	
International funders		
Public contributions and donations		
<b>Total Deferred Income</b>	<b>195,659,010.00</b>	<b>-</b>

	National Government	International funders	Public contributions and donations	Total
Balance Brought Forward	-	-	-	-
Additions	195,659,010.00	-	-	<b>195,659,010.00</b>
Transfers To Capital Fund	-	-	-	-
Transfers To Income Statement	-	-	-	-
Other Transfers	-	-	-	-
<b>Balance Carried Forward</b>	<b>195,659,010.00</b>	<b>-</b>	<b>-</b>	<b>195,659,010.00</b>

**19. Cash Generated from Operations**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Surplus for the year before tax</b>	<b>18,387,919.14</b>	<b>4,300,644</b>
<b>Adjusted for:</b>		
Depreciation	5,723,402.90	-
Non-cash grants received	-	-
Contributed assets	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
<b>Working capital adjustments</b>		
Increase in inventory	- 5,949,365.30	-
Increase in receivables	-	-
Increase in deferred income	195,659,010.00	-
Increase in payables	21,313,024.12	10,101,042.00
Increase in payments received in advance	-	-
<b>Net cash flow from operating activities</b>	<b>235,133,990.85</b>	<b>14,401,686.00</b>

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**20. Financial Risk Management**

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

**i) Credit risk**

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

**Financial Risk Management**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2023</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	237,170,931.75	237,170,931.75	-	-
<b>Total</b>	<b>237,170,931.75</b>	<b>237,170,931.75</b>	-	-
<b>As at 30 June 2022</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	18,509,253.85	18,509,253.85	-	-
<b>Total</b>	<b>18,509,253.85</b>	<b>18,509,253.85</b>	-	-

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

**ii) Market risk**

The *Entity* has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Entity's exposure to market risks or the way it manages and measures the risk.

**21. Related Party Disclosures**

**Nature of related party relationships**

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

**Government of Kenya**

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

**Other related parties include:**

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

**22. Events after the Reporting Period**

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

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

**23. Ultimate And Holding Entity**

The Entity is a Semi- Autonomous Government Agency under the State Department of Devolution. Its ultimate parent is the Government of Kenya.

**24. Currency**

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

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**20. Appendices**

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<b>1.0 Inaccuracies in the Financial Statements</b>				
<b>1.1 Remuneration of Members</b>	The statement of financial performance and as disclosed in Note (8a) to the financial statements reflects remuneration of directors amounting to Kshs. 85,418,368. However, review of the documents provided reflected an expenditure totalling to Kshs. 67,473,538 resulting to an unexplained variance of Kshs. 17,944,830	The remuneration of the directors is fully supported by the payrolls pulled from the IPPD.	Resolved	
<b>1.2 Accounts payable</b>	IGRTC did not provide for audit fees in the statement of financial position under accounts payable	The audit fees was provided for in the amended financial statements	Resolved	
<b>1.3 Repairs and Maintenance</b>	The statement of financial performance and as disclosed in Note 9 to the financial statements reflects repairs and maintenance amounting to Kshs. 10,863,943 which includes Kshs. 5,103,712 in respect of maintenance of buildings and general repair expenses. However, review of sampled vouchers revealed misposting of expenditure of Kshs. 1,050,000. In the circumstances, the accuracy of the financial statements could not be confirmed.	The error in the misposting of Kshs. 1,050,000 has been corrected.	Resolved	

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Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<b>1.0 Inaccuracies in the Financial Statements</b>				
<b>2.0 Unsupported repairs and maintenance</b>	<p>The statement of financial performance and as disclosed in Note 9 to the financial statements reflects repairs and maintenance amounting to to Kshs. 10,863,943 which includes Kshs. 5,760,231 in respect of motor vehicle repair expenses. However, the worktickets were not provided for audit to confirm that the vehicle defects are recorded together with the drivers' comments and summary of fuel used in the month.</p> <p>In the circumstances, the accuracy and completeness of the motor vehicle repair amounts of Kshs. 5,760,231 could not be confirmed.</p>	<p>The drivers have been cautioned against failing to submit work tickets. This will not happen again in future.</p>	Resolved	
<b>3.0 Unsupported and undisclosed Property, Plant and Equipment</b>	<p>The statement of financial position and as disclosed in Note 14 to the financial statements reflect property, plant and equipment balance of Kshs. 21,470,264. However, assets with a value of Kshs. 1,001,400 were omitted from the financial statements. In addition, Management did not maintain assets register to indicate date of purchase, cost, supplier, location, unique identification number, accumulated depreciation, and net book values of the assets. The assets were also not tagged. Further, the Committee had twenty-two (22) vehicles without ownership documents or logbooks.</p>	<p>The assets were charged to wrong account. The error has been corrected and depreciation charged as per the depreciation schedule on Note 15.</p>	Resolved	

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Reference No. on the external and Report	Issue/ Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<b>1.0 Inaccuracies in the Financial Statements</b>				
	In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs. 21,470,264 could not be confirmed.			
<b>4.0 Unsupported Cash and Cash Equivalent</b>	The statement of financial position and as disclosed in Note 13 to the financial statement reflects cash and cash equivalents balance of Kshs. 13,345,882. However, the bank reconciliation statement in support of the balance was not provided for audit. In the circumstances, the accuracy and fair statement of the cash and cash equivalents balance of Kshs. 13,345,882 could not be confirmed.	The bank reconciliation and CBK bank certificate were availed. The documents are available for audit verification	Resolved	
<b>1.0 Irregular procurement on Repairs and Maintenance</b>	Review of the expenditure records on repairs and maintenance revealed that suppliers were awarded contracts for maintenance services and supply of tyres at the cost of Kshs. 2,795,152 and Kshs. 1,670,000 respectively. However, the suppliers awarded were not under the prequalified list of suppliers. This is contrary to the provisions of Section 95(3) of Public Procurement and Assets Disposal Act, 2015 which states that the procuring entity shall invite tenders from only the approved persons who have been prequalified.	The said suppliers are in the prequalified list. The correct updated list of prequalified suppliers has been provided for audit	Resolved	

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Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
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**1.0 Inaccuracies in the Financial Statements**

	In the circumstances, the management was in breach of the law.			
<b>2.0 Effectiveness in Assets Management</b>	Physical verification of assets revealed that five (5) motor vehicles have been grounded for a long time due to various mechanical reasons and at different garages and yards. Management has not made any efforts to repairs or to seek for approval of disposal of the vehicles. The assets continued to deteriorate and any salvage value that could have been realized may be lost. Further, the committee had twenty-two (22) vehicles where fourteen (14) were in use while five were grounded and three awaiting repairs. In the circumstances there was no value for money on the use of the assets.	The grounded vehicles referred to in the audit have been towed to the State Department for Works. The other grounded vehicles were inherited from CIC and IGRTC has no authority to dispose them off	Resolved	

  
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**Chief Executive Officer**  
**Date:**

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**Appendix II: Transfers from Other Government Entities**

Name of the MDA/Donor or Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development /Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others must be specific	
Ministry of Planning and Devolution	6/7/2022	Recurrent	15,834,032.00	15,834,032.00		-			15,834,032.00
Ministry of Planning and Devolution	19/08/2022	Recurrent	81,915,000.00	81,915,000.00		-			81,915,000.00
Ministry of Planning and Devolution	31/10/2022	Recurrent	81,915,000.00	81,915,000.00		-			81,915,000.00
Ministry of Planning and Devolution	27/01/2023	Recurrent	81,915,000.00	81,915,000.00		-			81,915,000.00
Ministry of Planning and Devolution	27/04/2023	Recurrent	97,785,000.00	97,785,000.00		-			97,785,000.00
Ministry of Planning and Devolution	12/5/2023	Recurrent	82,589,328.00	82,589,328.00		-			82,589,328.00

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Ministry of Planning and Devolution	9/6/2023	Recurrent	20,000,000.00	4,340,990.00		15,659,010.00			20,000,000.00
Ministry of Planning and Devolution	30/06/2023	Recurrent	180,000,000.00	-		180,000,000.00			180,000,000.00
<b>Total</b>			<b>641,953,360.00</b>	<b>446,294,350.00</b>	<b>-</b>	<b>195,659,010.00</b>			<b>641,953,360.00</b>

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