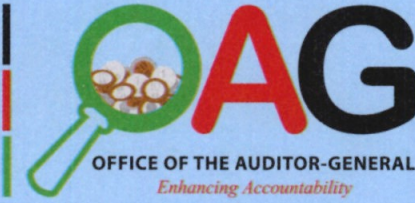


REPUBLIC OF KENYA



27

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ON

COUNTY EXECUTIVE OF VIHIGA

**FOR THE YEAR ENDED
30 JUNE, 2025**

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COUNTY EXECUTIVE OF VIHIGA

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

Transitional IPSAS Financial Statements.



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1. Acronyms, Abbreviations and Definition of Key Terms

A. Acronyms and Abbreviations

<i>ADP</i>	<i>Annual Development Plan</i>
<i>AIE</i>	<i>Authority to Incur Expenditure</i>
<i>CA</i>	<i>County Assembly</i>
<i>CARA</i>	<i>County Allocation of Revenue Act</i>
<i>CBK</i>	<i>Central Bank of Kenya</i>
<i>CECM</i>	<i>County Executive Committee Member</i>
<i>CE</i>	<i>County Executive</i>
<i>CG</i>	<i>County Government</i>
<i>CIDP</i>	<i>County Integrated Development Plan</i>
<i>COG</i>	<i>Council of Governors</i>
<i>CRA</i>	<i>Commission on Revenue Allocation</i>
<i>CRF</i>	<i>County Revenue Fund</i>
<i>CT</i>	<i>County Treasury</i>
<i>IPSAS</i>	<i>International Public Sector Accounting Standards</i>
<i>MCA</i>	<i>Member of County Assembly</i>
<i>OAG</i>	<i>Office of the Auditor General</i>
<i>OCOB</i>	<i>Office of the Controller of Budget</i>
<i>OSR</i>	<i>Own Source Revenue</i>
<i>PFM</i>	<i>Public Finance Management</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>NT</i>	<i>National Treasury</i>
<i>WB</i>	<i>World Bank</i>
<i>KRB</i>	<i>Kenya Roads Board</i>
<i>Kshs</i>	<i>Kenya Shillings</i>
<i>FY</i>	<i>Financial Year</i>

B. Definition of Key Terms

Example

Fiduciary Management *The key management personnel who had financial responsibility*

(This list is an indication of acronyms, abbreviations, and key terms; the County entity should include all from the annual report and financial statements prepared)

2. Key Entity Information and Management

a) Background information

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

This is the 12th Annual Report and Financial Statement to be prepared by the County Government of Vihiga since 2013 when the implementation of devolved form of government came to place. The overall goal of the report is to evaluate the extent to which the goals of the public expenditure management contained in the ADP 2024/25 were realized against the budget.

The preparation of the report generally involves the review and analysis of county departments' expenditure performance against priorities and also provides background on Statements of Receipts and Payments, Statements of Assets and Liabilities, Statements of Cash flows; Statement of County own generated Revenue and Statement of Appropriations Recurrent and Development combined.

The County Executive is comprised of the following departments:

No.	Department	Major Responsibility
1	Finance and Economic Planning	Management of County Treasury and Planning
2	Agriculture and Livestock and Fisheries	Overseeing County Agriculture, animal husbandry and Fish farming
3	Education and Technical Vocational Training	Management of County education programs
4	Health Services	Provision of health services to citizen
5	Transport and Infrastructure	Management and maintenance of County Infrastructures
6	Environment, Water, Natural Resources and Climate Change	Management of Climate change and natural resources
7	Commerce Tourism and Cooperatives	Promotion of market places and trading
8	Physical Planning, Lands, Housing and Urban Development	Promotion of county housing and urban development
9	Public Service and Administration	County administrative matters and public relations
10	Office of the Governor	Governance and politics
11	County Public Service Board	Employment, Promotion and disciplinary of staff
12	Gender, Culture, Youth, Sports and Social Services	Promotion of gender-based programs and sporting
13	Office of the County Attorney	Legal services to County Government

b) Key Management team

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

1. Office of the Governor
2. Office of the Deputy Governor
3. Office of the County Secretary and Head of Public Service
4. The County Executive Committee Members
5. The County Chief Officers
6. Office of the County Attorney.

c) Fiduciary Management

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

No.	Designation	Name
1.	CECM Finance and Economic Planning	Hon. Meshack Onzere Mulongo
2.	Accounting Officer- Finance and Economic Planning	CPA James Atemba
3.	Accounting Officer- Agriculture, Livestock and Fisheries	Mrs. Betty Allosa
4.	Accounting Officer- Physical Planning, Lands and Urban Development	Mr. Victor Kivaya Cheye
5.	Accounting Officer- Commerce, Tourism and Cooperatives	Dr. Wilberforce Anaya
6.	Accounting Officer- Health Services	Dr. Mary Susan Anyienda
7.	Accounting Officer- Environment, Water, Natural Resources and Climate change	Dr. Richard Boiyo
8.	Accounting Officer- Gender, Culture, Youths, Sports and Social Services	Mr. Sylvesters Kaane
9.	Accounting Officer- Office of the Governor	Mr. Phillip Gavuna
10.	Accounting Officer- Public Service and Administration	Mr. Phillip Gavuna
11.	Accounting Officer- Transport and Infrastructure	Eng. Christopher Rodgers Etale Tunya
12.	Accounting Officer- Education and Technical Vocational Training	Mr. Dominic Luvavo
13.	Accounting Officer- County Public Service Board	CPA Peter Inonda
14.	Accounting Officer – Office of the County Attorney	Mr. James Mukabi

d) Fiduciary Oversight Arrangements

Section 73(5) of the Public Financial Management Act 2012 provides that each accounting officer of a department must, and each governing body shall establish an audit committee for the entity.

Appointment and composition of members of the Audit Committee for the County Executive and the County Assembly is as outlined below;

County Assembly

1. The County Assembly shall competitively source for 3 members of the Audit Committee from suitably qualified persons one of whom shall be the chair.
2. The Audit Committee shall report to the County Assembly through the County Assembly Clerk.
3. The County Speaker shall nominate one senior officer to sit in the Audit Committee

County Executive

1. The County Executive shall competitively source for 4 members of the Audit Committee from suitably qualified persons one of whom shall be the chair.
2. The County Governor shall nominate one senior officer to sit in the Audit Committee
3. The Audit Committee shall report to the Governor

N/B: The Audit Committees of both the County Executive and County Assembly of Vihiga County Government are in place and functional

Audit Committee roles and responsibility shall be set out in its charter. Roles and responsibility shall include among others;

- Obtain assurance from management that all financial and non-financial internal control and risk management functions are operating effectively and reliably
- Provide an independent review of an entity reporting functions to ensure the integrity of financial reports
- Monitor the effectiveness of the entity's performance management and performance information
- Provide strong and effective oversight of an internal audit function
- Provide effective liaison and facilitate communication between management and external auditors
- Provide oversight of the implementation of the accepted audit recommendations
- Ensure the entity effectively monitor compliance with regulations, and regulatory requirements and promotes a culture of commitment to lawful and ethical behaviour.

a) Compliance and Safeguards against unethical conduct and corruption.

To ensure audit compliance and safeguards against unethical conduct and corruption, the County Government of Vihiga has instituted criteria that will be reliable, complete, objective, understandable, comparable acceptable and availability. Accordingly, the following audit measures are in place;

1. Policies, Legislations and Procedures on financial management.
2. Establishment of effective internal control systems
3. Collaborations with external auditors
4. Strengthened Internal Audit functions
5. Enhanced monitoring and evaluation and reporting
6. Instituted performance contracting and performance appraisal systems
7. Establishment of anti-corruption committee in Departments

e) County Government of Vihiga Headquarters

P.O. Box 344 - 50300
Vihiga County Headquarters – Mbale
Mbale – Kegoye Road,
Off Kisumu - Kakamega Road
Maragoli, Kenya

f) Entity Contacts

E-mail: treasury@vihiga.go.ke
Website: www.vihiga.go.ke

g) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
Mbale – Branch
P.o Box 1123- 50300
Maragoli - Kenya
3. Co-operative Bank of Kenya
Mbale Branch
P.o. Box 816-50300
Maragoli- Kenya
4. Equity Bank of Kenya
Mbale Branch
P.o Box , 545 -50300
Maragoli- Kenya

h) Independent Auditors

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

i) Principal Legal Advisor

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

j) County Attorney

The County Attorney
Vihiga County Headquarters
P.O. Box 344- 50300
Maragoli Kenya.

3. Governance Statement

Vihiga County is constituted as per the Constitution of Kenya, 2010. The County is headed by the Governor, who is responsible for the general policy and strategic direction of the County. The County is made up of a County Assembly, County Executive and a number of County Government Entities namely AMATSI Water Company and Vihiga FM Radio Station. The County Executive is structured in terms of departments, headed by a County Executive Committee Member (CECMs). The CECMs support the Governor and the Deputy Governor in executing the mandate of the County Government as stipulated in the Constitution. The County Secretary heads county public service and is responsible for arranging the business of county executive committee.

The County Executive



The County Executive is structured in terms of departments, headed by a County Executive Committee Member (CECMs). The CECMs support the Governor and the Deputy Governor in executing the mandate of the County Government as stipulated in the Constitution. The County Secretary heads county public service and is responsible for arranging the business of county executive committee.




Table 1 : Summary of responsibilities of the key management of the county government


S/No.	Institutions	Roles and Mandate
1.	Office of the Governor	<ul style="list-style-type: none"> • Provision of overall leadership in the county's economic, social and political governance and development • Provision of leadership to the county executive committee and administration based on the county policies and plans • Promotion democracy, good governance, unity and cohesion, peace and order • Promote the competitiveness of the county • promoting and facilitating citizen participation in the development of policies and plans, and delivery of services
2.	County Executive Committee	<ul style="list-style-type: none"> • Provide policy direction and ensuring proper governance structures are in place. • Monitor the process of planning, formulation and adoption of the CIDP and other policies within the County • Manage and coordinate county functions for effective implementation of projects and programmes. • Mobilise resources for the implementation of programmes
3.	Office of the County Secretary	<ul style="list-style-type: none"> • Arranging business of the county government • Convey the decisions of the county executive committee • Head of public service
4.	County Attorney	<ul style="list-style-type: none"> • Legal advisor to the county government • Responsible for drafting legislations emanating from the county executive • Ex-officio member of the County Executive Committee • Shall negotiate, draft, vet and interpret documents and agreements on behalf of the county executive and agencies • Responsible for revision of laws



5.	Chief Officers	<ul style="list-style-type: none"> • Ensure implementation of county and other national legislations and policies as may be required • Ensure implementation and evaluation of the CIDP • Ensure availability of resources for proper implementation of plans and policies • Ensure prudent management of resources according to the PFMA 2012
6.	County Assembly	<ul style="list-style-type: none"> • Legislations and representation of the people • Oversight the County Executive • Approval of budgets for the implementation of Development Plans and Policies • Approve the borrowing of resources by the county government




Membership of the County Executive Committee

1		<p><u>H.E. Dr. Wilbur K. Ottichilo - Governor</u></p> <p>H.E Dr. Wilbur K. Ottichillo was elected into office as the second Governor of Vihiga County. Having served as the Member of Parliament for Emuhaya Constituency and worked as the Director General of Regional Centre for Mapping of Resources for Development (RCMRD), an agency of United Nations Economic Commission for Africa (UNECA). Dr. Ottichilo has a vast experience in Public Service and Administration.</p> <p>He Holds a Doctorate in Natural Resource Management and Space Science from the University of Wageningen and the International institute of Earth Observations.</p>
2	<p><u>H.E. Wilberforce Kitiezo – Deputy Governor</u></p> <p>Hon. Kitiezo is the third Deputy Governor of Vihiga County. He holds a Bachelor of Arts degree in Project Planning and Management from the University of Nairobi and a certificate in Criminal Justice from Kenya Institute of Studies in Criminal Justice. The Deputy Governor brings wealth of experience in management to County administration having previously served as a Councillor in the defunct Vihiga Municipal council and a Member of County Assembly for Lugaga ward(2013-2017)</p>	

<p>3</p>		<p><u>Hon. Meshack Onzere Mulongo – CECM, Finance and Economic Planning.</u></p> <p>Mulongo Meshack Onzere is the current CECM of finance and economic planning in County Government of Vihiga. He was born in the year 1974 in North East Bunyore ward-Emuhaya Sub- County.</p> <p>He went to Maseno University for his Bachelor's Degree and did Education Arts. In the year 2012 he enrolled for his master's degree at Masinde Muliro University of Science and Technology where he is now doing his PhD.</p> <p>He earlier worked at Ndarwet girls' high school temporary as a teacher.</p> <p>He also taught at Tenwek boys in Bomet, Hospital hill high school in Nairobi.</p> <p>The CECMs mission is to provide service to the people of Vihiga county as prescribed by the Governor Hon. Wilber Khasilwa Ottichilo.</p>
<p>4</p>	<p><u>Hon Dr Nicolas Madaga-CECM Public Service and Administration</u></p> <p>Dr Nicholas Mwandihhi is the current CECM of Public Service and Administration, County Government of Vihiga. Born 4th September 1976 in Banja Ward, Hamisi Sub- County,</p> <p>He attended Kenyatta University for Bachelor's Degree, Education Science (Mathematics & Chemistry) in 2002. Later He enrolled for a Master's Degree MSc Human Resource Management (HRM) in 2013. Later enrolled for a PhD in Human Resource Management in 2019.</p> <p>Dr Nicholas Mwandihhi was a long-time teacher of Mathematics and Chemistry at Goibei Girls school and also a member of the Board of Management of the Institution.</p> <p>Lecturer at the Faculty of Business at Jomo Kenyatta University of Agriculture and Technology.</p>	
<p>5</p>		<p><u>Hon. Prof Mike Iravo- CECM, Lands, Physical Planning, Housing and Urban Development.</u></p> <p>A Holder of PhD in Human Resource Management/Personnel administration from Jomo Kenyatta University of Agriculture and Technology. Prof Mike has a vast experience in the public service.</p> <p>He is a Professor in Business (Management) Administration of Jomo Kenyatta University of Agriculture and Technology (JKUAT) and thematic leader in Governance and Leadership program at JKUAT. He is also HR PR actioner. Previously he has consulted for the following bodies: ILO, WB, JAICA, COMESA, EU, GIZ, ADB and many other local and international organizations. He holds PhD in HRM (JKUAT), M.Ed. Admin. & Plan (UoN),</p>

		<p>PGDE. (KU), M.A/B. A (St. Lucia University Sibiu, Romania). He has the following professional qualifications: HR PR actioner (IHRM), Strategic Leadership Development Program (KSoG), Entrepreneurship Skills (ITC-ILO, Turin-Italy), Personnel Management & Industrial Relations and Principals of Modern Management (UK). Prof. is an intelligent researcher and author. He has supervised and mentored several PhD and Masters' students. Published over 145 articles in refereed journals and the following books: "TIRIKI PEOPLE (Origin, History and Culture of Avatirichi)". Oyaroson Printers & Stationers, Nairobi, Kenya. ISBN 978-9914-40-984-0, 2022. "Effects of Managing Conflict in Organizations". Amazon Publishers, London, (UK), ISBN 3847332546, 2012. One (1) chapter "Global Dynamics in Africa". CEDRED Publications, Nairobi, Kenya. ISBN 978-9966-116-53-6, 2021. Developed and been involved in designing several programmes approved by JKUAT senate and recognized by CUE for KUCCPS admissions of students at the University level. He has humbly served in the following positions during his period of engagement at i) JKUAT Principal of a campus, Director Academic programs, Chairman of department, senior and lecturer positions, students' industrial internship coordinator and operations. ii) With TSC. High school head and deputy head teacher, HoD and teacher.</p>
6	<p>Hon Nicolas Kitungulu- CECM Health Services.</p> <p>Hon Nicolas is the current County Executive Committee Member responsible for the department of Agriculture, Livestock and Fisheries.</p>	 <p>MR. NICHOLAS KITUNGULU LIGAYO CECM: AGRICULTURE, LIVESTOCK & FISHERIES</p>

<p>7</p>	 <p>DR. RUTH M'MBWAYA AGESA CECM: EDUCATION & TECHNICAL VOCATIONAL TRAINING</p>	<p><u>Hon.Dr Ruth M'Mbwaya Agesa- CECM for Gender, Culture, Youths, Sports and Social Services.</u></p> <p>Dr Ruth M'mbwaya Agesa is a career Civil Servant with over Thirty (30) years in public service working for the Government of Kenya with diligence and excellence in the implementation of government policies and promotion of national values.</p> <p>Dr. Ruth has also served as a Director of Education in exercising experience and exemplary performance on heading Performing Arts (Music and Drama), Assistant Chief Executive Officer World Athletics Under 20, Deputy Director of Education, Executive Secretary Kenya Music Festival, Head of Performing Arts and Head of Protocol, World vision and Kenya Defence forces. She went to Masinde Muliro University of Science and Technology, Doctor of Philosophy Peace and conflict Studies. Political Mobilization Music Influencing National Cohesion discourse in Kenya. She also holds various degrees in other fields of studies.</p>
<p>8</p>	<p><u>Hon Joseph Karungani Lunani- CECM,Commerce, Tourism and Cooperatives</u></p> <p>Mr. Lunani has over 15years experience in Technology, Governance, Management & Leadership. Having worked with clients from various industries from the Public Sector, Banking, Hospitality, Entertainment and Many others. § Pursued Business Information Technology at Strathmore University, has a Bachelor's of Science in Applied Business Computing from University of Sunderland and did several certifications at Computer Pride College. He is an alumnus of Tallberg's Pathfinder Strategy & Leadership Programme in Sweden. § He is certified in various Information Technology professional courses. Cisco Certified Network Associate, (CCNA), A+, N+, Certified Information Systems Auditor (CISA) & PKI Review § His area of specialty is Project Management, Systems Analysis, Network Management and Call Centers § He currently advises key personalities on Technology & Governance. § Joseph has served as a board member of Chekalini Secondary School & Topmark Academy. Serves as a mentor at Nailab, KCB Foundation & Tony Elemelu Foundation. § He continues to speak to youth challenging and encouraging them to arrest business and career opportunities in Africa & beyond</p>	

9		<p><u>Hon. Ms Grace Kadenge– CECM Transport and Infrastructure.</u></p> <p>Grace Kanguha Kadenge has had a career in finance and banking that spans more than 18 years. She has Worked at Barclays Bank of Kenya, Standard Chartered bank and National bank of Kenya as a relationship manager, branch manager and Senior branch manager.</p> <p>Grace holds an MBA from the University of Nairobi. She is the CECM for Lands Physical Planning, Housing and Urban Development, having joined the County Government of Vihiga on 10th December 2022.</p>
10	<p>Hon Julias Maruja- CECM Agriculture, Livestock and Fisheries.</p> <p>Hon Julias is an advocate of the high court of Kenya and the current County Executive Committee Member responsible for the department of agriculture, livestock and fisheries.</p>	
11		<p><u>Hon, Dr Jairus B. Amayi – CECM for Environment, Water, Natural Resources and Climate Change</u></p> <p>Hon. Dr Jairus B. Amayi is the current County Executive Committee Member responsible for Environment, Water, Natural Resources and Climate Change.</p>

<p>1 2</p>	<p><u>Hon Ann Desma Chilande – CECM, Education Science & Technical Vocational Training.</u></p> <p>Ann Desma was born on 11th May 1981. Ann underwent various studies among them MA (Theology Biblical Studies) Washington Baptist theological seminary, MA in counseling psychology, BA counseling psychology, BS in Psychology christian counselling, Advanced Diploma in biblical studies (Washington Baptist theological seminary), Diploma in community development great lakes university.</p> <p>She has served in various capacities as highlighted below;</p> <ul style="list-style-type: none"> <input type="checkbox"/> Served as Board Member Lake Victoria North Water Works Development Agency (A state cooperation) <input type="checkbox"/> Served as Hon. Chairlady, Kakamega Gold and Mines Cooperative Society. <input type="checkbox"/> wrote and presented as a panelist on international and investment summit Me2i forum by KPYA for university of galgary at Canada in 2022. <input type="checkbox"/> Founder of RETHINK MENTAL HEALTH CARE KENYA <input type="checkbox"/> Co-founder of Bercaw Hansen Maragoli Hope Fund 2018/2019 non-profit community-based that is empowering young people to access education. <input type="checkbox"/> Founder Western partners' empowerment link community-based Organisation that does civic education, and community outreach programs on health education. Environmental hygiene water and sanitation projects/ preservation of natural resources, women empowerment/ building confidence in children and youths among others. 	
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k) Stakeholders

The County Executive has the following institutions in place to enhance Transparency, Accountability and Governance;

1. The County Assembly – The main role of the County Assembly is legislation and oversight of the County Executive
2. County Audit Committee- Provides oversight on financial operations of the County Executive and as well evaluates the effectiveness of existing internal controls.
3. County Budget and Economic Forum- Oversees the implementation of the budget
4. The Ward Development Coordination Committees-Prioritization of projects/programmes at Ward level

The following institutions at National level also provide oversight arrangements for County Governments

1. The senate – The main role of the Senate is legislation and oversight of County Governments
2. The Office of the Auditor General- Audits County Governments and County Government Entities.
3. Office of the Controller of Budget – Monitors budget execution by County Governments

Similarly, the following communication channels have been deployed to foster public participation, civic engagements and whistle blowing;

- i. The County Fm Radio
- ii. County Dialogue Forum
- iii. State of County Address
- iv. Peoples Assembly
- v. Barazas and stakeholder meetings
- vi. County Website
- vii. Suggestion Boxes
- viii. Sector Working Groups (SWGs)
- ix. Newsletters, Documentaries and other Publications

l) Engagement with County Assembly

The County Executive has engagement with the County Assembly through various functions, including and not limited to;

1. Approval of policies and plans, including CIDP, ADP, CIBROP, CFFP, Debt Management Strategies, Budget Estimates among others.
2. Oversight of the County Executive
3. Approval of bills, for instance finance bill
4. Vetting and approval of executive officers for appointment e.g CECM and Chief Officers.
5. Presentation of the citizens

m) Risks Management

The table below outlines the key anticipated risks that may hinder the operations in the county, potential impacts and strategies on risk mitigation measures to minimize or eliminate on the impact of such events.

Table: Risk, Implication, Level and Mitigation Measures

Category	Risk	Risk Level (Low, Medium, High)	Mitigation measures
Financial	<ul style="list-style-type: none"> Inadequate financial resources Misappropriation of funds and revenue 	Medium	<ul style="list-style-type: none"> Strengthen resource mobilization strategies Fully automation of accounting and auditing processes Enhance accountability and strengthen internal controls Prudent financial management
Organizational	<ul style="list-style-type: none"> Inadequate human resource capacity 	<ul style="list-style-type: none"> Medium 	<ul style="list-style-type: none"> Timely recruitment
	<ul style="list-style-type: none"> Inappropriate organizational culture 	<ul style="list-style-type: none"> Medium 	<ul style="list-style-type: none"> Institute culture change and change management initiatives
	<ul style="list-style-type: none"> Corruption 	<ul style="list-style-type: none"> High 	<ul style="list-style-type: none"> Enforcement of Code of Ethics Implementation of audit reports recommendations
	<ul style="list-style-type: none"> Low enforcement of policies 	<ul style="list-style-type: none"> Medium 	<ul style="list-style-type: none"> Full Implementation of all policies and procedures
Climate change	<ul style="list-style-type: none"> Disruption of services due to disasters 	<ul style="list-style-type: none"> Medium 	<ul style="list-style-type: none"> Develop and implement disaster recovery plan
	<ul style="list-style-type: none"> Drought 	<ul style="list-style-type: none"> Medium 	<ul style="list-style-type: none"> Implement climate smart agricultural practices
Technological	<ul style="list-style-type: none"> Cyber security risks 	<ul style="list-style-type: none"> High 	<ul style="list-style-type: none"> Investment in cyber security management
	<ul style="list-style-type: none"> Rapid changes in technology 	<ul style="list-style-type: none"> High 	<ul style="list-style-type: none"> Keeping up-to-date to the latest technological trends Continuous acquisition and training on new technologies Improve on ICT hardware and software.
	<ul style="list-style-type: none"> Low utilization of technology 	<ul style="list-style-type: none"> High 	<ul style="list-style-type: none"> Undertake sensitization and awareness on IT functionality and benefits
Strategic/Political	<ul style="list-style-type: none"> Failure to meet objectives and political interference 	<ul style="list-style-type: none"> Medium 	<ul style="list-style-type: none"> Sensitization of the county employees on the strategic direction of the county Allocation of adequate resources to implement, monitor and report on progress Sensitization on issue-based politics
	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none">

4. Foreword by CECM Finance and Economic Planning.

This is the Annual Report and Financial Statements for the year ending 30th June 2025. The Annual Report and Financial Statement is prepared in fulfilment of Article 228(6) of the constitution of Kenya. Its primary objective is to provide an analysis of the budget implementation in the financial year 2024/25. Accordingly, the report analyses the County Government performance for the period under review, with specific focus on expected versus achieved revenue targets, expenditure analysis, statements of assets and liabilities and statement of cash flows.

The reporting framework for the Annual Report & Financial Statement is based on the operational and reporting guidelines developed by The Nation Treasury and State Department of Planning. As a standard procedural practise, every end of the financial year all National Government Departments and Agencies including County Government are required to prepare and submit to the National Treasury the Annual Report and Financial Statements.

In 2024/25 the County Government undertook several investments in infrastructure development that include; enhanced accountability and transparency using ICT platform, establishment of ethics and anti-corruption committees, deepening public participation and civic engagement and establishment of advisory committees such as the County Audit Committee, County Budget and Economic Forum and the County Environmental Committee. Other achievement was sustained investment on critical infrastructure development that has significantly accelerated economic development. Among the infrastructure development realized were expansion of safe water infrastructure and sanitation services, internet connectivity and expansion of access roads.

In addition, the county government expanded access to social services such as education infrastructure, provision of learning materials and teaching aids and employment of more ECDE and TVET on permanent and pensionable terms. Moreover, in line with the Bottom-Up Economic Transformation Agenda (BETA) the health sector has continued to strengthen health care delivery systems by; promoting primary health care, enhancing health systems capacity, scaling up health data systems and Universal Health Coverage, improving health infrastructure, strengthening health referral systems and community health services.

Finally, it is noteworthy that agriculture remains the back-bone of the county's economy and source of employment. During the period under review the county government put emphasis on selected value-chains African Leafy Vegetables (ALVs), dairy, poultry, Tea, and Banana. Other interventions were enhancing access to subsidized farm inputs, increasing market access, transforming land use and enhanced soil testing, promotion of agribusiness with a focus on youth and women, promotion of agroforestry and fruit tree farming, promotion of indigenous food crops, increased agricultural extension services, promote small holder irrigation as well as implementing Climate Smart Agriculture (CSA).

The County Government will have continued to deepen reform initiatives on public financial management, reduction in recurrent expenditure as well as automation of own source revenue collection and ensuring prudent financial management.

Financing of the County Governments

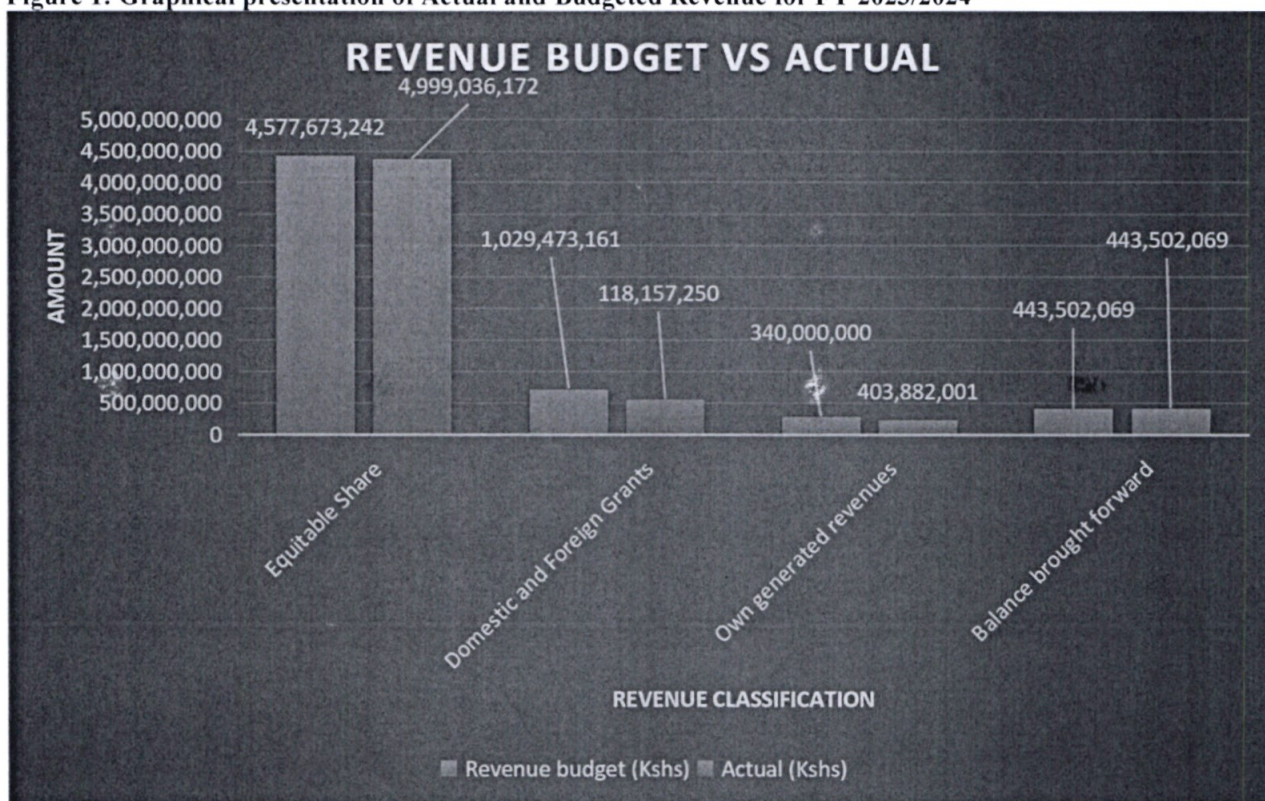
In FY 2024/25, the aggregated approved budget for the County Government of Vihiga (Executive) was Kshs 6,390,648,472. It is worth noting that the allocation for development expenditure

conformed to section 107(2)(b) of the PFM Act 2012 which requires that over the medium term a minimum of thirty percent (30%) of the budget be allocated to development expenditure. During the year, the County Executive received Kshs. 5,287,003,261 from the CRF account. The transfer comprised of Kshs 4,430,281,834 and, Kshs 856,721,427 for recurrent and development activities.

Table 1: Revenue performance in FY 2023/2024

Revenue classification	Revenue budget (Kshs)	Actual (Kshs)	Realization (%)
Equitable Share	4,577,673,242	4,999,036,172	109%
Domestic and Foreign Grants	1,029,473,161	118,157,250	11%
Own generated revenues	340,000,000	403,882,001	119%
Balance brought forward	443,502,069	443,502,069	100%
Total	6,390,468,472	5,964,577,492	93%

Figure 1: Graphical presentation of Actual and Budgeted Revenue for FY 2023/2024



b) Expenditure

During the Financial year 2024/2025, the County total expenditure amounted to Kshs. 4,944,782,088. This represents an absorption rate of 77% of our budget.

c) Cash flows

In the FY 2024/2025, the County Executive experienced cash flow problems as most of the funds were received towards the closure of the financial year. However, the Management tried to ensure the people of Vihiga County get value for their money despite the challenges in funds disbursement.

The cash and cash equivalents decreased from Kshs 452,796,028 as at 30th June 2024 to Kshs. 230,894,282 as at 30th June 2025. This was as a result of the management rate of absorption

Accounts receivable

Accounts receivables decreased from Kshs 16,638,638 to Kshs 10,865,170. This is as a result of prudent management of imprests advanced to staff which led to overall decrease in Accounts receivables. Strong measures and controls will continue to be put in place to ensure that there are minimal staff advances. Staffs are encouraged to surrender imprests on time and ensure that the PFMA, 2012 provisions relating to management of impress are adhered to at all times.

d) Pending bills

Pending bills continue to pose a challenge to operations and service delivery to citizens of Vihiga. However, management is striving to ensure that all accounts payables form first charge on FY 2024/2025. The County Treasury is in the process of preparing a detailed payment plan for accounts payables which will be shared with the National Treasury and the Office of the Controller of Budget. The delayed disbursement of funds by the National Treasury continues to pose a challenge to payment of suppliers and contractors on time. The County Executive consolidated accounts payables as 30th June 2025 were **Kshs 1,480,433,982**.

e) Fixed assets

Vihiga County has made major investments in fixed assets since 2013. Additionally, the County inherited some assets from the defunct municipal council and county councils. Nonetheless, there is a challenge in recognition of assets inherited from defunct local authorities as they have not been officially handed over to the County Government.

The County has taken steps to invest in asset management software which is currently being used in recording and management of fixed assets. This will ensure that County assets are effectively managed and accurately recorded.

f) Risk Management Strategies

Like any other organization, the County Government faces different perils that affect achievement of goals and objectives. These perils may include financial risks, operational risks and legal risks. The County Government has put in place various mechanisms to manage such risks. These mechanisms include;

- i. Enhancement of the independence of internal Audit directorate
Internal audit is a directorate that is embedded in the County Executive and is headed by Director internal audit. The County has mitigated it by recruiting competent and qualified staff to the directorate. The director internal audit reports to the Audit committee which subsequently reports to the Governor to enhance independence
- ii. Strengthening Examination Unit

The examination unit falls under the County treasury docket. This unit is mandated with duty of ensuring that all payments are in compliance with relevant laws and regulations before they are processed in IFMIS

iii. Establishment of Project Implementation Committees

The county executive has created the project implementation committee whose mandate is to monitor and evaluate County projects and determine value for money before initiating payment process.

iv. Establishment of Service Delivery Unit (SDU)

The Service Delivery Unit is established under the Office of the Governor with its main role being to ensure all budgeted projects are fully initiated and executed.

Conclusion and Recommendations

Analysis of budget performance by departments indicates marked progress in absorption compared to the previous years. The County Government has made progress in addressing some of the challenges previously identified in budget performance. Some of the progress made include;

- i) Improvement in human resource capacity through continuous training and equipping with requisite operation equipment and technologies
- ii) Enhanced performance management that included performance contracting and strengthening monitoring & evaluation and reporting
- iii) Strengthened internal control systems including periodic audit reviews by the County Audit Committee.

The County Government seeks to deepen the following measures on budget execution and public financial management to ensure the residents of Vihiga realize the desired services;

- i) The County Treasury shall formulate strategies to enhance own source revenue collection
- ii) The County Treasury shall ensure timely preparation and submission of policy documents, plans and financial reports in line with Section 166(4) of the PFM Act 2012
- iii) The County Government shall continue to strengthen oversight committees such as the Audit Committee and CBEF to enhance transparency and accountability in the management of public resource

Finally, I sincerely appreciate and acknowledge all the county agencies and staff who worked diligently in reviewing content at every stage of production of this report. It is my sincere hope and expectation that the National Treasury, County Departments and all other stakeholders shall use the findings and information in this report to both gauge the performance of the county and make necessary recommendations.



.....
HON. MESHACK ONZERE MULONGO
CECM-FINANCE AND ECONOMIC PLANNING

5. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Introduction

This report is in line with Section 164 (2) (f) of the Public Finance Management Act, 2012 that requires that each County Government entity in line with the standards and formats prescribed by the Public Sector Accounting Standards Board prepare a financial statement and report for the entity.

Strategic Objectives

An in-depth analysis of performance of the previous year ADP has been done with regard to the local, national and global challenges in the changing environment matters of economic development. The CADP 2026/2 is based on the second generation CIDP with the following key priority objectives;

- i) Good Governance, efficient public administration and timely administration of justice.
- ii) Developing of education infrastructure to achieve a skilled and knowledgeable society.
- iii) Advancement of key health delivery structures in order to improve health infrastructure, promote disease management and enhance maternal and child healthcare.
- iv) Development of dependable and sustainable infrastructure including access to clean and safe water and sanitation and improved road systems
- v) To enhance food and nutrition security
- vi) Enhancement cooperation with stakeholders, development partners and other actors.
- vii) To promote Environmental conservation and climate change adaptation

In addition, the plan also provides the expected resource requirements and resource mobilization framework the County Government will undertake to finance it. Finally, a detailed Monitoring and Evaluation and Reporting has been proposed with distinctive targets and key indicators.

Key Achievements on the Strategic Objectives

The general performance of key sectors was a mix of underperformance and improvement against set goals as summarised below;

Good Governance and Accountability

Good governance is a critical in attaining equity and sustainable development in a stable environment. During the period under review, the County Government embarked on several measures to strengthen public sector management. These included; reforms in performance management processes, enhancement of public participation and monitoring and evaluation, and reporting and establishment of Ward Development Coordination Committees to steer development planning and implementation at ward levels.

Infrastructure and productive sector

The county has 1,058.2 Km of road network. This consist of bitumen surface 201.5 Km, gravel surface 373.7 Km while earth surface road is 483 Km. Urban and rural household access to electricity is 20 % and 15 % respectively. On access to energy, 82% of households depend on firewood as main source of cooking fuel while 88.7 % use paraffin for lighting. The use of wood fuel and charcoal has continued to not only expose households to respiratory infections but has contributed to the wanton destruction of forests in the county.

Education Sector

Vihiga is one of the counties with high literacy levels in Kenya with an overall literacy rate of 88.5% (male 91.3%, female 86%). The KDHS 2022 report further reveals net attendance by gender as follows; Primary school level Male 91.8% and female 92.7% while at Secondary level, Male 45% and Female 48.9 %. The county has 164

secondary schools, 475 primary schools, 930 ECD centres, and 7 Adult learning centres, 34 VTCs, 5 Technical Training Institutes, 1 KMTC and University.

Gender, Sports and Culture

An action on one gender affects the other sectors, this is according to SDG 5 which furthers that gender equality is a necessary pillar for peace, prosperity and sustainability of the world.. In the spirit of promoting gender equality, the County government has implemented several programmes that include; enhanced bursaries and scholarships programmes; gender mainstreaming in governance and distribution of opportunities; promotion of health insurance coverage;

The County government also seeks to promote sports and culture. In this regard, it has undertaken to improve funding of the county sports teams. However, the County faces challenges of sporting infrastructure through the stalled stadia.

Health Services

Vihiga County has realized marked improvement in access to quality and affordable health care occasioned by improved health infrastructure, sustained health technologies and commodities, improved governance in health and strengthened community health interventions. The distance to the nearest health facility is 2.3Km against the WHO target of 5Km. Doctor to population ratio is 1: 16,000 while the nurse to population ratio is 1: 1500. On health financing, the per capita allocation is Kshs. 2,722 per person. Majority of households use out-of-pocket methods to finance their health care needs with only 35% of the households enrolled on NHIF.

Agriculture

Agriculture is vital in the County, not only driving the local economy by contributing 34% of the Gross County Product (GCP) but also serving as the primary source of livelihood for approximately 85% of the population. However, the challenges are significant, especially considering that 65% of the population lives below poverty line, with subsistence farmers making up 90% of this group. The county's agricultural landscape is diverse, with food crops like maize, beans, cassava, sweet potatoes, African leafy vegetables, and millet occupying 48,185 hectares. Meanwhile, cash crops such as tea, avocado, and bananas are grown on 1,499 hectares countywide. This mix of subsistence and cash crop farming highlights the dual focus of the county's agriculture—sustaining the local population while also contributing to the economy. There is an also spirited effort to revive the dairy industry/farming. Fish farming is another important aspect of Vihiga's agricultural sector, with 1,200 fish ponds spread across 84.57 hectares, primarily cultivating tilapia and catfish. This diversification into aquaculture is likely an essential supplement to the county's food security and income generation.

Environment

The forest cover in the county is 12.09% while tree cover is 35.92% (KFS report 2023). The main forests are Kibiri forest consisting of indigenous and exotic tree species on a 3,691.3-ha space, Maragoli Forest 469.3 ha of exotic tree species and Kaimosi forest. Other forest types are; community forests and private forests owned by individuals and churches. This has been sustained by increased conservation efforts in promoting planting of indigenous trees species, capacity building and sensitization of the communities on environmental and conservation measures.

The average volume of solid waste generated annually is 60,000 tons while volume of solid waste collected and disposed is 18,000 tons.

Trade, Industry and Tourism

Trade and industry have the highest effect on employment and additional investment. However, the potential of this sector is not fully utilized in the county. In the view of this, the County government is working to remove

investment hurdles through reforming the licencing procedures. The County Government has also sought partnerships with the private sector to boost industrialisation.

Tourism sector has potential for growth and creation of employment opportunities in the county. However, the performance of the sector remains unpredictable and highly untapped. The main challenges facing the tourism sector includes inadequate marketing, underdevelopment of tourism sites and limited hotel bed capacity. To achieve the anticipated growth in the sector, more budget allocation and capacity development is required.

Table 2: Key Performance Indicators by Sectors

Department	Objective	Outcome	Indicator	Performance
Education, Science, Vocational and Technical Training	To promote and supervise ECDE and Vocational Education and Training services	Harmonized and improved coordination of education activities	No. of activities	Participated in both drama and music for both ECDE and TVET
			Acreage of land acquired	Purchased land for Givavei Special School
			No. of ECDE teachers employed	Replaced teachers who exited through natural attrition.
		ECDE Centres implementing Digital literacy in partnership with EIDU	No. of ECDE centres implementing digital literacy	Implemented in partnership with Futures Infinitee
		VTCs constructed/rehabilitated (dining hall, hostels, library, dormitories, borehole)	No. of VTCs infrastructure expanded	Constructed Kegendirova, Chanzeywe and Jepkose VTCs
		VTCs equipped	No. of VTCs equipped	Equipped 5 VTCs
Gender, Youth, Sports, Culture and Social Services	To provide efficient administrative services to the Sector	improved service delivery in the sector	No of policies/bills developed	SGBV Policy Child Protection and Welfare Policy
			No of service chatters developed	Service chatter developed
	To promote cultural heritage and sporting activities	Improved culture and excellence in sports Performance	No of talent centers/arts gallery developed	Gisambai Primary Sports Academy earmarked for construction
			No of sports ground developed	Makuchi Sports ground fenced

			No of sports grounds leveled	Lwenya playground levelled
			No. of teams facilitated with sports funds	10 teams facilitated
	To enhance Youth and Gender Empowerment and Mainstreaming for Sustainable Development in the County	Empowered Youth, Children, Women and People with Disabilities	Number	Target achieved
			No of youth, mentorship trainings done	500 youth mentored
			No of PWDs and women groups capacity built	Done in collaboration with NGECC
			No. of campaigns held on GBVs	16 days activism on GBV held
			No. of International Youth Days Commemorated	Commemorated at Vihiga High School.
Health Services	To improve service delivery in the Department	Effective and efficient preventive and promotive health interventions within the county	No. of Health workers recruited	The no. of staff recruited surpassed the target due replacements
			No. of modern maternity and new born units constructed and operationalized	Construction at lintel level (VCTRH and Sabatia Hospital)
			Number of Health Research / Surveys conducted	The researches were privately funded
			No. of vulnerable HHs registered with SHA	Majority Registered
			No. of FIF system strengthened	All finances are processed IFMIS
	To provide effective and efficient preventive and promotive health interventions	Reduced morbidity and mortality due to preventable causes	% of TB patients tested for HIV	All TB patients were tested
			% Increase in Vitamin A coverage	Target met due to interventions by partners
			Number of Community Water Point Disinfected	Achieved with the help of

				partners
			No. of Facilities with IPCs	All facilities established IPCs
Environment, Water and natural Resources	To strengthen environment governance	strengthened institutional and legal frameworks for environment governance	No. of policies/plans/regulations/Acts formulated and operationalized.	2 Acts in place, 8 policies, regulations and plans drafted.
			No. of staffs trained	trained based on departmental need assessment.
			No. of new staff recruited	15 Technical officers recruited; 65 casual and one water scheme operator were recruited on contractual terms.
			No. of contracts renewed	Renewal of 155 cleaners and 26 water casual contracts done
	To enhance access to clean and safe water and sanitation	Improved access to clean and safe water in a clean environment	Number of water supply scheme operational (Egelelwe, Muhudu, Esirulo)	Four water schemes (Egelelwe, Muhudu, Mang'ong'o and Esirulo) operationalized
			Number of ongoing and stalled water projects completed (Digula, Mbihi,Kidundu, Munugi)	(Ligula, Munugi, Ebusakami and Matsigulu)
			Number of boreholes drilled/ equipped /operational	Depo Market borehole Ebutsalwa, Mudete and Bugina boreholes were equipped.

Agriculture, Livestock, Fisheries and Cooperatives	To provide efficient administrative services to the agriculture sector actors	Efficient and updated management of Agriculture sector	Number of staff recruited	Optimal staff achieved	
			Number of policies and plans developed	Policy and SWG Report prepared	
			Number of ATIC	Fencing completed	
	To improve livestock Production and Veterinary services	Improved performance of livestock production	Number of Heifers procured	More heifers to be procured in current financial year	
			Number of farmers trained on modern dairy keeping	Activity undertaken through exhibitions field days and farm visits	
	To improve Veterinary services	Improved livestock health	Number of animals vaccinated	Set target not achieved due to poor perception against vaccination of animal.	
			No. of cows inseminated	Achieved	
	Transport and infrastructure	To develop and strengthen appropriate policy and legal framework	Improved service delivery in the sector	Number of policies formulated -3policies	fleet management transport, mechanical and transport fund policies and driver's manual
				Number	Manyatta mechanical unit operational
To ensure effective and efficient transport system		effectively and efficiently managed county transport services	assorted	Leasing done	

6. Environmental and Sustainability Reporting

Corporate Social Responsibility

The county government has improved partnerships and collaborations with the private sector and corporate organizations in the provision of several services. Examples include; Equity Bank, Cooperative Bank, KCB Bank and, Safaricom which help in providing scholarships to bright and needy students.

Vihiga County Executive has been sponsoring teams as a contribution to the Corporate Social Responsibility engagement in the County. The executive has established a Vihiga County Sports Fund for the purpose of enhancing sports talent in the County. In the Financial year 2024/2025, the fund was allocated Kshs 13,000,000 for its activities. The sporting activities help nurture talent among the youths and reduce cases of them engaging in anti-social activities like crime and drug and substance abuse.

Sustainability Strategy and Profile

Macro-economic stability is one of the foundations of the CIDP. Key programs taken up to attain the desired macroeconomic stability include; Infrastructure advancement, Proper governance and accountability, Improved access to quality education and skills training, Restore the agricultural interventions towards food security, Delivery of safe and clean water and Environmental conservation and provision of quality and affordable healthcare by developing functional and sustainable health infrastructure.

Environmental Performance

A clean, secure environment is a significant aid for sustainable advancement. Strategies undertaken towards environmental management and conservation include; Afforestation and re-afforestation programs, protection of wetlands, improved waste management and establishment and consolidation of the County Climate Change Governance structures and links across all levels.

Public Sector Reforms

The county government purposes to build a public service that focuses on issues affecting the citizens, and is result oriented. The government has continued to intensify efforts to result in attitude change in public service that values transparency and accountability to the citizens. The County government has come up with a Human Resource Information Management System (HRIMS) which makes it easier to access human resource information and decisions on planning and management. Other reforms include; constant implementation of performance Contracting (PCs), strengthening of result-based M&E and establishment of a Service Delivery Unit (SDU).

Community Engagement

Civic Education and Public Participation is important in Public Sector management. The County government has established the institutional and legal framework to guide civic education and public participation activities in the County. The Constitution of Kenya, PFM Act 2012 gives credence on effective involvement of the public in decision making especially in planning, budgeting and implementation of programmes.

7. Statement of Management Responsibilities

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

The County Executive Committee (CEC) member for Finance and Economic planning of the County Government is responsible for the preparation and presentation of the County Executive's financial statements, which give a true and fair view of the state of affairs of the County Executive/Assembly for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the county Executive/assembly; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the county Executive; (v) Selecting and applying appropriate accounting policies; and (iv) Making accounting estimates that are reasonable in the circumstances.

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

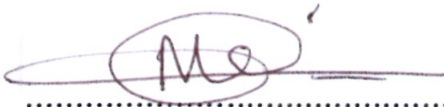
The CEC member for finance/The Clerk further confirms the completeness of the accounting records maintained for the County Executive/Assembly which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

The CEC member for finance/Clerk confirms that the County Executive/Assembly has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Executive's/Assembly funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

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

Approval of the financial statements

The County Executive's financial statements were approved and signed by the CEC member for finance on 2nd December, 2025.



.....
Hon. Meshack Onzere Mulongo
CECM – Finance and Economic Planning



REPUBLIC OF KENYA

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NAIROBI

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

PREAMBLE

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying transitional IPSAS financial statements of County Executive of Vihiga set out on pages 1 to 40, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of County Executive of Vihiga as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis (including the transitional provisions permitted under IPSAS 33) and comply with the County Governments Act, 2012, the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

Basis for Qualified Opinion

1. Failure to Capitalize Property, Plant and Equipment

The statement of financial performance statements reflects an amount of Kshs.1,432,268,408 in respect of use of goods and services as disclosed in Note 8 to the financial statements. Included in the amount is expenditure of Kshs.307,636,974 incurred on rehabilitation of civil works and an expenditure of Kshs.303,085,635 incurred on constructions of civil works, all amounting to Kshs.610,722,609.

Review of records revealed that the two (2) expenditure items were of capital nature and should have been capitalized in accordance with the IPSAS 33 on transition to Accrual Basis of Accounting.

In the circumstances, the accuracy and fair presentation of the expenditure amounting to Kshs.610,722,609 under use of goods and services could not be confirmed.

2. Unsupported Software License Renewal Expenditure

The statement of financial performance statements reflects an amount of Kshs.1,432,268,408 in respect of use of goods and services as disclosed in Note 8 to the financial statements. Included in the amount was Kshs.33,974,444 in respect of expenditure for office and general supplies and services out of which, Kshs.3,200,040 was incurred on software license renewal.

However, review of software license renewal records revealed that only the supplier invoice was provided for audit review with key supporting relevant documents missing such as needs assessment report, activation records or license user allocation to confirm which users or machines received the secondary licenses, delivery reports/service completion certificate to ascertain that the services were received, tested and accepted and evidence of system use or outputs tied to the renewed licenses to show that the system was in active use.

In addition, there was no evidence of a valid contract agreement to support the expenditure incurred on software license renewal contrary to Regulation 104(1) of the Public Finance Management (County Government) Regulations, 2015 which states that all receipts and payments voucher of public moneys shall be properly supported by

pre-numbered receipt and payment vouchers and shall be supported by the appropriate authority and documentation.

Further, there was no documentary evidence to show that the Management reported the direct procurement to the Authority within fourteen (14) days after the notification of the award of the contract since the value exceeded five hundred thousand shillings (Kshs.500,000) and there was no approval by the Accounting Officer for use of the direct procurement method contrary to Regulation 90(1) (b) of Public Procurement and Asset Disposal Regulations, 2020 which provides that an Accounting Officer shall, within fourteen (14) days after the notification of the award of the contract, report any direct procurement of a value exceeding Kshs.500,000 to the Authority in a format provided by the Authority.

In the circumstances, the accuracy, completeness and regularity of expenditures on license renewal amounting to Kshs.3,200,040 could not be confirmed.

3. Unconfirmed Depreciation Charge

The statement of financial performance and as disclosed in Note 10 to the financial statements reflects an amount of Kshs.15,898,111 in respect of depreciation of property, plant and equipment and amortization of the intangible assets. However, the depreciation charge and amortization were based on a draft policy that was yet to be approved by the County Assembly of Vihiga and Management has not given reasons for the delay in approval of the policy.

In the circumstances, the accuracy and completeness of the depreciation amount of Kshs.15,898,111 could not be confirmed.

4. Long Outstanding Receivables

The statement of financial position reflects balance of Kshs.10,865,170 in respect of receivables from non-exchange transactions as disclosed in Note 13 to the financial statements. However, the following unsatisfactory matters were noted:

4.1. Outstanding Salary Advances

Included in the balance are salary advances of Kshs.1,865,170 out of which Kshs.1,775,438 were advances made in the year 2015 and 2017 to ten (10) members of staff. The staff members included four (4) former staff of the County Executive, one (1) current member of staff, one (1) former deceased member of staff, three (3) current sitting MCAs and one (1) former MCA. The Management of the Executive explained that a recovery of Kshs.85,168 for two (2) officers had been made. However, no evidence in form of pay slips was provided for audit review to support this explanation.

Further, no reconciliation had been provided to show the movement of the staff advances opening balance of Kshs.1,950,338 and the closing balance of Kshs.1,865,170.

In the circumstances, the accuracy and recoverability of the receivables from non-exchange transactions (staff advances) balance of Kshs.1,865,170 as at 30 June, 2025 could not be confirmed.

4.2. Recoverability of Amount Due from the County Assembly

Note 13 to the financial statements also reflects a balance of Kshs.10,865,170 in respect of receivables from non-exchange transactions. Included in the balance was Kshs.9,000,000 in respect of transfers due from County Assembly. However, review of receivables' records revealed that the County Executive transferred Kshs.38,000,000 to the County Assembly on 25 February, 2021 and Kshs.6,000,000 on 23 November, 2021 totaling to Kshs.44,000,000, being funds paid from deposit and retention account to bridge a shortfall on County Assembly's Car Loan and Mortgage account. However, only Kshs.35,000,000 had been refunded as at 30 June, 2025 leaving a balance of Kshs.9,000,000.

In the circumstances, the recoverability of the amount advanced to the County Assembly amounting of Kshs.9,000,000 as at 30 June, 2025 could not be confirmed.

5. Long Outstanding Trade Payables

The statement of financial position and as disclosed in Note 16 to the financial statements reflects a balance of Kshs.1,710,935,139 in respect of trade and other payables. The balance includes trade payables of Kshs.1,480,433,982 comprising of Kshs.973,405,663 or 65% for the previous financial years' and Kshs.507,028,283 or 35% for the current year. However, the County Executive risks incurring additional losses in form of interest and penalties arising from continued delay in the settlement of the payables. In addition, failure to settle debts during the year in which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

In the circumstances, the accuracy and completeness of the long outstanding payables balance of Kshs.1,710,935,139 as at 30 June, 2025 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total revenue budget and actual amounts on comparable basis of Kshs.6,390,648,472 and Kshs.5,751,275,738 respectively, resulting in an under-funding of Kshs.639,372,734 or 10% of the budget. Similarly, the County Executive spent Kshs.5,459,386,518 against actual revenue of Kshs.5,751,275,738 resulting in an under-expenditure of Kshs.291,889,220 or 5% of the realized revenue. Management has attributed the low absorption to late disbursement of the exchequer by The National Treasury.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior year's audit report, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during the audit of the County Executive in the current year under review revealed matters that remained unresolved as at 30 June, 2025 as detailed in **Appendix I**.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I

confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Regularity of Human Resource Management Practices

Review of the County Executive human resource management practices revealed the following unsatisfactory matters:

1.1. Non-Compliance with the Law on Fiscal Responsibility

During the year under review, employees' cost amounted to Kshs.2,790,128,784 or 52% of the total receipts which exceeded the set limit of thirty-five percent (35%), an indication that the high wage bill may not be sustainable. This was contrary to Regulation 25(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires that the County Executive Committee Member with the approval of the County Assembly shall set a limit on the County Government's expenditure on wages and benefits for its public officers pursuant to Section 107(2) of the Act and the limit set under paragraph (a) above, shall not exceed thirty-five percent (35%) of the County Government's total revenue.

1.2. Non-Compliance with the Law on Staff Ethnic Diversity

During the year under review, the total number of employees was three thousand, two hundred and seventy-two (3,272), out of which three thousand and eight-nine (3,089) or 94% of the total number were members of the dominant ethnic community in the County. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, "all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community".

1.3. Lack of Annual Recruitment Plan

The County Executive recruited two hundred and ninety-eight (298) officers in the financial year 2024/2025. However, the County Public Service Board did not have annual recruitment plan to guide the recruitments. Further, no evidence was provided as proof that budgetary availability was being sought before recruitments were made. This was contrary to Section 59(1) (g) of the County Governments Act, 2012 which requires the County Public Service Board of a County to facilitate the development of coherent, integrated human resource planning and budgeting for personnel emoluments in Counties.

1.4. Non-Compliance with One Third of Basic Salary Rule

Review of the staff payroll for the month of June, 2025, revealed that the net salaries for fifty-six (56) officers were less than one third of their respective basic salaries. This was contrary to Section C (3) Human Resource Policies and Procedures Manual for the Public

Service, May, 2016 which provides that public officers shall not over-commit their salaries beyond two thirds (2/3) of their basic salaries.

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

2. Non-Adherence to Climate Change and Financing Requirements

During the year under review, the Climate Change and Financing of the County Executive of Vihiga for the year under review revealed the following unsatisfactory matters:

- i. There was inadequate Integration of Climate Change Action Plan into County Strategies as most departments did not capture environmental sustainability or green economy clearly as required.
- ii. The County lacks a comprehensive climate risk register and a fully functional warning system across departments despite having a participatory climate risk assessment report. The risk register would enable the County to have real-time, accessible and community-responsive early warning system.
- iii. There was no clear value for money metrics on climate change. No documented cost benefit analysis or benchmarking report provided for audit to determine the economic efficiency or environmental effectiveness of the projects undertaken out of the Kshs.253,700,000 allocated in the budget.
- iv. Lack of Greenhouse Gas Emissions (GHG) Tracking and Adaptation Outcomes Reporting System and Monitoring, Reporting and Verification (MRV) system hence non-compliance with national and global obligations.
- v. There was no evidence of sustainability measures, maintenance budgets, monitoring and evaluation post funding of the completed projects or institutional frameworks to support continued functionality after the end of initial funding.
- vi. There was no evidence of benefit-sharing agreements or community development contracts, particularly for projects situated on community or public land i.e., in the case of carbon-related or natural resource-based interventions—such as afforestation, reforestation, or water conservation structures there was no Community Development Agreements (CDAs) availed for audit, as required under the Climate Change (Carbon Markets) Regulations, 2024. Further, there were no monitoring tools or mechanisms to track whether agreed-upon project benefits such as water access, improved ecosystems, or livelihood support actually reached the targeted beneficiaries or communities.
- vii. Five (5) projects out of the sixteen (16) climate-related projects with potential environmental impacts such as irrigation infrastructure lacked National Environment Management Authority (NEMA) licenses and certificates.
- viii. There were delayed exchequer disbursements hence the Fund's activities as planned in the Annual Work Plan were not carried out as per the Paris Agreement. This points to the risk that the County Government will not achieve its targets as highlighted in the Vihiga County Climate Change Action Plan 2023-2027. Further,

this would have a negative effect on the Country's ability to attain the Sustainable Development Goal Number 13 on Climate Action.

In the circumstances, the County Executive did not fully comply with climate regulations, law and policies.

3. Delayed Construction of Hospital Plaza

Records provided for audit revealed that County Executive entered into an agreement with a firm for the construction of Hospital Plaza at Vihiga County and Referral Hospital at contract sum of Kshs.395,172,568 on May, 2021. The project was to be completed within a period of three (3) years. The project was for construction of a six (6) floor Hospital Plaza from foundation to completion including installation of two (2) lifts, terrazzo on ramp and stairs, installation of solar water piping system, gypsum ceiling, aluminum windows and doors, nurse call system wiring and equipment's, oxygen and vacuum equipment, electrical and mechanical fittings, external works including laying of cabro at parking, generator installation, general painting works, floor tiling and roofing and concrete gutters.

The status report indicated that the total works certified to date amounts to Kshs.223,271,130, representing 56% of total cost as per interim payment certificate no.10. However, the contract agreement had already expired in May, 2024 and there was no evidence of request for renewal from the contractor or availability of a current contract. Hence the contractor was in breach of the contract. The last site meeting (No.11) by the Project Management Team was held on May, 2024, indicating that no other meeting had been held since expiry of the contract agreement.

Further, physical inspection in the month of June, 2025 revealed that main structure had been done to completion including exterior painting works, roofing and concrete gutters. The interior works were on-going and the contractor was on site doing installation for the second lift as the first one had already been installed, tiling partly done from first floor to 6th floor, terrazzo done on ramp and stairs, water tanks installed, gypsum ceiling works ongoing, wiring ongoing, painting and skimming ongoing. However, some other works were yet to start including, external works, mechanical fitting and generator installation.

In addition, the project was behind schedule with a total of thirteen (13) months having elapsed from the completion date of May, 2023.

In the circumstances, delay in completion of the project increases the risk of cost escalation and denies the citizens of the Vihiga County of the much-needed service delivery and value for money may not be obtained from the expenditure of Kshs.223,271,130 already spent on the project.

4. Construction of County Aggregation and Industrial Park

The Department for Commerce, Tourism & Cooperatives awarded a contract to a Company at a contract sum of Kshs.496,028,151 for the construction of County Aggregation and Industrial Park as indicated on the letter of award dated 23 August, 2023. The project was to be completed within nine (9) months, effective

26 September, 2023 as per the contract agreement dated 29 September, 2023. However, the following unsatisfactory matters were noted:

- i) There was no communication from the Project Management Team to the Contractor on non-performance of the contract as per the agreement signed on 29 September, 2023.
- ii) The Contractor provided an updated performance bond dated 25 March, 2025 expiring on 26 March, 2027 from an insurance agency of which the Management had not confirmed its authenticity.
- iii) A total of Kshs.52,038,575 had been paid to the contractor being valuation of three (3) certificates as tabulated below:

Certificate	Date	Amount (Kshs.)
1	20/12/2023	14,038,376
2	24/05/2024	20,801,382
3	25/04/2025	17,198,817
Total		52,038,575

Project inspection in the month of June, 2025 revealed the following observations:

- i. The Contractor was not actively on site and the materials on site did not indicate any major works ongoing hence the project had stalled.
- ii. Steel framework had been done on two (2) warehouses and walling done a quarter way on 2 walls only.
- iii. Foundation wall had been done on two (2) warehouses awaiting framework installation. The other ware house trenches had been dug out but no works done as they had started filling up.

In the circumstances, the value for money in the construction of the County Aggregation and Industrial Park could not be confirmed.

5. Construction of Bumira E.C.D.E Classroom

The Department for Education and Vocational Training awarded a contract for the construction of Bumira E.C.D.E Classroom at a sum of Kshs.1,775,752 on 21 November, 2024 for a period of three (3) months. The contract was for construction of the main structure from foundation, walling, roofing, plastering and general painting works.

Physical inspection of the project in the month of June, 2025 revealed that the contractor had already completed the required works as per the bill of quantities. However, it was found out that the contractor did not use the recommended natural stones for walling and

instead mixed them with substandard molded soil that had already started peeling off two (2) months after completion of the project.

Further, the floor had visible cracks even before the project was put to use, a clear indication that the works done were sub-standard.

In the circumstances, value for money incurred in the construction of the classrooms could not be confirmed.

6. Inconsistency of Carriageway on Opening and Maintenance of Roads

During the audit year, several road maintenance projects were carried out in Vihiga County. Physical inspection conducted in the month of June, 2025 revealed that significant inconsistencies concerning the width/carriageway of access roads were ranging between 3.0 to 3.5 meters. However, the Bills of Quantities (BQs) for roads did not specify carriageway width which according to National Construction Authority (NCA) should be 4.5 meters.

This was contrary to Section 149. (1) (a) and (b) of Public Finance Management Act, 2015 (County Government) which provides that an accounting officer is accountable to the County Assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is lawful and authorized and effective, efficient, economical and transparent.

In the circumstances, Management was in breach of law.

7. Hire of Road Maintenance Equipment

The County Executive awarded tender at a contract sum of Kshs.90,769,560 for hire of road maintenance equipment. The contract was for one (1) year renewable. The contract agreement was signed on 23 December, 2024. Review of expenditure records indicated that Kshs.11,346,195 had been paid to the contractor as at the time of audit. The hired equipment was as detailed below:

Item	Quantity/Physical Unit
Excavator	1
Motor Grader	1
Single Drum Roller	1
Tipper Trucks	4

The Department of Transport and Infrastructure purchases murrum from various quarry points from which the hired tracks are loaded and taken to the various roads under the program. However, the following unsatisfactory matters were noted:

- i. An approved work plan with specification of activities on roads done was not provided for audit review;
- ii. The Department of Transport and Infrastructure does not maintain registers both at the quarry point (Emmaloba Quarry, Luanda South) and at the various

roads. In the absence of the said registers, it was not possible to ascertain whether all murrum picked are utilized on the intended roads;

- iii. The roads done under the program do not have sign boards indicating required information such as client, supervising engineer and year of funding and
- iv. The hired equipment's are not labelled with stickers for the County Government of Vihiga for identification.

This was contrary to Section 149. (1) of the Public Finance Management Act, 2012 (County Government) which requires an accounting officer is accountable to the county assembly to ensure that the resources of the entity for which the officer is designated are used in a way that (a) lawful and authorized; and (b) effective, efficient, economical and transparent.

In the circumstances, Management was in breach of law.

8. Irregularities in the Registration of Persons with Disabilities and Approvals of Tax Exemptions

Review of files for staff registered under Persons with Disabilities (PWDs) revealed that thirty (30) members of staff files were incomplete as they lacked the necessary documentation such as Disability cards, KRA Tax Exemption Certificates and Medical Assessment Reports.

This was contrary to Section 35(1)(a) of The Disabilities Act, 2025 which provides that in order to facilitate access by persons with disabilities to the services set out under this part, the Council shall register on a continuous basis person with disabilities, to whom it shall issue disability identification cards in such form as it may determine.

In the circumstances, Management was in breach of law.

9. Failure to Prepare and Submit Financial Statements for Level 4 Sub-County Hospitals

The financial statements Sabatia Sub-County Hospital for the year ended 30 June, 2025 and prior years were not submitted to the Auditor-General as required by Section 164(4)(a) of the Public Finance Management Act, 2012 and Section 47(1) of the Public Audit Act, 2015 which provide that within three (3) months after the end of each financial year, the accounting officer for an entity shall submit the entity's financial statements to the Auditor-General.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Weaknesses in Revenue Collection Management System

Review of procurement and payment records revealed that the County Executive had made payments to a vendor to the level of 89% of the contract sum of Kshs.58,777,600 for the supply of a Revenue Automation System. However, review of the Revenue Collection Management System records and documents revealed that key deliverables such as full system automation, system handover, integration with other County systems such as the IFMIS, HRIS, HMIS, GIS, G-PAY), training of end-users and security configuration such as firewall installation remain incomplete.

Further, the vendor continues to host the County's revenue data on their cloud infrastructure, limiting the County's control and ownership of its data.

In addition, the earlier technical recommendations such as the implementation of multi-filter functionalities to allow the generation of detailed analytical reports across sub-categories of revenue streams, have not been addressed by the service provider.

In the circumstances, the effectiveness of the internal controls and reliability of the revenue collection management system could not be confirmed.

2. Lack of Risk Management Policy

Review of the internal controls of the County Executive revealed the Risk Management Policy had not been developed and there were no fraud prevention mechanisms put in place. Further, Operational and Disaster Recovery Plans were also not provided. This was contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015 that require the Accounting Officer to develop risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.

In the circumstances, the County Executive was not in a position to identify risks, rank them and allocate adequate resources to mitigate them.

3. Lack of Follow-Ups on Internal Audit Recommendations

Review of the County Executive Internal Audit Directorate reports revealed that follow-up on internal audit recommendations was not consistently conducted. As a result,

there was no assurance that Management action plans developed in response to audit findings have been effectively implemented.

In the circumstances, the County's effectiveness of assessment of internal controls, risk management and governance could not be confirmed.

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

Responsibilities of the Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the County Executive's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the

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

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

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

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


FCPA Nancy Gatundu, CBS
AUDITOR-GENERAL

Nairobi

08 December, 2025

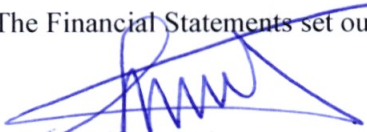
Appendix I: Unresolved Prior Year Matters

S/No.	Audit Issue
1	Non-Disclosure of Commission Earned from Payroll Services Rendered
2	IFMIS Data Analysis
3	Transactions in System Payments but not Processed in Payment Details
4	Transfer to Other Government Agencies
5	Long Accounts Receivables-Outstanding Imprests
6	Amount Due from the County Assembly
7	Outstanding Salary Advances
8	Budgetary Control and Performance
9	Pending Bills
10	Non-Achievement of Annual Development Plan and Budget Targets
11	Late exchequer Releases
12	Irregularities in the Construction of a Modern Funeral Home
13	Delays in Completion of the Governor's and Deputy Governor's Residences
14	Irregular Procurement of Motor Vehicle Insurance
15	Stalled Project of Construction of Eco-Toilet
16	Irregularities in the Proposed Construction and Completion of Hospital Plaza
17	Irregularities in Procurement of Non-Perishable Foodstuffs
18	Cost-Benefit Analysis of the Revenue Automation System
19	Pending Works by Vendor on Revenue Automation System
20	Unutilized Point of Sales (POS) Machines
21	High Pending Bills Related to External Advocates and Legal Costs
22	Non-Compliance to Climate Change Regulations
23	Irregular Payment to Council of Governors
24	Non-Compliance with the Persons with Disabilities Act, 2013
25	Regularity of Human Resource Management Practices
26	Weak Controls over IFMIS Payments Module
27	Weaknesses in Management of Drugs and Medical Supplies
28	Weaknesses in the Stores Management
29	Expired Medical Drugs
30	Dormant Bank Account
31	Weakness in IT Internal Controls System
32	Lack of Fully Operational Audit Committee


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

Description	Notes	Period ended
		Jun-25
		Kshs
Revenue from non-exchange transactions		
Transfers from CRF	6	5,298,479,710
		-
Revenue from exchange transactions		
Total revenue		5,298,479,710
Expenses		
Employee costs	7	2,790,128,784
Use of goods and services	8	1,432,268,408
Transfers to other Government Entities	9	129,000,000
Depreciation and amortization expense	10	15,898,111
Other Grants and Subsidies	11	550,001,730
Total expenses		4,917,297,033
Surplus/Deficit for the year		381,182,677
Net Surplus/Deficit		381,182,677

The Financial Statements set out on pages 1 to 7 were signed by:



Chief Officer - Finance
Name: CPA. James Atemba
ICPAK M/NO: 24296




Chief Officer – Planning, Budget and M&E
Name: CPA Keverenge S. Joseph
ICPAK M/NO: 3762


(Paragraph 79 of IPSAS 33 allows for the election by an entity to present one statement of financial performance, one statement of cash flow, one statement of net assets and the statement of financial position and an opening statement of financial position as at the time of adoption of the accrual basis of accounting. In preparing this financial reporting template, this election has been made, and therefore, there are no comparatives in the first year of transition.)

10. Statement of Financial Position as at 30 June 2025

Description	Notes	Period ended June 2025	Opening Statement 1 st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	12	291,889,220	452,796,028
Receivables from Non-Exchange Transactions	13	10,865,170	16,638,638
Total Current Assets		302,754,390	469,434,666
Non-Current Assets			
Property, Plant and Equipment	14	148,022,338	-
Intangible Assets and Goodwill	15	47,022,080	-
Total Non- Current Assets		195,044,418	-
Total Assets (A)		497,798,807	469,434,666
Liabilities			
Current Liabilities			
Trade and Other Payables	16	1,710,935,139	2,052,277,226
		-	-
Total Current Liabilities		1,710,935,139	2,052,277,226
Non-Current Liabilities			
Total Non- Current Liabilities		-	-
Total Liabilities (B)		1,710,935,139	2,052,277,226
Net Assets (A-B)		(1,213,136,332)	(1,582,842,560)
Represented by:			
Reserves		-	-
Accumulated Surplus		(1,213,136,332)	(1,582,842,560)
Capital Fund		-	-
Net Assets		(1,213,136,332)	(1,582,842,560)

The financial statements set out on pages 1 to 7 were signed by:


 Chief Officer - Finance
 Name: CPA. James Atemba
 ICPAK M/NO: 24296


 Chief Officer - Planning, Budget and M&E
 Name: CPA Keverenge S. Joseph
 ICPAK M/NO: 3762

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

Description	Accumulated Surplus	Reserves	Capital Fund	Total
As at 30 th June 2024 (cash basis)	452,796,028			452,796,028
Adjustments: Receivables	16,638,638			16,638,638
:Payables	(2,087,186,638)			(2,087,186,638)
Correction of Under/over statements of accounts:	34,909,412			34,909,412
Other changes (understatement of transfer from CRF)	(11,476,449)			(11,476,449)
As at July 1, 2024	(1,594,319,009)	-		(1,594,319,009)
Surplus/ deficit for the period	381,182,677			381,182,677
Returns to CRF	-			-
Additions during the period		-	-	-
Other changes (specify)		-	-	-
As at 30 June, 2025	(1,213,136,332)	-	-	(1,213,136,332)

Note:

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



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

Description	Notes	Period ended June 30, 2025
		Kshs
Cash flows from operating activities		
Receipts		
Transfers from CRF		5,298,479,710
Miscellaneous Revenue		-
Other income		-
Total receipts		5,298,479,710
Payments		
Employee costs		2,691,009,836
Use of goods and services		982,010,660
Transfers to other Government Entities		129,000,000
Other Grants and Subsidies		495,299,859
Finance costs		-
Social Benefits		-
Total payments		4,297,320,355
Net cash flows from/(used in) operating activities	17	1,001,159,355
Cash flows from investing activities		
Purchase of PPE		(152,164,929)
Purchase Intangible assets		(58,777,600)
Proceeds from sale of PPE		-
Proceeds from sale of Biological Assets		-
Purchase of investments		-
Sale of investments		-
Net cash flows from/(used in) investing activities		(210,942,529)
Cash flows from financing activities		
Returns to CRF		-
Proceeds from borrowings		-
Repayment of borrowings(Overdraft)		(951,123,635)
Net cash flows from financing Activities		(951,123,635)
Net increase/(decrease) in cash & Cash equivalents		(160,906,808)
Cash and cash equivalents as at Period Start	12	452,796,028
Cash and cash equivalents as at Period End	12	291,889,220

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

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

Recurrent and Development Budgets Combined

Revenue/expense item	Original budget	Adjustments	Final budget	Actual on comparable basis	Budget utilization difference	% of utilization
	A	B	C=(a+b)	D	E=(c-d)	F=d/c *100
Revenues						
Opening balance (Non-refundable special purpose accounts)	-	452,796,028	452,796,028	452,796,028	-	100
Transfers from CRF	5,745,830,196	192,022,248	5,937,852,444	5,298,479,710	639,372,734	89
Miscellaneous Revenue	-	-	-	-	-	#DIV/0!
Other income	-	-	-	-	-	#DIV/0!
Total revenues	5,745,830,196	644,818,276	6,390,648,472	5,751,275,738	639,372,734	90
Expenses						
Employee costs	2,639,018,739	222,088,100	2,861,106,839	2,691,009,836	170,097,003	94
Use of goods and services	1,834,835,219	168,396,301	2,003,231,520	982,010,660	1,021,220,861	49
Transfers to other Government Entities	341,765,059	191,363,674	533,128,733	129,000,000	404,128,733	24
Other Grants and Subsidies	733,337,350	62,970,201	796,307,551	495,299,859	301,007,692	62
Finance costs	-	-	-	-	-	#DIV/0!
Social Benefits	-	-	-	-	-	#DIV/0!
Total	5,548,956,367	644,818,276	6,193,774,643	4,297,320,355	1,896,454,288	69
Capital items						
Acquisition of PPE	138,096,229	-	138,096,229	152,164,929	(14,068,700)	1
Acquisition of Intangible assets	58,777,600	-	58,777,600	58,777,600	-	1
Purchase of investments	-	-	-	-	-	#DIV/0!
Repayment of borrowings	-	-	-	951,123,635	(951,123,635)	#DIV/0!

Total expenses Development	196,873,829	-	196,873,829	1,162,066,164	(965,192,335)	1
Total Expenses	5,745,830,196	644,818,276	6,390,648,472	5,459,386,518	931,261,954	1
Surplus/ deficit	-	-	-	291,889,220		

Reconciliation table

	Operating	Financing	Investing	total
<i>Actual amounts on comparable basis presented in the budget and actual comparative statement</i>	291,889,220	-	-	291,889,220
<i>Basis difference</i>	-	-	-	-
<i>Timing differences</i>	-	-	-	-
<i>Entity differences</i>	-	-	-	-
<i>Classification differences</i>	-	-	-	-
<i>Actual in the statement of cashflows</i>	291,889,220	-	-	291,889,220

Budget Notes

1. Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14).
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29).
3. Where the total of actual on comparable basis does not tie to the statement of cash flows totals due to differences in accounting basis, classification, entity and timing differences provide a reconciliation.

14. Notes to the Financial Statements

1. General Information

County Government of Vihiga is established by and derives its authority and accountability from The Constitution of Kenya 2010. The Entity is domiciled in Kenya and its principal activities are service delivery to the citizen of Vihiga.

2. Statement of Compliance and Basis of Preparation

Statement of compliance

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

Guiding note during the transition period:

The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS), or the entity has taken advantage of the transitional provisions under IPSAS 33 and therefore these 1st/ 2nd/ 3rd/ year's financial statements are transitional financial statements and the following elements of the financial statements have not been recognised as the entity has taken advantage of the transition provisions outlined in IPSAS 33. (entity to state the transitional provisions it has applied and the steps being towards full compliance with IPSAS Accrual).

These financial statements were authorised for issue by the accounting officer on 28th August 2025.

Basis of Preparation

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

Reporting period

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

Notes to the financial statements

Critical accounting judgements

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

Recognition of revenue

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

Recognition of non-exchange expenses and liabilities

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

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

Purpose and nature of financial instruments

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

Climate change obligations

Kenya's current National Determined Contribution (NDC) to deliver on the goals of the Paris Agreement sets a headline target of a 32 per cent emission reduction by 2030 relative to the business-as-usual scenario

of 143 MtCO₂eq. Entities commitment to climate change action does not constitute a present obligation on the balance sheet but are disclosed separately.

Physical assets

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

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement

Standard	Effective date and impact:
	<p>at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

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

Standard	Effective date and impact:
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

iii) Early adoption of standards

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

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

ii) Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2024/25 was approved by the County Assembly on 30th June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional appropriations of *1 supplementary budget* on the 2024/25 budget following the governing body's approval. The Entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements.

Notes to the Financial Statements (Continued)

Budget information (continued)

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

c) Investment property

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

d) Property, plant and equipment

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

Notes to the Financial Statements (Continued)

e) Right of use asset

The right-of-use assets comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IPSAS 21 or IPSAS 26. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

f) Tangible Natural Resources

The entity recognises a tangible natural resource recognized if, and only if: It is probable that service potential associated with the natural resource will flow to the entity; the entity controls the tangible natural resource as a result of past events; and The tangible natural resource can be measured reliably. Where this criterion is not met, the entity discloses the tangible natural resource in the notes to the financial statements. Where a tangible natural resource is recognized as an asset as the result of an event that is not a transaction in an orderly market, including non-exchange transactions, the asset shall be measured initially at its deemed cost. An entity shall apply IPSAS 46, Measurement, when measuring the deemed cost of such a recognized tangible natural resource. A recognized tangible natural resource acquired through an exchange transaction shall be measured at its cost. Historical cost model is applied after initial recognition less any depreciation and impairment losses.

Leases

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

Notes to the Financial Statements (Continued)

g) Intangible assets

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

h) Research and development costs

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

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

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

i) Financial instruments

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

i. Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

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

Trade and other receivables

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

Fair value through surplus or deficit

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

Impairment

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

ii. Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

j) Inventories

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

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

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

k) Provisions

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

l) Contingent liabilities

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

Notes to the Financial Statements (Continued)

m) Contingent assets

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

n) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. (*Entity to state the reserves maintained and appropriate policies adopted*).

o) Changes in accounting policies and estimates

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

p) Employee benefits

Retirement benefit plans

The *Entity* provides retirement benefits for its employees 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.

q) 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.

Notes to the Financial Statements (Continued)

r) Borrowing costs

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

s) Related parties

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

t) Service concession arrangements.

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

u) Cash and cash equivalents

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

Notes to the Financial Statements (Continued)

v) Comparative figures

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

w) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 20xx.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual value

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

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

Provisions

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

(include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

6. Transfers from CRF

Nature of Transfer	Amount recognized to Statement of financial performance.	Amount deferred under deferred income.	Total transfers for Period ended
			Jun-25
	Kshs	Kshs	Kshs
Recurrent	4,415,281,834	-	4,415,281,834
Development	883,197,876	-	883,197,876
Special purpose transfers	-	-	-
Total	5,298,479,710	-	5,298,479,710

7. Employee Costs

Description	Period ended
	30-Jun-25
	Kshs
Basic salaries of permanent employees	1,932,496,268
Basic wages of temporary employees	65,041,463
Personal allowances – part of salary	746,216,447
Personal Allowances paid as Reimbursements	1,947,742
Employer contributions to compulsory national social security schemes	23,043,000
Employer contributions to compulsory national health insurance schemes	-
Other social benefit schemes	21,383,864
Other personnel costs	-
Employee costs	2,790,128,784

* Other personnel costs- please provide a brief explanation for these costs

8. Use of Goods and Services

Description	Period ended
	Jun-25
	Kshs
Utilities, supplies and services	42,057,086
Communication, supplies and services	2,770,573
Domestic travel and subsistence	199,771,841
Foreign travel and subsistence	9,204,165

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Printing, advertising, and information supplies & services	16,746,631
Rentals of produced assets	17,481,593
Training expenses	13,834,879
Hospitality supplies and services	102,946,440
Insurance costs	24,585,266
Specialized materials and services	200,058,634
Other operating expenses <i>including bank Charges</i>	23,203,681
Office and general supplies and services	33,974,444
Fuel Oil and Lubricants	33,813,642
Routine maintenance – vehicles and other transport equipment	23,300,434
Routine maintenance – other assets	74,285,411
Rehabilitation of Civil Works	307,636,974
Construction and Civil Works	303,085,635
Rehabilitation and Renovation of Plant, Machinery and Equipment	2,511,082
Purchase of Certified Seeds, Breeding Stock and Live Animals	999,999
Total	1,432,268,408

9. Transfers to Other Government Entities

Description	Period ended
	Jun-25
	Kshs
Vihiga County Education Fund	25,000,000
Climate Change Fund	91,000,000
Vihiga County Sports Fund	13,000,000
Emergency Fund	-
Kenya Urban Support Program (KUSP)	-
Total	129,000,000

10. Depreciation and Amortization Expense

Description	Period ended
	Jun-25
	Kshs
Property, plant and equipment	4,142,591
Intangible assets	11,755,520
Investment property carried at cost	-
Total	15,898,111

11. Other Grants and Subsidies

Description	Period ended
	Jun-25
	Kshs
Current Transfers, Grants and Subsidies	900,000
Other Capital Grants and Transfers	549,101,730
Total Grants and Subsidies	550,001,730

12. Cash and Cash Equivalents

Description	Period ended	Opening Statement
	Jun-25	1 st July 2024
	Kshs	Kshs
Recurrent Account	29,085	5,547
Development Account	45,041	25,115
Deposits Account	123,213,715	123,178,349
Fuel Levy Fund	37,536,433	673
Universal Health care	521	521
NAVCDP	29,305,638	6,500,000
Youth Poly Fund	4,157,034	21,234
Primary Healthcare Project	5	1
KUSP (UDG)	-	-
KUSP (UIG)	32,309,300	-
Climate Change Fund	21,112,604	153,585,387
Devolution Support Program	-	-
Nutrition International	2,126,051	2,438,931
Treasury Standing Imprest Account - KCB	6,914	5,295
Development Imprest Account - COOP	244,872	136,195
Department of Water Imprest account	2,888	4,446
Department of Education Imprest account	5,574	12,139
Department of Trade Imprest account	983	210
Department of Lands Imprest account	179	571
Department of Transport Imprest account	270	902
Department of PSB Imprest account	7,005	3,311
Department of Health Services Imprest account	501	1,724
Department of Gender Imprest account	151	10,470
Department of Agriculture Imprest account	187	1
Department of PS&A Imprest account	1,120	95
Department of County Executive Imprest account	1,052	7,738
NARIGP operation account	-	8,369
NAVCDP Operation account	41,782,099	166,848,804
Total	291,889,220	452,796,028

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

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

		Period ended Jun-25	Opening Statement 1 st July 2025
Financial Institution	Account number	Kshs	Kshs
Recurrent Accounts			
CBK00001	1000170859	29,085	5,547
Development Accounts			
CBK00002	1000170794	45,041	25,115
Deposits Accounts			
CBK00003	1000283645	123,213,715	123,178,349
Fuel Levy Fund			
CBK00004	1000283653	37,536,433	673
Universal Health care			
CBK00005	1000345187	521	521
NAVCDP			
CBK00006	1000738464	29,305,638	6,500,000
Youth Poly Fund			
CBK00007	1000367032	4,157,034	21,234
Primary Healthcare Project			
CBK00008	1000569727	5	1
KUSP (UDG)			
CBK00009	1000388037	-	-
KUSP (UIG)			
CBK00010	1000379917	32,309,300	-
Climate Change Fund			
CBK00011	1000486848	21,112,604	153,585,387
Devolution Support Program			
CBK00012	1000440511	-	-
Nutrition International			
CBK00013	1000443618	2,126,051	2,438,931
Treasury Standing Imprest Account			
KCB	1141334763	6,914	5,295
Development Imprest Account			
COOP	1141471295000	244,872	136,195

Department of Water Imprest account			
<i>KCB</i>	12411033550	2,888	4,446
Department of Education Imprest account			
<i>KCB</i>	1170665020	5,574	12,139
Department of Trade Imprest account			
<i>KCB</i>	1172899320	983	210
Department of Lands Imprest account			
<i>KCB</i>	1170671136	179	571
Department of Transport Imprest account			
<i>KCB</i>	1240928483	270	902
Department of PSB Imprest account			
<i>KCB</i>	1170670687	7,005	3,311
Department of Health Services Imprest account			
<i>KCB</i>	1170665209	501	1,724
Department of Gender Imprest account			
<i>KCB</i>	1240920083	151	10,470
Department of Agriculture Imprest account			
<i>KCB</i>	1241214611	187	1
Department of PS&A Imprest account			
<i>KCB</i>	1240128495	1,120	95
Department of County Executive Imprest account			
<i>KCB</i>	1319483151	1,052	7,738
NARIGP operation account			
<i>KCB</i>	1239500580	-	8,369
NAVCDP Operation account			
<i>KCB</i>	1315063751	41,782,099	166,848,804
Total		291,889,220	452,796,028

Notes to the Financial Statements (Continued)

Notes to the Financial Statements (Continued)

13. Receivables from Non-Exchange Transactions

Description	Period ended June 2025	Opening Statement
	Kshs	1 st July 2024 Kshs
Government Imprests	-	688,300
Salary Advances	1,865,170	1,950,338
Transfer Due from County Assembly	9,000,000	14,000,000
Less: impairment allowance	-	-
Total receivables from non- exchange transactions	10,865,170	16,638,638

14. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Furniture and fittings	Total
Depreciation Rate		2%	10%	12.50%	
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1st July 2024	-	-	-	-	-
Additions	9,600,000	115,532,229	22,564,000	4,468,700	152,164,929
As At 30 Jun 2025	9,600,000	115,532,229	22,564,000	4,468,700	152,164,929
Depreciation And Impairment					
Depreciation	-	(2,310,645)	(1,692,300)	(139,647)	(4,142,591)
Transfer/Adjustment	-	-	-	-	-
As At 30 Jun 2025	-	(2,310,645)	(1,692,300)	(139,647)	(4,142,591)
Net Book Values					
Opening Bal as at 1st July 2024	-	-	-	-	-
As At June 30, 2025	9,600,000	113,221,584	20,871,700	4,329,053	148,022,338

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

Notes to the Financial Statements (Continued)

15. Intangible Assets

Description	Period ended
	June 2025
	KShs
Cost/Opening balance at the beginning of the /Period	-
Additions	58,777,600
Disposal	-
At end of the Period	58,777,600
Additions–internal development	-
Less: Disposal	-
At end of the Period	58,777,600
Amortization and impairment	
At beginning of the Period	-
Amortization	11,755,520
At end of the Period	11,755,520
Impairment loss	-
At end of the Period	-
NBV	47,022,080

16. Trade and Other Payables

Description	Insert Current FY		Opening Statement	
	Kshs		1 st July 2024	
	Kshs		Kshs	
Trade payables	1,480,433,982		1,830,019,899	
Payments received in advance	-		-	
Employee payables	99,118,948		85,078,978	
Third-party payments (Retention)	131,382,210		137,178,349	
Other payables	-		-	
Total trade and other payables	1,710,935,140		2,052,277,226	
Ageing analysis:				
(Trade and other payables)	Current FY	%	Opening balance	% of the Total
Under one year	606,147,267	35%	507,028,283	25%
1-2 years	599,518,432	35%	789,587,697	38%

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2-3 years	131,382,209	8%	364,180,782	18%
Over 3 years	373,887,231	22%	391,480,464	19%
Total (tie to above total)	1,710,935,140		2,052,277,226	

Notes to the Financial Statements (Continued)

17. Cash Generated from Operations

	Period ended June 2025
Surplus for the year before tax	381,182,677
Adjusted for:	
Depreciation	15,898,111
Understatement of receipts	939,647,186
Non-cash grants received	-
Contributed assets	-
Impairment	-
Gains and losses on disposal of assets	-
Contribution to provisions	-
Contribution to impairment allowance	-
Working capital adjustments	
Increase in inventory	-
Increase in receivables	5,773,468
Increase in deferred income	-
Increase in payables	(341,342,087)
Increase in payments received in advance	-
Net cash flow from operating activities	1,001,159,355

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

Notes to the Financial Statements (Continued)

18. 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 minimize 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.

19. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Other related parties include:

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

20. Events after the Reporting Period

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

21. Ultimate And Holding Entity

The Entity ultimate parent is the Government of Kenya.

22. Currency

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

15. Appendix

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
14	Non-Disclosure of Commission Earned from Payroll Services Rendered	The management has directed the Receiver of Revenue to disclose and report all the revenues earned by the county government in its financial statements going forward. This has been demonstrated in the quarterly reports for the current financial year 2024/2025.	Resolved	
2.1	Transactions in System Payments but not Processed in Payment Detail	County governments have no control over the modules of the IFMIS as developed by the national treasury. However, the CECM finance and economic planning wrote to the national treasury for assistance in resolving the discrepancies.	Not Resolved	30.12.2025
2.2	Transfer to Other Government Agencies	At the closure of every financial year, the national treasury issues circulars to county treasuries to undertake cleanup of the system where among other things undertaken during the exercise is voiding of all unpaid transactions.	Not Resolved	30.12.2025

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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)
		In order to understand further, the CECM finance and economic planning wrote a letter to the chief officer accounting, revenue and supply chain management to explain what necessitated the voiding.		
3.1	Long Accounts Receivables- Outstanding Imprests		Not Resolved	30.12.2025
3.2	Outstanding Salary Advances	The management has communicated to the officers concerned including members of the County Assembly to repay the long overdue salary advances.	Not Resolved	30.12.2025
1	Budgetary Control and Performance	The county continues to experience delayed disbursement of funds from the national treasury which affects honoring of its obligations on time. The county has automated its revenue collection and management aimed towards sealing revenue leakages and attaining the county potential.	Not Resolved	30.12.2025
2	Pending Bills	Pending bills are incurred as a result	Not Resolved	30.06.2026

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)
		<p>of the national treasury not releasing all the funds during the year in which the expenditures are incurred. The PFM requires that pending bills should form the first charge during the subsequent financial year.</p> <p>The CECM finance and economic planning issued a circular to all accounting officers to only procure items in their procurement and budgeted for failure to which they will take personal responsibility for the same.</p> <p>The payment plan was approved together with the pending bills report for the period ended 30th June 2024.</p>		
1	Unresolved Prior year Matters	The management have always adhered to the provisions of the Public Sector Accounting Standard Board as earlier reported, nevertheless, we are committed to engage the auditors as per the recommendations to resolve all the prior year matters.	Resolved	
3	Late	The county has developed a revenue	Not Resolved	30.12.2025

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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)
	Exchequer Releases	enhancement plan that gives a road map on how we intend to improve revenue collection. This plan pulls synergy of all key players towards achieving the revenue targets. Copy of the enhancement plan is hereby shared.		
1	Irregularities in the Construction of a Modern Funeral Home	The project has since been completed and in use. The project manager has since prepared the final accounts for the project which states the final expenditure of the project. There was value for money on the project.	Resolved	
2	Delays in Completion of the Governor's and Deputy Governor's residences	The project was completed and handed over in February 2025 pending few snags list that are being worked on by the contractor.	Resolved	
3	Irregular Procurement of Motor Vehicle Insurance	The county has since paid the balance of Ksh. 6,254,312 to the insurance firm as per the contract sum and whenever insurance stickers were issued. The department of finance has written to the office of the county	Resolved	

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)
		<p>attorney to remedy clause 4 to align it with section 147 of the Public Procurement and Disposal Act.</p> <p>The county executive has taken punitive action to members of any evaluation committee that does not adhere to the requirements of a procurement. Where mandatory documents are required.</p>		
4	Irregularities in the Proposed Construction and Completion of Hospital Plaza	The project is 60% complete. The management has allocated Kshs. 100,000,000 in the current financial year 2024/2025 and also Kshs. 100,000,000 in the financial year 2025/2026.	Not Resolved	
5	Irregularity in Procurement of Non- Perishable Food stuffs	The management currently embraced a 3-year framework contract to avoid such instances	Resolved	
a	Cost- Benefit Analysis of the Revenue Automation System	<p>The Vihiga Revenue Automation System is fully implemented awaiting handover by the vender.</p> <p>The system is progressively enhancing our own source revenue compared to the previous periods when the county was collecting manually.</p>	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	Pending Works by Vendor on Revenue Automation System	The system is now fully implemented awaiting handover.	Resolved	

Guidance Notes:

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



Accounting Officer

Date: 22nd October 2025.

Appendix 2: Trial Balance

TRIAL BALANCE FOR THE PERIOD ENDED 30TH JUNE, 2025

ACCOUNT NO. & DESCRIPTION	DR	CR
Transfer from CRF 2024/2025		
Recurrent		4,415,281,834
Development		883,197,876
Special Purpose Transfer		
Conditional Allocations from National Government		
Grants From Donors		
Non - Current Assets		
Land	9,600,000	
Building	113,221,584	
Motor Vehicle (9 months)	20,871,700	
Furnitures and fittings (3 months)	4,329,053	
Intangible assets - (Revenue Automation System)	47,022,080	
Fund Balance		(1,594,319,009)
2100000 PERSONNEL EXPENSES		
Basic Salaries for permanent Employees	1,932,496,268	
Basic Wages of Temporary employees	65,041,463	
Personnel Allowances as part of Salary	746,216,447	
Personal Allowances paid as Reimbursements	1,947,742	
Employer contribution to Compulsory NSS Schemes	23,043,000	
Employer contribution to Pension Scheme (NSSF)	-	
Transfers to Other Government Units		

Climate Change	91,000,000	
Education Fund	25,000,000	
Sports Fund	13,000,000	
Emergency Fund	-	
Kenya Urban Support Program (KUSP)	-	
2210000 USE OF GOODS AND SERVICES		
2210100 Utilities Supplies And Services	42,057,086	
2210200 Communication Supplies Service	2,770,573	
2210300 Domestic Travel Substance Allowance and Other Transport Costs	199,771,841	
2210400 Foreign Travel & Subsistence & Other Transportation Costs	9,204,165	
2210500 Printing Advertsing And Information Supplies Service	16,746,631	
2210600 Rentals of Produced Assets	17,481,593	
2210700 Training Expenses	13,834,879	
2210800 Hospitality Supplies And Service	102,946,440	
2210900 Insurance Cost	24,585,266	
2211000 Specialized Materials and Supplies	200,058,634	
2211100 Office And General Supplies	33,974,444	
2211300 Other Operating Expenses	23,203,681	
2211200 Fuel Oil And Lubricants	33,813,642	
2220100 Routine Maintance Of Vehicles	23,300,434	
2220200 Routine Maintenance - other assets	74,285,411	
Depreciation and Amortization	15,898,111	
Rehabilitation of Civil Works	307,636,974	
Construction and Civil Works	303,085,635	
Rehabilitation and Renovation of Plant, Machinery and Equipment	2,511,082	
Purchase of Certified Seeds, Breeding Stock and Live Animals	999,999	



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SOCIAL SECURITY BENEFITS		
2710102: Gratuity and other Social security Benefits paid by employer	21,383,864	
OTHER CAPITAL GRANTS & TRANSFERS		
2640400: Current Transfers, Grants and Subsidies	900,000	
2640500 Other Capital Grants and Transfers	549,101,730	
ACCOUNTS RECEIVABLE		
Staff Advances	1,865,170	
Oustanding Imprests	-	
Transfers due From County Assembly	9,000,000	
Other Receivables(From CRF)		
ACCOUNTS PAYABLE		
Retention		131,382,210
IPPD deductions Unpaid		99,118,948
Trade accounts payables		1,480,433,982
Other payables		-
CASH AND CASH EQUIVALENTS		
A. CASH AT BANK		
ViHiga County Dev Account-CBK – 1000170794	45,041	
Vihiga County Rec Account-CBK – 1000170859	29,085	
Vihiga County Deposit ACOUNT-CBK – 1000283645	123,213,715	
Vihiga County Fuel Levy Fund-CBK – 1000283653	37,536,433	
Vihiga County Univ Health -CBK- 1000345187	521	
Vihiga County NAVCDP Account- CBK - 1000738464	29,305,638	
Vihiga County Youth POLY Fund-CBK- 1000367032	4,157,034	

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Vihiga Coutny KUSP (UDG) ACCOUNT- 1000388037	-	
Vihiga Coutny KUSP (UIG) ACCOUNT- 1000379917	32,309,300	
Vihiga County Nutrition International Account- 1000443618	2,126,051	
Vihiga County KDSP Account - CBK- 1000440511	-	
Vihiga County Climate Change Account - 1000486848	21,112,604	
Vihiga County Primary Healthcare Project - CBK - 1000569727	5	
Imprest Account-KCB – 1141334763	6,914	
Dev- Imprest Account - Co-ooop-01141471295000	244,872	
Dept OF water Operations-KCB – 1241103550	2,888	
Dept Of Educ account-KCB – 1170665020	5,574	
Dept of Trade-KCB – 1172899320	983	
Dept of Lands-KCB – 1170671136	179	
Dept of Transport-KCB – 1240928483	270	
Public Service Board-KCB – 1170670687	7,005	
Dept of Health-KCB – 1170665209	501	
Dept of Gender-KCB - 1240920083	151	
Dept of Agric-KCB - 1241214611	187	
Vihiga County Executive - 1319483151	1,052	
Public Service and Admin-KCB - 1240128495	1,120	
NAVCDP Operation Account- KCB - 1315063751	41,782,099	
TOTAL	5,415,095,841	5,415,095,841