

REPUBLIC OF KENYA



REPUBLIC OF KENYA



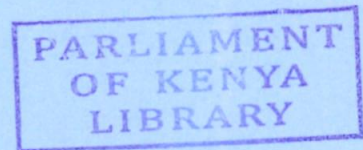
12

REPORT

OF

THE AUDITOR-GENERAL

ON

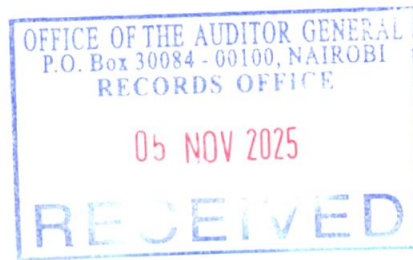


COUNTY EXECUTIVE OF MANDERA

FOR THE YEAR ENDED
30 JUNE, 2025

PAPERS LAID	
DATE	24/2/20
TABLED BY	Se. Telapw-
COMMITTEE	
CLERK AT THE TABLE	Tyng

51



Revised on 30th June 2025

REPUBLIC OF KENYA

COUNTY GOVERNMENT OF MANDERA



COUNTY GOVERNMENT OF MANDERA

COUNTY EXECUTIVE OF MANDERA

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

Transitional Financial Statements

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

Table of Contents	Page
1. <i>Acronyms, Abbreviations and Definition of Key Terms</i>	ii
2. <i>Key Entity Information and Management</i>	iii
3. <i>Governance Statement</i>	viii
4. <i>Foreword by CECM Finance and Economic Planning</i>	xv
5. <i>Statement of Performance against Predetermined Objectives</i>	xvii
6. <i>Environmental and Sustainability Reporting</i>	xxviii
7. <i>Management Discussion and Analysis</i>	xxxix
8. <i>Statement of Management Responsibilities</i>	xxxv
9. <i>Report of the Independent Auditor for the (Specify Entity Name)</i>	xxxvii
10. <i>Statement of Financial Performance for the year ended 30 June 2025</i>	1
11. <i>Statement of Financial Position as at 30 June 2025</i>	2
12. <i>Statement of Changes in Net Assets for the year ended 30 June 2025</i>	3
13. <i>Statement of Cash Flows for the year ended 30 June 2025</i>	4
14. <i>Statement of Comparison of Budget and Actual Amounts for the Year ended 30 June 2025</i>	5
15. <i>Notes to the Financial Statements</i>	7
16. <i>Appendix</i>	35

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

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

<i>Fiduciary Management</i>	<i>The key management personnel who had financial responsibility</i>
-----------------------------	--

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

2. Key Entity Information and Management

a) Background information

Mandera County is constituted as per the constitution of Kenya and is headed by the County Governor, who is responsible for the general policy and strategic direction of the County. The governor is supported by the county executive committee in carrying out the mandate as stipulated in the constitution. The County Executive Committee Member for Finance and Economic Planning is in charge of the County Treasury. One of the functions of the CECM for Finance is financial reporting at the county level.

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 Human Capital Development	Provision of quality pre-primary and vocational education services and capacity developments
4	Social Development	Provision of social, youth, sports, and disaster mitigation services
5	Health Services	Promotion of primary health care
6	Office of the Governor and Deputy Governor	Provision of overall leadership, planning and direction
7	County Public Service Board	Management of county employees recruitment and retention
8	Public Service Management, Devolved Units and Enforcement Services	Responsible for public service administration, conflict management, community integration and prevention of extremism
9	Roads Transport and Public Works	Provision of county roads and public amenities
10	Trade and Cooperative Development	Support trade, industrialization and cooperative development in the county
11	Lands and Urban Development	Provision of land survey, planning, and waste management services
12	Water, Energy, Environment and Climate Change	Provision of water and sewerage services

Vision

To be a regionally competitive and self- reliant county

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

Mission

To strategically position ourselves as a county guided by innovative competitiveness in order to achieve progressive, wealthy, healthy, cohesive and secure county.

Motto

A county with unlimited opportunities and endless possibilities

Core Values

- Integrity
- Innovativeness
- Professionalism
- Team work
- Equity
- Transparency
- Accountability
- Respect for rule of law

b) Key Management team

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

No.	Designation	Name
1.	The Governor	H.E Hon. Mohamed Adan Khalif
2.	The Deputy Governor	H.E Hon. Ali Mohamud Maalim
3.	County Secretary and Head of Public Service	Billow Issack Hassan
4.	CECM Finance and Economic Planning	Ibrahim M. Adan
5.	Agriculture and Livestock and Fisheries	Bare Mohamed Shabure
6.	Education and Human Capital Development	Bashir Ibrahim Alio
7.	Social Development	Mohamed Ali Omar
8.	Health Services	Mumtaza Bishar Musa
9.	County Public Service Board	Ethila Mohamud
10.	Public Service Management, Devolved Units and Enforcement Services	Nadhifa Ahmed
11.	Roads Transport and Public Works	Amina Ahmed Hassan
12.	Trade and Cooperative Development	Adan Dagane Hamud
13.	Lands and Urban Development	Salah Maalim Alio
14.	Water, Energy, Environment and Climate Change	Dr. Mohamud Adan Mohamed

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

c) Fiduciary Management

The key management personnel who held office during the financial period ended June 30, 2024 and who had direct fiduciary responsibility were:

No.	Name	Designation
1.	Ibrahim Mohamed Adan	CEC, Finance and Economic Planning and ICT
2.	Abdikadir Mohamed Tache	Chief Officer, Accounting and Financial Services
3.	Abdifatah Ibrahim Ogle	Chief Officer, Lands and Survey
4.	Hussein Abdirahman Sheikh	Chief Officer, Roads and Transport
5.	Ismail Omar Ibrahim	Chief Officer, Executive Coordination
6.	Abukar Abdi Sheikh	Chief Officer, Devolved Units and Inspectorate Services
7.	Dr. Abdikadir Adan Alio	Chief Officer, Education and Early Childhood Development
8.	Abdiwahab Mohamed Issack	Chief Officer, Youth and Sports
9.	Adow Ibrahim Mohamed	Chief Officer, Public Works
10.	Adan Maalim Abdullahi	Chief Officer, Agriculture and Irrigation
11.	Ahmed Abdullahi Aden	Chief Officer, Water Services
12.	Mohamed Mohamud Ali	Chief Officer, Public Service Administration
13.	Abdulaziz Barre Hassan	Chief Officer, Energy & Natural Resources
14.	Kassim Yussuf Hassan	Chief Officer, ICT and E-Government
15.	Farhiya Ali Abdullahi	Chief Officer, Women Empowerment and Affirmative Action
16.	Hamdi Ahmed Mohamed	Chief Officer, Culture, Tourism and Gender Affairs
17.	Zeitun Abdishakur	Chief Officer, Housing and urban Development
18.	Hussein Yussuf Sheikh	Chief Officer, Community Cohesion and Conflict Management
19.	Muad Mohamed Khalif	Chief Officer, Trade, Industry and Investment
20.	Ibrahim Issack Nurow	Chief Officer, Revenue Services
21.	Miski Hassan Abdi	Chief Officer, Cooperative Development and Marketing
22.	Fatuma Abdi Hussein	Chief Officer, Social Services
23.	Fatuma Mohamed Tiko	Chief Officer, Special Programs and Disaster Management
24.	Fartun Bulle Ibrahim	Chief Officer, Economic Planning and Statistics
25.	Mohamed Issack	Chief Officer, Livestock and Fisheries
26.	Ibrahim Mohamed Ali	Chief Officer, Medical Services
27.	Mohamed Shukri Abikar	Chief Officer, Irrigation
28.	Sahara Adow Adan	Chief Officer, Environment and Climate Change
29.	Halima Hassan Ali	Chief Officer, Vocational and Technical Training

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

d) Fiduciary Oversight Arrangements

The key fiduciary oversight of Mandera County Government was under the following organs;

- Mandera County Assembly
- Controller of Budget
- Public Accounts Committee
- Budget and Appropriations Committee
- Finance Committee
- Audit Committee

e) Mandera County Executive Headquarters

P.O. Box 13-70300
Roads and Public Works House
Jamia Mosque Road
Mandera, KENYA

f) County Executive Contacts

Telephone: (+254) 720544242
E-mail: info@mandera.go.ke
Website: www.mandera.go.ke

g) County Executive Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
NAIROBI, KENYA
2. Kenya Commercial Bank
Mandera Branch.
3. Equity Bank of Kenya
Mandera Branch.
4. National Bank of Kenya
Mandera Branch.

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

h) Independent Auditor

Auditor-General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

NAIROBI, KENYA

i) Principal Legal Adviser

The Attorney General

State Law Office and Department of Justice

Harambee Avenue

P.O. Box 40112

City Square 00200

NAIROBI, KENYA

j) County Attorney

The County Attorney

P.O. Box 13-70300

MANDERA, KENYA

3. Governance Statement

Mandera 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 five number of County Government Entities. 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

a) Membership of the Cabinet/County Executive Governance Structures:

The county executive team during the financial year consisted of the following key officers:



H.E Mohamed Adan Khalif – Governor

H.E Mohamed Adan Khalif is the second and current governor of Mandera County. A holder of a degree in Business and Management, H.E Mohamed Adan Khalif has a strong foundation in public administration and policy implementation having served as the Chairman of Mandera Town Council from 2008 to 2013 and the Speaker of the Mandera County Assembly from 2017 to 2022.

Prior to his governorship, he excelled as the Managing Director of Frontier Engineering from 2005 to 2017, overseeing national and regional construction projects, including roads, electrification, buildings, and water projects. His remarkable ability to collaborate with diverse stakeholders, from government officials to local communities, underscores his leadership prowess.



H.E Ali Mohamud Maalim, Deputy Governor

H.E. Dr. Ali Mohamud is a highly experienced technician renowned for his wealth of hands-on expertise in public policy administration and implementation. He holds a Doctorate of Pharmacy (PharmD) from University of Minnesota, Masters of Business Administration (MBA, Healthcare Administration Focus) from Concordia University, Bachelors in Science, Med. Technology Eng. from University of Minnesota, and Diploma in Pharmacy from Kenya Medical Training College. Dr. Ali is the former Board Director (2019-2022), Kenya Environmental and

Forestry Research Institute (KEFRI) and Board Director (2020-2022), Green Blue Foundation Africa (GBFA).



Billow Issack Hassan, County Secretary and Head of Public Service

Mr Billow is the a highly accomplished County Secretary and Head of County Public Service with over 12 years of successful career experience in finance, budgeting, administration, and management. Billow holds a Bachelor of Commerce in Finance from the University of Nairobi, a Master of Science degree in Finance & Economics, and is currently pursuing a PhD in Public Policy and Management at Kenyatta University. He has completed several top management courses, including the Strategic Leadership and Development Program, and is well-versed in public administration and policy formulation.



Amina Ahmed Hassan (HSC)- CECM; Roads, Transport and Public Works

Born in 1966, Amina is a highly qualified and accomplished Educationist, Gender Activist, Conflict and Peace Management Strategist with over 27 years' experience acquired through holding various leadership roles in Government, and Non-Governmental levels of professionalism and quality workmanship. Been committed to the cause of human rights especially for the poor, and marginalised with special focus on women and girl child rights. Amina's efforts earned her an Honararia Award from the President of the Republic of Kenya for being an Active Women Peace Builder (Head of State Commendation). Amina's career objective is "to work towards promoting social justice, and enhancing human rights for all"



Salah Maalim Alio, CECM; Lands, Housing and Physical Planning

Mr Salah began as a teacher, worked in business, engaged with civil society organizations, served as a councillor for Khalalio, and finally practiced as a peace governance consultant. His involvement with civil society organizations underscores his commitment to social causes and community development. Such roles often require individuals to advocate for change, promote awareness, and mobilize resources for various initiatives. His current role as a peace governance consultant signifies a focus on conflict resolution, peacebuilding, and governance issues. This role may involve advising organizations, communities, or governments on strategies for achieving peace and effective governance.



Mohamed Ali Omar, CECM-Social Development

Mohamed Ali is a holder of two Masters degrees namely; Master of Governance and Ethics at Mount Kenya University and Master of Public Policy and Administration (MPPA) from Kenyatta University. He also holds a Bachelor of Development Studies from Kampala University as well as a Diploma in Applied Science from Kenya Polytechnic; Senior Management and Strategic Leadership courses from Kenya School of Government. He has amassed over 31 years of experience serving in the following dockets: District Water Officer, County Director for Water, CECM for Water Energy Environment; Natural Resources and Climate Change and now as the CECM for Health Services. Mohamed is a fellow member of the Institute of Leadership and Management (UK), a member of the Institute of Directors of Kenya, and African Association of Public Administration and Management (AAPAM).



Ibrahim Mohamed Adan, CECM; Finance and Economic Planning

Mr. Ibrahim is a distinguished professional holding a Bachelor of Commerce degree from the University of Nairobi. He has built a robust career with significant experience in public finance and administration. Notably, he served in the esteemed office of the Controller of Budget as the Mandera County Coordinator. In his role as Mandera County Coordinator for the Controller of Budget, Mr. Ibrahim assumed a pivotal position responsible for overseeing a spectrum of financial and budgetary dimensions within the county's operations.



Dr. Mohamud Adan Mohamed - CECM Water, Energy, Environment and Climate Change

Dr. Mohamud is an anaesthesiologist. He holds a MBChB from Kampala International University -Western Campus.

He previously worked as a doctor /Anaesthesiologist course coordinator & lecturer in Anaesthesia for Clinical officer anaesthetists at Coast General Hospital, Mombasa.

He also worked in various rural hospitals in Kenya scooping various awards as a civil servant. Before being transferred by H.E the Governor into this docket he served as the CECM for Health Services.



Bashir Ibrahim Alio, CECM- Education and Human Capital Development

Hon. Bishar brings a wealth of experience in education administration to his role as the CECM for Education and Human Capital Development. Prior to his appointment, he served as the immediate former Member of County Assembly for Kiliwehiri ward.

As a trained teacher by profession, Hon. Bishar possesses a deep understanding of the education sector's intricacies and nuances. This background equips him with valuable insights into the challenges and opportunities within the field of

education.



Nadhifa Ahmed – CECM Public Service Management, Conflict Management and Community Cohesion

Nadhifa is the immediate Mandera County Government's former chief officer for Youth, Gender and Social service where she has served from 2020. She holds a Bachelor of Social Science and a Diploma in Business Management from the University of Nairobi. Nadhifa's professional journey spans over eight years, during which she has gained valuable experience working with various organizations. From 2014 to 2016, she served as a Program Officer at RACIDA (Rural Agency for Community Development and Assistance). Her career also includes a role as a Civic Educator at URAIA TRUST while she also worked

with the Kenya Livestock Marketing Council (KLMC).



Bare Mohamed Shabure – Agriculture, Livestock and Irrigation

Hon. Barre Mohamed Shabure is the immediate former Chief Officer for Lands, Survey and Physical Planning in Mandera County Government. Prior to that he served as a pioneer Member of County Assembly (MCA) for Kiliwehiri Ward in Banisa Constituency between the year 2013 – 2017. Having been a career teacher previously, Hon. Barre boast of over twenty-six (26) years' work experience spanning from middle level to the head of department in the management of government affairs.

He is a holder of Master Degree in Education (Leadership and Management) from Mount Kenya University and a Bachelor Degree in Education from the University of Nairobi (UoN).



Mumtaza Bishar Musa – CECM, Health Services

Mumtaza Bishar Musa is the County Executive Committee Member for Health, Mandera County. She is a PhD candidate in Development with a focus on Public Health at Jomo Kenyatta University of Agriculture and Technology (JKUAT) and a certified Data Analytics and Decision-Making professional from the International Statistical Education Centre (ISEC). Her leadership is anchored on data-driven planning and accountability in health resource

management.

Before joining the County Executive, she served as a Research Fellow at the Kenya School of Government's Institute of Security Management, contributing to research, policy analysis, and institutional capacity building in governance and public sector performance. She has also served as Service Delivery Coordinator in the County Government of Mandera, Chief Protocol and Intergovernmental Relations Officer in Isiolo County, and Programme Development Officer at regional pastoralists peace link. Mumtaza holds a Master's degree in International Relations (Development Major) from USIU–Africa and is recognized for her commitment to transparency, efficiency, and equity in health service delivery.



Adan Dagane Hamud, CECM; Trade and Cooperative Development

Mr. Adan served in the first administration as the CECM for Agriculture, Livestock and Fisheries and was reappointed to spearhead the ministry forward.

He possesses a Bachelor of Education degree from Busoga University, a Diploma in Education from Kenya Institute of Education, a Diploma on Technical Education (Entrepreneurship Development) from Kenya Technical Teachers' College, Kenya Certificate of Primary Teachers' Examination (PTE), Kenya Certificate of Education (KCE) from Kigari Teachers' Training College and Certificate of Primary Education (CPE) from Bulla Mpya Primary school.

b) Stakeholder Engagement and Public Participation:

The County Government of Mandera places a strong emphasis on engaging with stakeholders and promoting public participation in decision-making processes. It engages with stakeholders and promotes public participation through the following means:

- *Civic education Unit:* The County has established a department that sensitizes the public on devolved governance issues from time to time.
- *Public Participation Policies:* The County has established policies and frameworks for public participation in decision-making processes. For example, town hall meetings are held to gather input from residents on key issues before key activities are undertaken by the government.
- *Communication Policies:* The County has communication policies to ensure transparency and accessibility of information, including a regularly updated website.
- *Whistleblowing Mechanisms:* The County has mechanisms in place for reporting unethical conduct and corruption, such as corruption reporting suggestion boxes.

c) Safeguards Against Unethical Conduct and Corruption:

The County has anti-corruption policies and a code of conduct for public officials. For instance, all employees are required to sign an annual code of conduct agreement. There are also established reporting channels for unethical conduct, including a designated ethics suggestion boxes.

d) Engagement with County Assembly and Senate:

The County Executive actively collaborates with County Assembly committees and the Senate on legislative matters and oversight. The County Executive regularly attends County Assembly committee meetings relevant to their portfolios. For example, the Finance CECM actively participates in budget committee meetings and provides insights into budget formulation. The County Executive

also sponsor bills in collaboration with the County Assembly from time to time and deliberate on matters of importance to its citizenry.

e) Risk Management:

The County Government of Mandera has effective arrangements for risk management and internal control. This includes regular internal audits and reviews. Formal processes are in place to identify, assess, and analyze risks. For instance, a risk assessment is conducted annually to identify potential financial and operational risks. Risks are regularly assessed in response to changes in the internal and external environments. For example, changes in national economic policies are closely monitored. Risks identified and analyzed in the period are documented, and actions taken to manage them are outlined in the annual risk management report.

f) Audit Committee:

The Audit Committee plays a crucial role in ensuring accountability and transparency within Mandera County Government. The Audit Committee operates under a charter that outlines its roles, responsibilities, and reporting mechanisms. The committee conducts regular reviews of financial statements, internal audits, and compliance matters.

g) Compliance:

The County Government of Mandera is committed to complying with all relevant laws and regulations governing its operations, including:

- The Public Finance Management Act
- The County Government Act
- Public Procurement and Asset Disposal Act

Compliance reports are prepared and discussed at the relevant levels, including review by the County Assembly's Finance Committee.

h) Other Governance Issues:

- The County Government of Mandera also discloses the activities and membership of the Environment and Natural Resources Committee, which focuses on environmental conservation and sustainable resource management.

4. Foreword by CECM Finance and Economic Planning

It's my pleasure to present Mandera County Executive's full year financial statements and reports for the period ending 30th June, 2025. This report was prepared and presented as required by section 164 of the Public Finance Management (PFM) Act 2012. The report expounds on the revenues received from national equitable share alongside the expenditure incurred by the county government in service provision during the financial year.

In the Financial year 2024/2025 the County Executive had an approved supplementary budget of Kshs. 14,567,547,952 out of which Kshs. 8,912,272,072 (61%) was allocated for recurrent expenditure and Kshs. 5,655,275,880 (39%) was allocated for development expenditure. The County, therefore, met the minimum requirements of PFM Act section 107 (2) which requires that at least 30% of the County budget to be dedicated for development. The County Budget revenues were made up of transfers from the Equitable Share, National Government Conditional Grants, Donor Funding, Own Source Revenues (OSRs) and Unspent Balances carried forward from the 2023/2024 Financial Year.

The fiscal assumption underlying the FY 2024/2025 budget was that there would be improved revenue collection from local sources and timely release of funds by the National Treasury. However, as the year progressed, we encountered challenges and some revenues such as revenues from conditional grants and own source revenues were not realized. We failed to attain our own source revenue target and only Kshs. 212,066,352 which translates to 61% of the target was raised. For the Exchequer the County Executive received the full allocation Kshs. 11,690,618,560 (100%).

The County's budget implementation was slow but progressed from the second quarter. This was majorly caused by delay in the release of funds from the National Treasury. Nonetheless, by the end of the financial year, the county executive had incurred expenditures totalling to Kshs. 11,780,505,216 on both development and recurrent programmes. This expenditure represented 81% of the county's approved supplementary budget.

The following factors were chiefly responsible for low absorption rate of the development vote;

- Late releases of fund by the National Treasury
- Slow and cumbersome tendering process throughout the period
- Technical challenges in application of IFMIS
- Delays in approval of request for funds by office of controller of budget
- Difficulties in retaining high calibre staff in some key sectors such as health services and public works due to insecurity in the region
- General Insecurities/Terrorist threats
- Poor infrastructure

The reasons for the underperformance of the targeted local revenues included insecurity, prolonged droughts, understaffing, inter-community conflict and the adverse effects of Coronavirus pandemic. The actual local revenue collections during the year was 54% which was a remarkable upgrade on the

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

previous financial year's performance thanks to increased revenue automation and revenue enforcement efforts that were strongly effected within the financial year to seal any pilferages in local collections. We have, however, identified gaps and areas to improve on in the subsequent years and will continue to explore new and innovative ways of boosting our own source revenue collections.

Despite all these challenges, the FY 2024/2025 was largely a good year. Numerous major projects were funded in the period under review. Good progress in project implementation was made during the period. The county government will continue to build on these successes in our effort to enhance service delivery and reverse the negative impact of marginalization witnessed over the last fifty years in our county.

I take this opportunity to thank H.E the Governor and the Deputy Governor for their leadership, overall supervision and guidance in achieving the County Vision for the people of Mandera. I would also want to thank the CEC Members, the County Chief Officers in charge of other departments and CEO's of County entities who we have worked hand in hand to ensure that Mandera County achieves its mission. Finally, I thank all staff in the entire county for their continued commitment and dedication through hard work in delivery services to the people of Mandera County.



.....
CECM Finance and Economic Planning
County Government of Mandera

5. Statement of Performance against Predetermined Objectives

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each County Government Entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

Strategic development objectives

The Mandera County Government's 2023-2027 CIDP has identified ten key strategic development objectives. Broadly, these objectives have been identified through a participatory process that reviewed the development priorities of the Governor's Manifesto, the National Government's "Big Four", NIUPLAN, SDGs and the MTP III.

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

The key development objectives of the Mandera County Government's 2023-2027 CIDP are to:

1. To improve peace and security within Mandera County. Mandera shares international borders with Ethiopia and Somalia, and has suffered the effects of cross-border conflicts, as well as the impact of the global problem of violent extremism and terrorism. We seek an inclusive society in line with SDG goal number 16. No meaningful development can occur without peace and security, that must be enjoyed by both residents and investors. Our dream is a safe and secure peaceful environment, which is favourable for the implementation of life-transforming and sustainable development projects.
2. To improve access to quality and affordable health services. This objective aims at improving life expectancy and promoting healthy lives for all ages in line with SDG goal number 3. The need for increased sustainability, accessibility and improvement of quality care in the health sector is paramount. The county aspires to achieve universal healthcare for all, including cross-border patients. This will ultimately reduce the burden of diseases, enhance wellness and hence lead to increased productivity and reduced poverty levels. We envisage a county that will be able to respond to health disasters and emergencies not only in Mandera County, but the Mandera Triangle as well, to cover the regional hub for referral health services in a radius of 500 kilometres comprising sections of Ethiopia and Somalia.

3. To improve access to clean and safe water and sanitation, in line with SDG goal number 6. Water is a basic right and our dream is to achieve improved water sources, which are less prone to contamination and hence are safer. Access to safe drinking water is critical for the health of individuals and households. We seek to extend improved water sources like piped water, rain harvested water, borehole water and water from protected wells. The primary goal is to reduce the amount of time and energy spent in search of water. The goal is for pastoralists not to travel more than a kilometre in search of water.

4. To transform livestock sector from a way of life to a viable economic activity. We aspire to revitalise the livestock sector, create disease-free zones, improve livestock breeds. We will also strive to improve linkages with value-added products to cushion farmers from losses occasioned by drought and climate change, and create a regional market that will fetch competitive prices for our pastoralists. This is in line with SDG goal number 8.

5. To improve resilient infrastructure in line with SDG goal number 9. Improving accessibility and easy movement of people and goods within the county is one sure indicator of development. Mandera County is over 1,200 kilometres away from the capital city of Nairobi, and over 1900 kilometres from the main port of Mombasa, making costs of transportation of goods prohibitive. Achieving this goal will increase linkages with the neighbouring countries of Ethiopia and Somalia, access to markets for products from neighbouring countries, such as fresh produce, miraa and other factors of production. This will eventually lead to a reduction in the cost of production. The result will be improved productivity, opening up of business opportunities, industrialisation and a boost in incomes. It will also lead to a reduction in the cost of goods in Mandera County. Improved transport infrastructure eases access to basic facilities like hospitals and schools.

6. To improve food security from 59 percent to 80 percent by 2022 in line with SDG goal number 2, with the objective of ending hunger and improving nutrition. Availability of pasture and water improves the health and body condition of livestock, which leads to increased production and an upsurge in livestock. The ultimate benefit is a boost of the pastoral communities' purchasing power. Meanwhile, improving irrigation and acreage under crop production is vital for the improvement of Mandera's food security. We must reduce the risk of malnutrition across the county even during long dry spells.

7. To improve access to inclusive quality education in line with SDG goal number 4, as well as relevant skills training to fill the capacity needs gaps in the county. We seek to improve literacy levels from 30 to 70 per cent by 2025, increase access to basic education and promote life-long learning.

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

8. To engage the youth and equip them with vocational skills, as well as farming and entrepreneurial skills to shield them from the vulnerability of falling into the radicalisation and violent extremism trap. This objective is in line with SDG goal number 16 of peaceful and inclusive societies.

9. To carry out natural resource mapping. This will uniquely position Mandera County to sustainably exploit its ecosystem and extractives to spur economic growth and transform the lives of residents. This is in line with SDG goal number 15.

10. To align our development priorities with the economic blueprint of the Frontier Counties Development Council to be able to tap into global, public, private partnerships and economies of scale. This will help in attracting investments and encouraging innovations that will open up the region for major infrastructural projects to create jobs, attract skilled labour and improve living standards in line with SDG goals number 9 and 17.

<i>Ref</i>	<i>Objective as per CIDP</i>	<i>Performance/Progress made up since 2024 up to date</i>	<i>Remarks (Explain The reasons underperformance/ Over performance)</i>
1.	Improve peace and security within Mandera County.	The County has managed to reduce inter-clan conflicts	The porous international borders with Somalia and Ethiopia poses a challenge to our peace efforts
2.	Provide access to quality and affordable health services	Maternal mortality rate has been greatly reduced	The Mandera Triangle has created dependency burden on our facilities
3.	Improve access to clean and safe water and sanitation	The County heavily invested in construction, expansions and desilting of dams	Persistent droughts leads to severe water shortages in the County thus hampering our efforts
4.	Transform livestock sector from a way of life to a viable economic activity	We are revitalising the livestock sector/creating disease-free zones	Losses occasioned by drought and climate change have been a tricky challenge
5.	Improve resilient infrastructure in line with SDG goal number 9	Heavy investment in infrastructure has been undertaken	Insecurity, lack of skilled labour, floods threatened the execution of these projects
6.	Improve food security from 59% to 80% by 2022 in line with SDG goal number 2	Resources have been injected in irrigation projects	Climate challenge, insecurity are common challenges
7.	Improve access to inclusive quality education in line with SDG goal number 4	Improvement in ECDE infrastructure has been achieved	Education is not a devolved function. Shortage of teachers is another headache.

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

8.	Equip the youth with vocational skills, farming and entrepreneurial skills	Youth development activities are successfully undertaken every year	High unemployment, increased number of graduates and poor attitude
9.	Carry out natural resource mapping	Mapping of land and natural resources were conducted	Community conflict over resources and boundaries was a challenge
10.	Align our development priorities with the economic blueprint of the Frontier Counties Development Council	Major infrastructural projects intended to create jobs, attract investments and improve living standards have been undertaken	Mandera's distance from Nairobi, the nature of road infrastructure, and insecurity along the highways make the cost of doing business very high

Progress on attainment of Strategic development objectives

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

Department	Objective	Outcome	Indicator	Performance
Public Works, Roads & Transport	to facilitate the construction, upgrading, rehabilitation and maintenance of the roads infrastructure and supervision of Government buildings in Mandera County to enhance regional connectivity for sustainable socio-economic development in line with Kenya's Vision 2030.	Roads, bridges /culverts and drifts constructed leading to increased efficient transportation of people, goods and services	Improved mobility within the county	In FY 2024/25 we increased motorable and passable roads by 30%. The following roads were upgraded, access roads opened up and bush clearing works done. Drifts and box culverts were also undertaken.
	To facilitate the designing, supervision and management of	Eased construction & rehabilitation of infrastructure	No. and condition of buildings	In the FY 2024/25, massive progress was made on

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

	the county building projects to enhance sustainable socio-economic development in line with Kenya's Vision 2030		constructed for systemic delivery of services	proposed completion of the many development projects
Agriculture, Livestock, Fisheries And Irrigation	To promote and facilitate production of food and agricultural raw materials, ensure food security, promote agro-based industry, agricultural export and sustainable agricultural practice.	Improved Irrigation schemes development and rehabilitation leading to improved agricultural productivity and outputs.	Amount of investments in irrigation projects and support to farmers.	During the year, huge investments were made in the following projects: gabions, irrigation projects, repair of canals, farmers were also supported with fertilizers and seeds
Education, Culture, Tourism and Sports	To create effective capacity building mechanisms for effective management and delivery of ECDE, TVET, Culture, Tourism and Sports services	Improved capacity of ECDE and other teachers	No. of ECDE teachers and other staff to be trained	200 staff were targeted and successfully trained in the period under review
	Provision of infrastructure at ECDE, TVET, Non-Formal Education, Primary, Secondary and Tertiary institutions.	Early childhood infrastructure development	No. of ECDE classrooms constructed No. schools of supplied with desks No. of ECD centres supplied	Over 20 ECDE classrooms were constructed. ECDE classrooms were supplied with desks to schools in every sub county All targeted primary schools

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

			teaching materials	were supplied with teaching and learning materials
	To enhance access, equity, retention, transition and completion levels at the Early Childhood Development Education, TVET, Non-Formal Education, Primary, Secondary and Tertiary institutions	Access to education	No. of Needy students awarded bursary	The bursary was disbursed as budgeted
	To improve quality of training programmes for sporting activities	Sport infrastructure development	The number of football fields constructed and Improved	All playgrounds targeted in the budget have all been achieved
		Access to sporting item and equipment Improvement of sporting activities in all sub counties	No of sporting items procured No of wards held sporting programs	All sporting items targeted were fully attained Over 15 tournaments were held, in wards.
Health Services	To reduce incidences of preventable diseases and mortality in Mandera County	Reduction in cases of food/water-borne diseases	No. of premises inspected and have met minimum requirement on hygiene and sanitation No. of Public health facilities disposing off HCW appropriately	70% of target achieved Target 100% achieved

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

			Whether food and water samples were taken for laboratory analysis	Done
			% of deliveries conducted by skilled attendants	45% of deliveries
	To provide improved quality health care services at the County	Enhanced specialized curative and diagnostic interventions	% increase of access to specialised diagnostic services	Over 80% of facilities have been stocked with drugs and equipment and their laboratories fully functional while 3 facilities have specialized diagnostic.
Youth, Gender and Social Services	To upscale the livelihood of the most vulnerable in the Mandera Community	Shelters, resources and mobility kits for vulnerable people	No. of houses constructed for the most vulnerable and kits issued	Houses constructed as per target and targeted kits issued successfully
	To empower and promote gender equality at the County level	gender mainstreaming	No. of awareness program on gender equality	Target achieved
	To undertake empowerment of youth groups in the county	Youth capacity built on income generating activities provision of income generating tools/equipment	No. of youth trained on income generating activities No. of youth groups provided with income generating equipment	The ministry trained about 200 youth and women and issued to PWD groups income generating equipment to uplift their economy and be self-reliant.

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

Lands, Physical Planning, Housing and Urban Development	To facilitate efficient, sufficient, equitable and sustainable management of land	Secure land records	Plot digitized	Records were digitized hence reducing land/plots related conflicts drastically
Public Service, Conflict Management and Devolved Units	To provide policy direction in Public Service Management, advice on appropriate organizational structures	Proper HR records and Compliance	Staff appraisal- quarterly, file kept, promotions made	Staffs were appraised and their files updated. Staff promotions were also undertaken
	To initiate and coordinate human resource management reforms to improve service delivery for sustainable socio-economic development	Performance management	Performance contracting	Undertaken as planned
	To promote a cohesive society whose values are harmonious and integrative.	Improved security	No. of counter radicalization programs	Counter radicalization workshops were held in all the sub counties
Water, Energy, Environment & Natural Resources	To ensure efficient and economical provision of water and sewerage services, increased environmental conservation, appropriate use of natural resources	Developed Urban Viable Water Supply and Sewerage System		Construction and expansion of water pans as well as desilting of existing pans were undertaken
		Improved trees cover	No. of trees planted	Over 300 trees were planted as planned
		Water Resources Development	Improved water security countywide	Over 60% of the population have access to water as a result of increased spending on

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

				large water pans, and maintenance of boreholes and water tanks
	To ensure improved access to affordable and environment friendly sources of energy to meet the various socio-economic needs.	Solar systems Installations	No. of streetlights poles installed	Targeted accomplished
Trade, Investment, Industry and Cooperative Development	Promote private sector development through enterprise and entrepreneurship development	Mapping of Business activities in the county	No. of business mapped and coded	Undertaken
		Improve performance and status of co-operatives in the county	No. of Education and Extension services conducted for co-operatives	Extension services and education are done on daily basis.
	Improve business environment, promote active investment climate and fair business practice	Enhancement business activities for better returns	No. of Trainings, Stakeholder forums, cooperative days and exhibitions carried out	Trainings undertaken
County Treasury, Economic Planning, Special Programmes, ICT & e-Government	To mobilize resources, ensure prudent management of resources and provide leadership in development planning and tracking of results.	Revenue enhancement and improved implementation of programmes, projects and strategies	No. of Quarterly reports on revenue performance	Achieved
	Disaster management	Relief food management	No. of households benefitting from food distributed and No. of sub counties covered	Over 100,000 households covered countywide. Target achieved.

Implementation Challenges experienced in FY 2024/2025

1. **Insecurity:** Many border towns suffered attacks from external Al Shabaab assailants during the financial period. These aspects of insecurity negatively affect socio-economic lives of the locals and scare away investors.
2. **Recurring drought:** Prolonged drought led to the diversion of development budgets to respond to emergency relief cases. This was done by distributing food stuff and provision of water trucking services to the affected communities.
3. **High cost of goods and services:** The geographical location of Mandera at about 1200km from Nairobi, coupled with poor road network, insecurity and poor communication network has continuously posed a big threat to movement of goods and services to the county. This has seen most of the goods doubled on prices and being scarce due to the high demand and low supply.
4. **Delayed disbursement of funds from national treasury:** Over the years, the county government has experienced frequent cash crunches as a result of delayed disbursement from the national treasury. This has delayed projects delivery and compromised the provision of essential services such as health, security water and education.
5. **Local revenue underperformance** was also a challenge despite the revenue automation and improved enforcement efforts.

Available Opportunities

Mandera County government can take advantage of the following opportunities in implementation of its objectives:

1. **Local solutions to curb insecurity**– Though provision of security is a National Government function, the County Government had to recruit National Police Reservists to curb the runaway insecurity. Motivating and empowering these officers will significantly improve the security situation.
2. **Monitoring and Evaluation (M&E):** Absence of monitoring and evaluation committees in sectors have led to poor coordination of Monitoring and Evaluation activities in the sectors. The county government instituted an Evaluation and Monitoring Unit under office of the governor to tackle the challenge.
3. **Enhancing Local Revenue Generation** is key to sustainable service delivery: The huge demand for resources has made the county to look for avenues of raising more resources through measures such as automation of revenue collection. More innovation ways of boosting revenue collections will be identified and implemented in the subsequent years.

4. **Capacity is central to good performance:** Inadequate technical staff in departments has led to poor service delivery. By focusing on training and recruiting of technical staff offering essential services, the county has managed to arrest the situation. However, some departments such as revenue services and compliance are understaffed. Once these units are staffed, the county can reap new gains.
5. **Collaboration initiatives:** By collaborating with the National Government, development partners, the County Assembly, or other key stakeholders, the County Government has put efforts in attracting partners for development and service delivery in the county. The county shall continue to enhance its collaboration efforts to attain successful implementation of its CIDP objectives.

6. Environmental and Sustainability Reporting

Corporate Social Responsibility exists to transform lives. Thus, at Mandera County Government we understand that we have a responsibility to our society and we have made Corporate Social Responsibility (CSR) an integral part of our culture. To underline our deep commitment to making a difference in people's lives, we are guided by an existing policy and the government commits a substantial budgetary allocation each financial year to CSR initiatives. The county's CSR efforts focuses on the following key areas:

a) Sustainability strategy and profile

Sustainable development has been fully incorporated by the County Government. Our corporate sustainability contains three pillars: economic, ecological and social. For a comprehensive corporate sustainability strategy, the county understands it is necessary to consider all dimensions, their impacts and their interrelations. External influences also affect the corporate orientation on sustainability. Moreover, corporate sustainability also has positive effects on society in the long term. Mandera County government follows an introverted – risk mitigation strategy focusing on legal and other external standards concerning environmental and social aspects in order to avoid risks for the entity. The County uses generic aspects of the economic dimension of corporate sustainability such as innovation and technology, collaboration, knowledge management, processes, purchase and sustainability reporting to gain good financial and sustainability results. The strategies also address ecological dimensions to reduce environmental impacts caused by resource use, and emissions into air, into water or into ground, as well as waste and hazardous waste.

b) Environmental performance

As part of Mandera County government's contribution to the nation's national development agenda and our intent towards improving the wellbeing of our communities, in the financial year 2014/2015 the county rolled out the County Forests Management and Extension Programme which is a campaign with a target to plant and sustain millions of trees all over Mandera. This activity has progressed well with over a million trees planted and being sustained along the B9 roads in Mandera East Sub County and along all major roads in other sub counties. Our efforts aim to increase Kenya's forest cover to the desirable standards and protect the environment for present and future generations.

The Mandera county government also aim to minimize any harmful effects and consider the development and implementation of environmental standards to achieve this to be of great importance. In the course of our operations, therefore, we seek to identify opportunities to optimise consumption of energy, water and other natural resources. We actively encourage our staff to plant trees in our various Stations with a view to conserving the environment. In the just concluded financial year, we actively participated in projects aimed at reducing environmental degradation.

c) Employee welfare

Our success as a government is largely dependent on our human capital (people).

- We seek to recruit, retain, reward and develop the best talent in the Country.
- We recognise the need to inculcate among our employees the culture of being sensitive to matters of safety, security, society and the environment. This ensures that employees act with integrity and responsibility with the people they deal with and the environment they interact with.
- We train employees to value each other, provide necessary support systems for people with different needs and have a system in place that encourages acceptance of cultural diversity.
- Further, we continually seek to improve the welfare and skills of our employees through structured programs for personal and professional development.
- We actively seek to ensure gender parity and where possible recruit persons with disability and from the minority groups of our society.

d) Market place practices-

The organisation should outline its efforts to:

- a) Responsible Supply chain and supplier relations-** Mandera County government recognizes that responsible Supply Chain Management has profound effect on any organization's reputation. Reputation influences the stakeholders' perceptions, their choices and investment intentions and financial performance. Thus, we practice responsible corporate behaviour that we envisage builds trust and enhances our overall reputation, which in turn attracts investors, employees, suppliers and distributors, not to mention earning the public's goodwill. The county's procurement department has developed stringent rules intended to drive business firms to proactively improve their responsible supply chain performance.

b) Responsible ethical practices-

Mandera County is a corruption free organization with a reputable corruption free environment.

e) Community Engagements

As a responsible corporate citizen and as a way of reaching out to the less fortunate members of our society, the county government undertakes a number of initiatives aimed at improving the living standards of vulnerable members such as the needy, people living with disabilities, widows and the unskilled youth. These are undertaken through donations of basic amenities like food stuffs and beddings, gifts to Orphanage centres, specialized equipment to PLWDs and Iftar donations in the month of Ramadhan. These donations/supports are meant to alleviate suffering for vulnerable groups during hard times.

f) Education.

Education is the backbone of development in a country and therefore the county government has been a key player in support of secondary and tertiary educational initiatives to improve the educational standards. In this area which falls under the national government functions, we have aided schools in the construction of administration blocks, laboratories, libraries, sanitation facilities and provision of equipment.

g) Sports

Sports activities not only unite people from all walks of life, but also provide an avenue for many to realize their sporting talents. In light of this, the Mandera county government has been a stakeholder to sports and sporting activities in Mandera County through its annual sponsorship to various sports ventures. Some of these sporting activities were organized to foster peace among warring communities in the clash torn regions such as Mandera North and Banisa Sub Counties. All these activities and many others were aimed at supporting the various communities and stakeholders who the county government interacts with in one way or the other as it carries out its mandate.

7. Management Discussion and Analysis

The County Executive of Mandera hereby presents the Management Discussion and Analysis (MD&A) for the financial period under review. This report provides an overview of the entity's operational and financial performance for the last five years, highlighting key programmes, compliance with statutory requirements, risks, financial obligations, and prospects.

1. Key Programmes/Projects or Investment Decisions Implemented or Ongoing

Over the last five years, the County Government of Mandera has undertaken transformative programmes and projects aligned with the County Integrated Development Plan (CIDP 2018–2022, and the ongoing CIDP 2023–2027). Key highlights include:

- **Infrastructure Development:**
 - ❖ Construction and maintenance of strategic roads to enhance connectivity within sub-counties and with neighbouring counties.
 - ❖ Completion of government administrative offices and modern market centres.
- **Health Sector Investment:**
 - ❖ Expansion of Mandera County Referral Hospital and upgrading of sub-county hospitals.
 - ❖ Recruitment of medical staff and procurement of critical medical equipment.
 - ❖ Partnerships with NGOs (MSF, Red Cross) to enhance community health services.
- **Education Sector:**
 - ❖ Establishment of Early Childhood Development Education (ECDE) centres across all wards.
 - ❖ Investment in bursary and scholarship programmes for needy students.
 - ❖ Teacher recruitment to address ECDE staffing gaps.
 - ❖ Establishment of vocational training centres (VTCs) to provide youth with practical skills.
 - ❖ Investment in special needs education facilities for inclusion.

- **Water Services and Irrigation Projects:**

- ❖ Drilling of boreholes and construction of water pans to enhance access to safe water in arid areas.
- ❖ Expansion of the Mandera town water supply scheme in collaboration with WASREB.
- ❖ Promotion of irrigation schemes in Mandera East and Mandera North to boost food security.
- ❖ Promotion of strategic water points to support livestock in dry seasons.

- **Climate Change and Resilience Programmes:**

- ❖ Tree planting initiatives, renewable energy adoption, and community-based resilience projects.
- ❖ Promotion of **solar energy** for health facilities and ECDE school's electrification.

- **Social Programmes**

- ❖ Expansion of social safety nets for widows, orphans, and vulnerable households.
- ❖ Implementation of sports talent development initiatives (football, athletics, volleyball).
- ❖ Youth and women empowerment programmes through SACCOs and grants.

2. Compliance with Statutory Requirements

The County Executive has demonstrated substantial compliance with statutory obligations, guided by the Constitution of Kenya 2010 and the Public Finance Management (PFM) Act, 2012. Key milestones include:

- **Timely Preparation and Submission of Key Budget Documents** such as the Budget Estimates, County Fiscal Strategy Paper (CFSP), County Budget Review and Outlook Paper (CBROP), and Debt Management Strategy Paper (DMSP).
- **Adherence to Procurement Laws** under the Public Procurement and Asset Disposal Act, 2015, ensuring transparency and competitiveness.
- **Statutory Deductions:** The County has made significant progress in remitting statutory deductions such as PAYE, NHIF, and NSSF, although delays have occasionally been noted due to cash flow constraints.

3. Major Risks Facing the Organization

The County Government operates in a high-risk environment, with the following being the most significant risks:

- **Security Challenges:** Ongoing threats from cross-border terrorism and insecurity have disrupted service delivery in some areas.
- **Climate Change and Drought:** Recurring droughts severely affect livelihoods, food security, and water availability.
- **Revenue Mobilization Constraints:** The local revenue base remains narrow due to the arid nature of the county and limited economic activities.
- **Delayed Exchequer Releases:** Irregular disbursements from the National Treasury have affected the smooth implementation of planned projects.
- **Human Resource Constraints:** Limited technical expertise and high turnover in critical departments have slowed programme implementation.

4. Material Arrears in Statutory and Other Financial Obligations

The County has continued to prioritize settlement of statutory obligations. However, challenges persist due to cash flow timing mismatches. As at the end of the last financial year:

- **Pending Bills:** Amounting to Kshs.2,518,867,912 mainly arising from delayed payments to contractors and suppliers.
- **Statutory Deductions:** Minor arrears in PAYE and pension contributions, though mechanisms have been put in place to clear them within the current financial year.

5. Review of the Economy and Sector

- **Global and National Context:** Kenya's economy has experienced moderate growth (averaging 5–6%) over the last five years, though affected by COVID-19 disruptions, global inflationary pressures, and currency depreciation.
- **County Context:** Mandera's economy is primarily pastoralist, with limited diversification. Climate variability and recurrent droughts have hindered growth. Nonetheless, opportunities exist in cross-border trade with Somalia and Ethiopia.

- **Sectoral Performance:**

- ❖ *Agriculture and Livestock:* Continued to face drought-related challenges.
- ❖ *Infrastructure:* Significant progress in road networks and energy connectivity.
- ❖ *Social Services:* Education enrolment and healthcare access have steadily improved.

6. Future Developments

The County Executive remains committed to delivering impactful programmes under the CIDP 2023–2027, with a focus on:

- Expanding the road network to open up trade corridors.
- Strengthening health systems, including telemedicine and specialist services.
- Enhancing local revenue mobilization through digitization and enforcement.
- Mainstreaming climate change adaptation in all county projects.
- Scaling up youth empowerment and skills development programmes.

7. Other Relevant Information

- **Public Participation:** The County has institutionalized citizen engagement forums, ensuring inclusivity in planning and budgeting.
- **Transparency and Accountability:** Mandera County has been ranked among the most transparent counties in budget preparation and reporting by the International Budget Partnership (IBP).
- **Collaboration and Partnerships:** The County has leveraged partnerships with development agencies, NGOs, and the private sector to complement government resources.

8. Statement of Management Responsibilities

Section 164 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer of a County Government Entity 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 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; (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 accepts responsibility for the County Executive's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The CEC member for finance 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 transactions during the financial year ended June 30, 2025, and of its financial position as at that date.

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

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

Approval of the financial statements

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

The County *executive's* financial statements were approved and signed by the CEC member for finance on 29/08 2025.


.....
CECM – Finance and Economic Planning

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF MANDERA 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 the County Executive of Mandera set out on pages 1 to 37, 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 the County Executive of Mandera 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 Government 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. Use of Goods and Services

The statement of financial performance reflects use of goods and services amounting to Kshs.2,795,555,940 as disclosed in Note 8 to the financial statements. Review of records revealed the following observations:

1.1. Unsupported Expenditure on Routine Maintenance of Vehicles and Other Transport Equipment

Included in the expenditure is an amount of Kshs.62,369,506 in respect of routine maintenance of vehicles and other transport equipment. However, expenditure amounting to Kshs.13,000,000 was not supported with motor vehicles' work tickets indicating the details of the dates when vehicles were in the garages, job cards and pre and post repair inspection reports by the County Mechanical Engineer indicating details of repairs/work performed and an updated status report detailing the condition of the repaired vehicles.

In the circumstances, the accuracy and completeness of expenditure amounting to Kshs.13,000,000 in respect of routine maintenance of vehicles and other transport equipment could not be confirmed.

1.2. Unsupported Expenditure on Fuel, Oil and Lubricants

Included in the expenditure is an amount of Kshs.48,657,493 in respect of fuel, oil and lubricants utilized by various County Departments in the year under review. However, Management did not provide a framework agreements or formal contracts stipulating the contractual terms, obligations and service levels agreements governing the supplier relationship in respect of fuel consumption amounting to Kshs.8,913,933.

Further, fuel consumption records from the supplier were not reviewed or reconciled by a designated senior officer against the internal fuel register.

In the circumstances, the accuracy, completeness and regularity of expenditure amounting to Kshs.8,913,933 in respect of fuel, oil and lubricants could not be confirmed.

2. Unsupported Cash and Cash Equivalents Balance and Dormant Bank Accounts

The statement of financial position reflects cash and cash equivalents balance of Kshs.4,632,854 as disclosed in Note 13 to the financial statements. However, the balance includes nil balance in respect of special purpose accounts held at Central Bank of Kenya whose reconciliation statements and cashbooks were not provided.

Further, the balance includes amounts of Kshs.61,482 and Kshs.40,460 in respect of Mandera County Kenya Climate Smart Agriculture Project and Special Account Agricultural Sector Development Support Program (ASDSP) respectively, held at Central the Bank of Kenya and which have remained dormant for more than three (3) years.

In the circumstances, the accuracy and completeness of the nil cash and cash equivalents balance in the special purpose accounts could not be confirmed.

3. Unsupported Deposits and Prepayments Balance

The statement of financial position reflects refundable deposits and prepayments balance of Kshs.3,266,794 as disclosed in Note 16 to the financial statements. However, the aging analysis, movement schedule showing the opening balance, additions and payments during the year were not provided for audit.

Further, the balance was not supported with contracts, certificates of payment contract number, fees note, interim payment certificate, reference of the payment from which the retention money was deducted and other supporting records.

In the circumstances, the accuracy and completeness of the deposits and retentions balance of Kshs.3,266,794 could not be confirmed.

4. Unsupported Expenditure on Civil Works in Mandera East

The statement of financial position reflects property, plant and equipment balance of Kshs.2,836,135,325 as disclosed in Note 14 to the financial statements, out of which a balance of Kshs.2,026,494,467 is in respect of infrastructure. Included in the balance is an amount of Kshs.12,965,500 incurred on civil works at Mandera County Public Service Board Office in Mandera East. However, the payment was not supported with tender register, tender opening minutes, evaluation report, professional opinion, certificate of practical completion and inspection and acceptance report.

Further, inspection carried out in the month of October, 2025 revealed that there was no branding or signage to identify the project undertaken by the County Government.

In the circumstances, the accuracy and occurrence of expenditure of Kshs.12,965,500 could not be confirmed.

5. Inaccuracies in Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.2,836,135,325 as disclosed in Note 14 to the financial statements. The balance includes a total of Kshs.569,701,673 in respect of buildings, Kshs.146,423,478 in respect of motor vehicles, Kshs.2,026,494,467 in respect of infrastructure,

Kshs.59,865,615 in respect of furniture and fittings and Kshs.33,650,092 in respect of computers and ICT equipment. However, Management did not have a depreciation policy and the assets acquired during the year under review were not depreciated.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.2,836,135,325 could not be confirmed.

6. Unsupported and Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.3,523,524,212 (opening statement balance of Kshs.2,226,355,164) as disclosed in Note 15 to the financial statements. However, the schedule did not indicate the invoice date, the contract sum and amounts paid as at 30 June, 2025. Further, the County Executive reported having paid an amount of Kshs.965,320,054 towards trade and other payables during the year. In addition, payables amounting to Kshs.1,261,035,109 were outstanding for more than one (1) year. This was contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015 which states that debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible that the County Government does not default on debt obligations.

In the circumstances, the accuracy, completeness and regularity of the trade and other payables balance of Kshs.3,523,524,212 could not be confirmed.

7. Non-Compliance with Transitional IPSAS Reporting Template

The cover page to the annual report and financial statements indicates "Transitional IPSAS financial statements/ Prepared in accordance with accrual basis of accounting method under international public sector accounting standards (IPSAS). This is indicative of Management failure to choose the method adopted to prepare the financial statements. Further, under Note 2 to Financial Statements on Statement of Compliance and Basis of Preparation of the financial statements, Management having taken advantage of the transitional provisions under IPSAS 33 have not indicated the elements of the financial statements that have not been recognized and the steps being taken towards full compliance with IPSAS Accrual.

In the circumstances, the financial statements as prepared and presented are not in compliance with IPSAS reporting framework.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Executive of Mandera 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 final receipts budget and actual on comparable basis of Kshs.14,567,547,952 and

Kshs.11,780,595,216 respectively, resulting to an under-funding of Kshs.2,786,952,736 or 19% of the budget. Similarly, the County Executive spent an amount of Kshs.11,783,897,636 against actual receipts of Kshs.11,780,595,216 resulting in over-utilization of Kshs.3,302,420.

Further, exchequer releases amounting to Kshs.2,650,957,719 were received in the month of June, 2025 and July, 2025 from the Exchequer. This was contrary to Section 17(6) of the Public Finance Management Act, 2012, which requires that The National Treasury shall, at the beginning of every quarter and in any event not later than the fifteenth (15th) day from the commencement of the quarter, disburse monies to County Governments.

The under-funding and delay in exchequer releases 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 years' audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of Mandera County Executive in 2024/2025 revealed issues detailed in **Appendix I** which remained unresolved as at 30 June, 2025.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, 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. Non-compliance with Inventory Control and Procurement Procedures

Included in the expenditure is an amount of Kshs.986,507,315 in respect of specialized materials and services. However, review of records revealed that expenditure amounting to Kshs.68,575,742 paid for the supply and delivery of medical drugs was not supported with store records to confirm receipt and utilization of supplied drugs. Contrary to Section 159(2) and 162 (1) of the Public Procurement and Assets Disposal Act, 2025. Further, an expenditure amounting to Kshs.35,300,000 for the supply of medical drugs from other pre-qualified suppliers were not supported with tender opening minutes, tender evaluation committee appointment and minutes and inspection and acceptance committee appointment letters and reports.

Further, regret letters issued to unsuccessful bidders for supply of drugs from other pre-qualified suppliers did not disclose the name of the winning bidder contrary to Section 87(3) of the Public Procurement and Asset Disposal Act, 2015.

In the circumstances, Management was in breach of Law and the regularity of expenditure of Kshs.103,875,742 in respect of specialized materials and services could not be confirmed.

2. Ineffective and Inefficient Use of Resources on Utility Bills

Included in the use of goods and services expenditure of Kshs.2,795,555,940 is an amount of Kshs.32,916,496 in respect of utilities, supplies and services, out of which a total of Kshs.16,150,437 was incurred on utility bills for hospitals in the County Executive. However, Management had transferred funds amounting to Kshs.37,500,000 to Mandera County Referral Hospital and other Sub-County Hospitals for the purposes of managing their operations and expenditures, including utility bills.

It was further noted that the County Executive continued to settle utility bills on behalf of the hospitals directly, despite the transfer of funds. This was contrary to Section 149 (1) (b) of the Public Finance Management Act, 2012, which obligates entities to utilize allocated resources in a way that is effective, economical and transparent.

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

3. Irregular Payments to Council of Governors and Frontier Counties Development Council

Management paid an amount of Kshs.6,000,000 and Kshs.2,400,000 for annual subscription to the Council of Governors and Frontier Counties Development Council respectively. However, Management did not provide justification for the payments to the Council of Governors which is also funded from the national budget. In addition, the Frontier Counties Development Council Limited is not a public entity established by law, hence subscriptions made to the two (2) Councils may therefore not be considered as proper charge to public funds.

In the circumstances, it was not possible to confirm regularity of Kshs.8,400,000 paid to the two (2) organizations.

4. Irregular Spending on National Government Functions

Review of expenditure revealed that Management implemented various projects amounting to Kshs.48,442,541 which fall under the National Government functions. There was no evidence of a written agreement between the two (2) levels of Governments as required by Article 187 of Kenyan Constitution to guide the implementation of these projects.

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

5. Lack of Project Identification

Management incurred an amount of Kshs.1,256,315 for the construction of one (1) ECDE classroom at Waledo ECDE Centre, located in Shimpir Fatuma, Mandera South. However, physical inspection conducted on 18 May, 2025 revealed that the classroom was joined to other classrooms constructed under the National Government Constituencies Development Fund (NGCDF) for Mandera South during the same financial year.

Further, the project was not labelled to confirm that it was undertaken by the County Government. As a result, it was not possible to confirm whether the construction was indeed carried out by the County Government.

6. Non-Utilization of Completed Projects

Management incurred an amount of Kshs.4,949,989 in respect of construction of a Gela shade at Elwak and an amount of Kshs.3,899,578 in respect of proposed renovation and alteration works to specialist clinic at Mandera County Referral Hospital. However, physical inspection conducted on 18 May, 2025 and 25 October, 2025 respectively, confirmed that the projects were completed but not in use. The non-utilization of the completed projects raises concerns about their viability and the effectiveness of public resource utilization, as the intended objectives and benefits of the projects have not yet been realized.

In the circumstances, the value for money for the completed and unutilized projects could not be confirmed.

7. Non-Compliance with the Law on Procurement for the Disadvantaged Groups

Audit review of the 2024/2025 Consolidated Procurement Plan for the County Executive revealed that Management allocated an amount of Kshs.1,381,921,205 of its budget for procurement to the disadvantaged groups, representing only 27.6% of the total procurement budgetary allocation. This was contrary to Section 53(6) of the Public Procurement and Asset Disposal Act, 2015, which requires state organs and public entities to reserve a minimum of 30% of their procurement and disposal allocations for enterprises owned by women, youth and persons with disabilities. The under-allocation indicates non-compliance with statutory requirements aimed at promoting inclusivity and empowerment of marginalized groups.

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

8. Failure to Operationalize Emergency Fund

The statement of financial performance reflects payments on other grants and subsidies amounting to Kshs.898,302,758, comprising of Kshs.459,999,999, Kshs.382,347,226 and Kshs.55,955,533 in respect of scholarship and other education benefits, emergency relief and refugee assistance and purchase of seedlings respectively. However, the payments on emergency relief and refugee assistance include an amount of Kshs.32,846,226 on water trucking and an amount of Kshs.349,501,000 on supply and delivery of relief food items for vulnerable members of the society.

The expenditure ought to have been incurred through the Emergency Fund. The County Executive established Mandera County Emergency Fund through Section 4 of the Mandera County Emergency Fund Act, 2020 to enable payments to be made when an urgent and unforeseen need for expenditure arises for which there is no specific legislative authority. The Executive did not set aside funds in the annual budget for the emergency fund as required by Section 5 of the Mandera County Emergency Fund Act, 2020.

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

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

During the year under review, the department of Health recruited sixty (60) health workers, out of this number, only one (1) person with disability was hired. This translates to 1.7%, contrary to Section B.23 (2) of the Human Resource Policies and Procedures Manual for the Public Service, 2016 on Rights and Privileges of Persons with Disabilities, which requires at least five (5) percent of all appointments to be for persons with disabilities.

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

10. Non-Compliance with the Law on Gender Equality

Review of the payroll data revealed that the County Executive had a total of three thousand, eight hundred and twenty-two (3,822) employees as at April, 2025. Nine

hundred and forty-three (943) employees or approximately 24.6% represented female gender, while two thousand eight hundred and seventy-nine (2,879) or approximately 75.32% represented the male gender. This was contrary to Section B22(2) of the Human Resources Policies and Procedures Manual for Public Service, 2016, which states that the Government will endeavour to have a gender balanced Civil Service by ensuring that not more than two-thirds of positions in its establishment are filled by either gender.

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

11. Non-Compliance with Procedures for Initiating Procurement of Consultancy Services

The expenditure includes an amount of Kshs.724,408,964 in respect of other operating expenses, out of which an amount of Kshs.10,200,000 was paid for provision of consultancy services for preparation of valuation roll for Mandera and Elwak Municipalities. However, the terms of reference outlining performance benchmarks, milestones, activities, timelines for the consultancy services and report of the Contract Implementation Team were not provided for audit. This was contrary to Section 117(b) and 151(1) of the Public Procurement and Asset Disposal Act, 2015 which provides that for any initiation of procurement, there should be inclusion of the terms of reference outlining performance benchmarks, milestones, activities and timelines of contract.

In the circumstances, the regularity of expenditure amounting to Kshs.10,200,000 in respect of provision of consultancy services could not be confirmed.

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. Lack of Disaster Recovery Plan

Review of records revealed that Management did not put in place a disaster recovery plan. This was contrary to Regulation 158 of the Public Finance Management (County

Governments) Regulations, 2015 which states that the Accounting Officer shall ensure that the County Government entity develops risk management strategies, which include fraud prevention mechanism a system of risk management and internal controls that builds robust business operations.

In the circumstances, the continuity of operations in the event of a system failure, natural disaster, or cyber-attack could not be confirmed.

2. Salaries Paid Outside the HRIS-Ke Payroll System

The statement of financial performance reflects employees' costs amounting to Kshs.4,358,112,527 as disclosed in Note 7 to the financial statements. However, review of the County Executive's payroll records revealed that the County maintained two (2) sets of payrolls despite having adopted the Human Resource Information System (HRIS-Ke) with effect from December, 2024. One (1) set is maintained within the system with three thousand, eight hundred and twenty-seven (3,827) employees and a manual payroll in an excel spreadsheet, with five hundred and fifty-two (552) employees. The two (2) sets of payroll records raise concerns about payroll management.

Further, review of the manual payroll revealed that about three hundred and eighty-three (383) National Police Reservists (NPR) were engaged on a casual basis, earning between a total of Kshs.15,000 and Kshs.45,000 per month. As a result, a total expenditure of Kshs.30,342,500 was incurred. Details of how the NPRs were identified, recruited and on-boarded were not provided. Further, no evidence was provided to confirm that the County Public Service Board (CPSB) approved their engagement as required by Section 79 of the County Governments Act, 2012.

In the circumstances, existence of effective control mechanisms on the payroll could not be confirmed.

3. Weaknesses in the Management of Drugs Inventory

The statement of financial performance reflects payments on use of goods and services amounting to Kshs.2,795,555,940 as disclosed in Note 8 to the financial statements. Included in the use of goods and services expenditure of Kshs.2,795,555,940 is an amount of Kshs.986,507,315 in respect of specialized materials and services, out of which an amount of Kshs.316,875,752 is in respect of medical supplies. However, audit inspection done on 14 May, 2025 revealed that Mandera County public hospitals lack an automated drug inventory management system, relying on manual records which is prone to errors and inefficiencies.

In addition, pharmacists are tasked with inventory and stock management functions, including receiving, issuing and recording of medical supplies. These responsibilities fall outside the core clinical mandate of pharmacists and are typically designated to qualified medical store officers or health supply chain personnel. The absence of designated and professionally trained store officers compromises the efficiency, accuracy and accountability of inventory operations.

In the circumstances, existence of effective control mechanisms on drug management could not be confirmed.

4. Weaknesses in the Management of Fixed Assets

Review of the fixed assets register provided for audit revealed that the fixed assets register was not updated with assets acquired during the year. In addition, the County Executive does not have in place policies and procedures relating to asset management and the non-current assets were not physically inspected on a regular basis.

Further, the Management did not maintain assets register of land and buildings, recording each parcel of land and the terms on which it is held, with reference to the conveyance, address, area, dates of acquisition, disposal or major change in use, capital expenditure, leasehold terms, maintenance contracts and other pertinent management details.

In the circumstances, the existence of effective measures in the management of assets 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 Gathungu, CBS
AUDITOR-GENERAL

Nairobi

02 December, 202

Appendix I: Unresolved Prior Year Matters

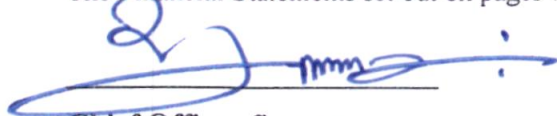
No.	Financial Year	Audit Issue
1.	2023/2024	Unsupported Direct Bank Deductions by Kenya Revenue Authority
2.	2023/2024	Unsupported Payments on Pharmaceutical and Non-Pharmaceutical Supplies
3.	2023/2024	Unsupported Deposits and Retentions
4.	2023/2024	Unsupported Payment for Consultancy Services
5.	2023/2024	Unsupported Provision of Legal Services
6.	2023/2024	Non-Compliance with Budgetary Limits and Reporting Requirements
7.	2023/2024	Non-Compliance with Law on Ethnic Composition
8.	2023/2024	Non-Compliance with Law on Fiscal Responsibility Principle on Wage Bill
9.	2023/2024	Irregular Subscriptions to Council of Governors and Frontier Development Council-Regional Block
10.	2023/2024	Irregular Procurement of Supply and Delivery of Business Start-up Kits
11.	2023/2024	Unutilized Regional Livestock Market
12.	2023/2024	Construction of ECDE Classrooms
13.	2023/2024	Expenditure on National Government Functions
14.	2023/2024	Accumulation of Pending Accounts Payable
15.	2023/2024	Failure to Operationalize Emergency Fund
16.	2023/2024	Failure to Operationalize Climate Change Fund
17.	2023/2024	Payment of Salaries Outside the IPPD
18.	2023/2024	Failure to Publish Finance Manual
19.	2023/2024	Failure to Insure County Buildings
20.	2023/2024	Weaknesses in Management of Fixed Assets
21.	2023/2024	Lack of Risk Management Policy

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

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

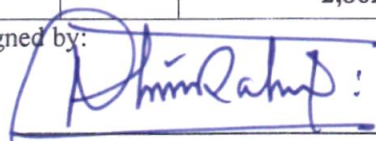
	Notes	Period ended 30, June 2025
		Kshs
Revenue from non-exchange transactions		
Transfers from CRF	6	11,780,505,216
Total		11,780,505,216
Revenue from exchange transactions		
Other income		-
Total revenue		11,780,505,216
Expenses		
Employee costs	7	4,358,112,528
Use of goods and services	8	2,795,555,940
Transfers to other Government Entities	9	854,260,435
Depreciation and amortization expense	10	-
Other Grants and Subsidies	11	898,302,758
Social Benefits	12	12,000,000
Total expenses		8,918,231,661
Surplus/Deficit for the year		2,862,273,555
Taxation		-
Net Surplus/Deficit		2,862,273,555

The Financial Statements set out on pages 1 to 24 were signed by:



Chief Officer finance

Name: Abdikadir Mohamed Tache



Chief Finance Officer

Name: Ahmedsalim Ali Osman

ICPAK Member Number: 21986

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

11. Statement of Financial Position as at 30 June 2025

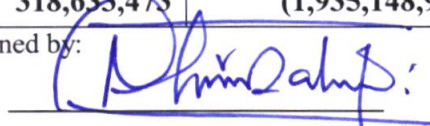
	Notes	Period ended 30, June 2025	Opening Statement 1 st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	13	4,632,854	301,847,848
Receivables from Non-Exchange Transactions	17	1,004,656,300.0	
Total Current Assets		1,009,289,154.0	301,847,848
Non-Current Assets			
Property, Plant and Equipment	14	2,836,135,325	-
Total Non- Current Assets		2,836,135,325	-
Total Assets (A)		3,845,424,479.1	301,847,848
Liabilities			
Current Liabilities			
Trade and Other Payables	15	3,523,524,212.2	2,226,355,164
Refundable Deposits and Prepayments	16	3,266,794	10,641,645
Total Current Liabilities		3,526,791,006	2,236,996,809
Non-Current Liabilities			
Non-Current Provisions			
Total Non- Current Liabilities			
Total Liabilities (B)		3,526,791,006	2,236,996,809
Net Assets(A-B)		318,633,473	(1,935,148,961)
Represented By:			
Reserves			
Accumulated Surplus		318,633,473	(1,935,148,961)
Capital Fund		-	-
Net Assets		318,633,473	(1,935,148,961)

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



Chief Officer finance

Name: Abdikadir Mohamed Tache



Chief Finance Officer

Name: Ahmedsalim Ali Osman

ICPAK Member Number: 21986

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

	Accumulated Surplus	Reserves	Capital Fund	Total
As at 30 th June 2024 (cash basis)	291,206,202			291,206,202
Adjustments:				
Recognition of assets				
Recognition of liabilities	(2,226,355,164)			(2,226,355,164)
As at July 1, 2025	(1,935,148,962)	-		(1,935,148,962)
Return to CRF	-	-	-	-
Surplus/ deficit for the year	2,862,273,555			2,862,273,555
Other changes (Prior Adjustments)	(608,491,120)	-	-	(608,491,120)
As at June 30, 2025	318,633,473	-	-	318,633,473

NB. Other changes (prior year adjustments) of Kshs. (608,491,120) includes;

- Kshs 286,447,747 for Financing Locally-Led Climate Action Program that was recognized in the cash and cash balance in the FY 2023/24 is hereby adjusted to remove/exclude from our opening fund balance of Kshs. 291,206,202 because FLLoCA is a fund that prepares a separate financial statement.
- Kshs. 322,043,400 that relates to salary for the month of May 2025 that was not included in the opening outstanding balance of kshs 2,226,355,163.

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

		<i>Period ended 30, June 2025</i>
	Notes	Kshs
Cash flows from operating activities		
Receipts		
Transfers from CRF		11,780,505,216
Miscellaneous Revenue		
Other income		
Total receipts		11,780,505,216
Payments		
Employee costs		4,663,614,050
Use of goods and services		2,476,323,314
Transfers to other Government Entities		854,260,435
Other Grants and Subsidies		920,676,770
Finance costs		-
Social Benefits		12,000,000
Total payments		8,926,874,569
Net cash flows from/(used in) operating activities		2,853,630,647
Adjustments		
Decrease in payables (Retention)		(7,374,851)
Cash flows from investing activities		
Purchase of PPE		(2,857,023,067)
Purchase Intangible assets		
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		(2,857,023,067)
Cash flows from financing activities		
Returns to CRF		
Proceeds from borrowings		
Repayment of borrowings		
Net cash flows from financing Activities		
Net increase/(decrease) in cash &Cash equivalents		(10,767,271)
Cash and cash equivalents at 1 July 2024	13	301,847,848
Adjustments		(286,447,747)
Cash and cash equivalents at 30 June 2025	13	4,632,830

Annual Reports and Financial Statements for the year ended June 30, 2025**14. Statement of Comparison of Budget and Actual Amounts for the Year ended 30 June 2025.****Recurrent and Development Budgets Combined**

Revenue/ex penditure 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)	538,663,059	7,664,496	546,327,555	361,830,560	184,496,995	66%
Transfers from CRF	14,015,767,338	(344,546,941)	13,671,220,397	11,418,764,656	2,252,455,741	84%
Miscellaneous Revenue	-	-	-	-	-	
Other income	336,533,846	13,466,154	350,000,000	-	350,000,000	
Total revenues	14,890,964,243	(323,416,291)	14,567,547,952	11,780,595,216	2,786,952,736	81%
Expenses						
Employee costs	4,929,722,028	(129,657,850)	4,800,064,178	4,663,614,050	136,450,128	97%
Use of goods and services	2,540,435,551	162,997,189	2,703,432,740	2,540,652,859	162,779,881	94%
Transfers to other Government Entities	1,436,632,739	-	1,436,632,739	854,260,435	582,372,303	59%
Other Grants and Subsidies	2,464,213,886	(260,607,005)	2,203,606,881	856,347,225	1,347,259,656	39%
Finance costs	-		-	-	-	0%
Social Benefits	12,000,000	-	12,000,000	12,000,000	-	100%
Total	11,383,004,203	(227,267,666)	11,155,736,537	8,926,874,569	2,228,861,968	80%
Capital items						
Acquisition of PPE	3,507,960,040	(96,148,625)	3,411,811,415	2,857,023,067	554,788,348	84%
Acquisition of Intangible assets	-	-	-	-	-	0%
Purchase of investments	-	-	-	-	-	0%
Repayment of borrowings	-	-	-	-	-	0%
Total expenses Development	3,507,960,040	(96,148,625)	3,411,811,415	2,857,023,067	554,788,348	84%
Total Expenses	14,890,964,243	(323,416,291)	14,567,547,952	11,783,897,636	2,783,650,316	81%
Surplus/ deficit	-	-	-	(3,302,420)		

Reconciliation table

	Operating	Financing	Investing	total
Actual amounts on comparable basis presented in the budget and actual comparative statement	(3,302,419.9)	-	-	(3,302,419.9)
Retention during the year	(7,374,851.1)	-	-	(7,374,851.1)
Timing differences	-	-	-	-
Entity differences	-	-	-	-
Classification differences	-	-	-	-
Actual in the statement of cash flows	(10,677,271.0)	-	-	(10,677,271.0)

15. Notes to the Financial Statements

1. General Information

The County Executive of Mandera is established by and derives its authority and accountability from The Constitution of Kenya 2010. The county is domiciled in Kenya and its principal activities are facilitating the operation of services.

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 years 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: Inventories, depreciation and non-financial assets other than non- financial assets purchased during the year 2024/25.

The county Executive is implementing a phased IPSAS Accrual adoption plan as follows;

- FY 2025/2026(year2) update the assets register and valuation of non-financial assets and other liabilities, recognise inventories
- FY 2026/2027(year3) complete recognition and valuation of all non- financial assets, provisions and prepare fully IPSAS accrual Financial Statement.

These financial statements were authorised for issue by the accounting officer on 30th 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 30 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 Mandera 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 County Executive of Mandera 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 County Executive of Mandera policy objectives and targets. Where a policy choice gives rise to an obligation that exists independently of the County Executive of Mandera'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.

County Executive of Mandera
Annual Reports and Financial Statements for the year ended June 30, 2025

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	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45- Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: - Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. - Clarifying transaction costs guidance to enhance consistency across IPSAS;

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

Standard	Effective date and impact:
	iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.

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	Applicable 1st January 2026 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.
IPSAS 48- Transfer Expenses	Applicable 1st January 2026 The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	Applicable 1st January 2026 The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	Applicable 1st January 2027 The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: - Limited improvements to existing accounting practices for exploration and evaluation expenditures. - Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. - Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

The County executive of Mandera did not early- adopt any new or amended standards in the financial year.

County Executive of Mandera
Annual Reports and Financial Statements for the year ended June 30, 2025
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 as per the law. 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. The Mandera county executive's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements.

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 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 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.

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. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Note.

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.

County Executive of Mandera
Annual Reports and Financial Statements for the year ended June 30, 2025
Notes to the Financial Statements (Continued)

m) Contingent assets

The Mandera County Executive 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 county executive creates and maintains reserves in terms of specific requirements.

o) Changes in accounting policies and estimates

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

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 county executive of Mandera 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 county executive of Mandera 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, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual value

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

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

Notes to the Financial Statements (Continued)

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 . 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.

6. Transfers from CRF

Nature of Transfer	Amount recognized to Statement of financial performance.	Amount deferred under deferred income.	Total transfers Period ended 30, June 2025
	Kshs	Kshs	Kshs
Recurrent	7,789,840,365.00	-	7,789,840,365.00
Development	3,793,512,517.00	-	3,793,512,517.00
Special purpose transfers	197,152,334.00	-	197,152,334.00
Total	11,780,505,216.00	-	11,780,505,216.00

7. Employee Costs

Description	Period ended 30, June 2025
	Kshs
Basic salaries of permanent employees	1,794,572,620
Basic wages of temporary employees	186,723,924
Personal allowances – part of salary	1,815,702,013
Pension and other social security contributions	418,181,940
Employer contributions to compulsory national social security schemes	39,651,660
Employer contributions to compulsory national health insurance schemes	96,110,652
Employer contribution to compulsory housing scheme	-
Other social benefit schemes	-
Other personnel costs	7,169,718.97
Total Employee costs	4,358,112,527

County Executive of Mandera
Annual Reports and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

8. Use of Goods and Services

Description	Period ended 30, June 2025
	Kshs
Utilities, supplies and services	32,916,496
Communication, supplies and services	13,205,962
Domestic travel and subsistence	54,085,536
Foreign travel and subsistence	-
Printing, advertising, and information supplies & services	64,351,823
Rentals of produced assets	69,795,410
Training expenses	12,821,864
Hospitality supplies and services	63,663,630
Insurance costs	390,601,504
Specialized materials and services	986,507,315
Other operating expenses <i>including bank Charges</i>	724,408,964
Office and general supplies and services	225,312,307
Fuel Oil and Lubricants	48,657,493
Routine maintenance – vehicles and other transport equipment	62,369,506
Routine maintenance – other assets	46,858,130
Total	2,795,555,940

County Executive of Mandera
Annual Reports and Financial Statements for the year ended June 30, 2025
Notes to the Financial Statements (Continued)

9. Transfers to Other Government Entities

Description	<i>Period ended 30, June 2025</i>
	Kshs
Transfers to other County Government entities	652,238,099
Transfers to self-reporting projects	159,726,085
Transfers to car loan and mortgage schemes	-
Other Transfers	42,296,252
Total	854,260,435

10. Depreciation and Amortization Expense

Description	<i>Period ended 30, June 2025</i>
	Kshs
Property, plant and equipment	
Intangible assets	
Investment property carried at cost	
Total	

11. Other Grants and Subsidies

Description	<i>Period ended 30, June 2025</i>
	Kshs
Membership dues and subscriptions to international organizations	-
Scholarships and other educational benefits	459,999,999
Emergency relief and refugee assistance	382,347,226
Purchase of seedlings	55,955,533
Grants to small businesses, cooperatives, and self employed	-
Subsidies to Public entities	-
Subsidies to Private entities	-
Total Grants and Subsidies	898,302,758

Notes to the Financial Statements (Continued)

12. Social Benefits

Description	Period ended 30, June 2025
	Kshs
Transfers to the elderly	-
Transfers to orphans	12,000,000
Transfers to the physically challenged	-
Add any other category	-
Total social benefit expenses	12,000,000

13. Cash and Cash Equivalents

Description	Period ended 30, June 2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Recurrent Account	-	-
Development Account	-	-
Deposits Account	-	-
Mandera County Retention Account National Bank of Kenya, Kshs.	3,266,794	10,641,645
Mandera Municipality Urban Dev Grant- Central Bank Of Kenya, Kes	1,194,560	1,194,560
Mandera County Road Maint. Levy- Central Bank Of Kenya, Kes	8,998	2,271,953
Special Purpose Accounts	0	-
Mandera County Ke Climate Smart Agr Prj- Central Bank Of Kenya, Kes	61,482	61,482
Mandera County Primary Health Care-Central Bank Of Kenya, Kes	0	1,190,001
Mandera County Mandera County Climate Change Fund, Central Bank Of Kenya, Kes	0	286,447,747
Mandera County Mandera County Secon(Kdsp)	60,560	-
Mandera County Mandera County Sp Acc (ASDSP)	40,460	40,460
Mandera County Urban Institutional	0	
Mandera County Food Systems Resilience	0	
Mandera County Community Health Promoters	0	
Mandera County Special Purpose Account for Emergency Locust Response Project	0	
Total	4,632,854	301,847,848

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

		Period ended 30, June 2025	Opening Statement 1 st July 2024
Financial Institution	Account number	Kshs	Kshs
Recurrent Accounts	1000170913	-	-
Development Accounts	1000170848	-	-
Mandera County Retention Account National Bank of Kenya, Kshs.	001100414500	3,266,794	10,641,645
Mandera Municipality Urban Dev Grant- Central Bank Of Kenya, Kes	1000392762	1,194,560	1,194,560
Mandera County Road Maint. Levy- Central Bank Of Kenya, Kes	1000297964	8,998	2,271,953
Mandera County Ke Climate Smart Agr Prj- Central Bank Of Kenya, Kes	1000368535	61,482	61,482
Mandera County Primary Health Care- Central Bank Of Kenya, Kes	1000565748		1,190,001
Mandera County Mandera County Secon(Kdsp)		60,560	
Mandera County Mandera County Sp Acc (ASDSP)		40,460	
Mandera County Urban Institutional	1000392819		
Mandera County Food Systems Resilience			
Mandera County Community Health Promoters		0	
Mandera County Mandera County Climate Change Fund, Central Bank of Kenya, Kes	1000504951	0	286,447,747
Mandera County Special Purpose Account for Emergency Locust Response Project	1000524995	0	-
Total		4,632,854	301,847,848

County Executive of Mandera
Annual Reports and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

14. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Infrastructure assets	Furniture and fittings	Computers & ICT Equipment	Heritage assets	Work in progress	Service concession assets	Total
Depreciation Rate		2-10%	10-16.67%	2-20%	12.5%	33.3%	x%			
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1 st July 2024	-	-	-	-	-	-	-	-	-	-
Additions	-	569,701,673	146,423,478	2,026,494,467	59,865,615	33,650,092	-	-	-	2,836,135,325
Disposals	-	-	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-	-	-
As At /30 th Jun 2025	-	569,701,673	146,423,478	2,026,494,467	59,865,615	33,650,092	-	-	-	2,836,135,325
Depreciation And Impairment										
Depreciation for the year	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-	-
As At Jun 2025	-	-	-	-	-	-	-	-	-	-
Net Book Values										
Opening Bal as at 1 st July 2024	-	-	-	-	-	-	-	-	-	-
As At 30, June 2025	-	569,701,673	146,423,478	2,026,494,467	59,865,615	33,650,092	-	-	-	2,836,135,325

County Executive of Mandera
Annual Reports and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

14 (b) Property, Plant and Equipment at Cost

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	569,701,673	-	569,701,673
Plant And Machinery	-	-	-
Motor Vehicles, Including Motorcycles	146,423,478	-	146,423,478
Computers And Related Equipment	33,650,092	-	33,650,092
Office Equipment, Furniture, And Fittings	59,865,615	-	59,865,615
Infrastructure assets	2,026,494,467	-	2,026,494,467
Total	2,836,135,325	-	2,836,135,325

County Executive of Mandera
Annual Reports and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

15. Trade and Other Payables

Description	Period ended 30, June 2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Trade payables	2,136,856,509		1,860,885,637	
Payments received in advance	-		-	
Employee payables	382,011,404		365,469,527	
Third-party payments	-		-	
Other payables (Receivables from CRF)	1,004,656,300		-	
Total trade and other payables	3,523,524,212		2,226,355,164	
Ageing analysis: (Trade and other payables)	FY 2024/2025	%	Opening balance	% of the Total
Under one year	2,262,489,102	100		
1-2 years	1,261,035,110		1,261,035,110	57
2-3 years				
Over 3 years				
Total (tie to above total)	3,523,524,212		1,261,035,110	3,523,524,212

16. Refundable Deposits and Prepayments

Description	Period ended 30, June 2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Customer deposits	3,266,794		10,641,645	
Prepayments	-		-	
Other deposits	-		-	
Total deposits	3,266,794		10,641,645	
Ageing analysis: (Refundable deposits)	FY 2024/2025	% of the Total	Opening Balance	% of the Total
Under one year	3,266,794			3,266,794
1-2 years				
Total	3,266,794			3,266,794

County Executive of Mandera
Annual Reports and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

17. Receivables from Non-Exchange Transactions

Description	Period ended 30, June 2025		Opening Statement 1st July 2024	
	Kshs		Kshs	
Receivables from CRF (non-exchange transactions)	1,004,656,300			
Less: impairment allowance				
Total receivables from non- exchange transactions	1,004,656,300			
Ageing Analysis- Receivables from non-exchange transactions	Period ended 30, June 2025	% of the total	Opening Balance	% of the total
Less than 1 year	1,004,656,300	%		%
Total	1,004,656,300	%		%

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 minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

i) Credit risk

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

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has significant concentration of credit risk on amounts due from The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

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

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

Financial Risk Management

iii) Market risk

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

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

a) Foreign currency risk

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

County Executive of Mandera
Annual Reports and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements (Continued)

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

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

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

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

iv) Capital Risk Management

The objective of the County Executive of Mandera's capital risk management is to safeguard the County Executive of Mandera's ability to continue as a going concern.

18. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the County Executive of Mandera 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 County Executive of Mandera, holding 100% of the County Executive of Mandera's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the County Executive of Mandera, both domestic and external.

Other related parties include:

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

19. Events after the Reporting Period

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

20. Ultimate and Holding Entity

The County Government of Mandera's ultimate parent is the Government of Kenya.

21. Currency

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

County Executive of Mandera
Annual Reports and Financial Statements for the year ended June 30, 2025

22. 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)
Unsupported Direct Bank Deductions by Kenya Revenue Authority	Kshs. 39,522,351 was paid directly to the Kenya Revenue Authority (KRA) under an Agency Notice for non-remitted taxes. However, the payment lacked supporting details and was not processed through IFMIS, making its proper classification unverifiable.	It was a direct deduction by KRA from the county CRF account	Resolved	22 nd August 2025
Unsupported Payments on Pharmaceutical and Non-Pharmaceutical Supplies	Kshs.148,365,078 was spent on medical supplies from KEMSA. However, due to a lack of supporting documentation, the accuracy and occurrence of this expenditure could not be verified.	The Department has presented the necessary supporting documentation from KEMSA, including delivery notes, invoices, and facility acknowledgment forms, to substantiate the expenditure.	Resolved	22 nd August 2025
Non-Compliance with Law on Fiscal Responsibility Principle on Wage Bill	The county government spent Kshs. 4.11 billion (38% of total revenue) on employee compensation, exceeding the 35% legal limit under the Public Finance Management Regulations, 2015.	These payments were for newly employed staff awaiting personal numbers and temporary casual workers	Unresolved	30 th December 2025
Unutilized Regional	The county government spent Kshs. 368.4 million on building construction, including Kshs. 22 million for a pending bill on the Mandera East	Management has taken appropriate action to ensure the full utilization of the Mandera East Regional Livestock Market. The market is now fully	Resolved	22 nd August 2025

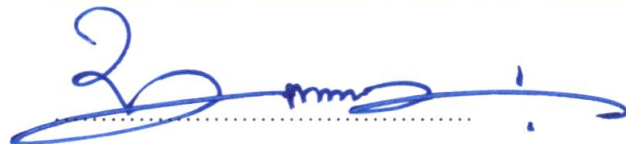
County Executive of Mandera
Annual Reports and Financial Statements for the year ended June 30, 2025

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)
Livestock Market	Regional Livestock Market project. Although the project was completed, an inspection on September 17, 2024, revealed it was not in use, raising concerns about whether the investment provided value for money	operational and serving livestock traders and pastoral communities in the region.		
Expenditure on National Government Functions	The county government spent Kshs.74.36 million on projects under the National Government's mandate, including infrastructure for schools, medical and technical colleges, and the Kenya Defense Forces.	Management confirms that the expenditure of Kshs. 74.36 million on projects under the National Government's mandate was undertaken under duly signed Memoranda of Understanding (MOUs) between the County Government and the respective National Government institutions.	KIV	22 nd August 2025
Failure to Operationalize Climate Change Fund	The county transferred Kshs. 325.05 million to the Climate Change Fund and spent Kshs. 45.22 million under FLLoCA. However, the fund was managed by the Chief Officer for Environment and Climate instead of the designated Fund Administrator, violating the Mandera County Climate Change Fund Act, 2021.	Management acknowledges the audit observation and has since taken corrective actions to ensure full compliance with the Mandera County Climate Change Fund Act, 2021. The Climate Change Fund has now been fully operationalized in line with Section 10 of the Act. A Fund Administrator has been formally appointed, and the governance structures, including the County Climate Change Planning Committee, have been established to oversee fund management and implementation. All financial transactions related to the fund are now processed through the designated Fund Administrator in accordance with the law.	Resolved	22 nd August 2025

County Executive of Mandera

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

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)
Failure to Publish Finance Manual	The County Treasury failed to publish financial manuals as required by Section 91(1) of the Public Finance Management Regulations, 2015, risking non-compliance with financial regulations.	Management notes the audit observation and confirms that at the time of the audit, a draft Finance Manual was already in place awaiting final approval. Since then, the manual has been reviewed, approved, and formally adopted by the County Treasury in compliance with Section 91(1) of the Public Finance Management Regulations, 2015. The approved Finance Manual is now in use to guide financial management operations, ensure compliance with relevant laws and regulations, and promote accountability and consistency in financial processes.	Resolved	22nd August 2025



Accounting Officer

Date 29/08/2025

County Executive of Mandera
Annual Reports and Financial Statements for the year ended June 30, 2025

Appendix II: Projects implemented by The County Executive of Mandera

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
Proposed Civil Works at Mandera County Public Service Board Office	17,965,500	12,965,500	100%	17,965,500	12,965,500	Gok
Proposed Installation of Irrigation Infrastructure at Yabicho a Farms Irrigation Project in Rhamu Ward, Mandera North Sub County	36,736,409	21,736,409	100%	36,736,409	21,736,409	Gok
Proposed Rehabilitation of Farmland at Beni Farms in Rhamu Dimtu Ward, Mandera North Sub County	9,976,200	9,976,200	100%	9,976,200	9,976,200	Gok
Proposed Construction of Chain Link Fencing of Senior Chief Abdullahi Girls Secondary School in Kiliwehiri Sub County	28,643,648	26,243,094	100%	28,643,648	26,243,094	Gok
Proposed Construction of Boundary Wall at Lafey Library in Laefy Sub County	9,530,699	6,530,699	100%	9,530,699	6,530,699	Gok
Proposed Construction of Boundary Wall at Elwak Library in Mandera South	9,957,179	9,957,179	100%	9,957,179	9,957,179	Gok
Proposed Renovation and Alteration Works to Specialist Clinics at Merh in Mandera East	7,799,156	7,799,156	100%	7,799,156	7,799,156	Gok
Proposed Construction of Renal Units Atmandera County Referral Hospital in Mandera East	12,416,812	12,416,812	100%	12,416,812	12,416,812	Gok
Proposed Construction of Renal Units at Elwak Sub County Hospital	12,416,812	12,416,812	100%	12,416,812	12,416,812	Gok
Proposed Fencing of Gither Earth Pan in Mandera West Sub County	9,954,700	9,954,700	100%	9,954,700	9,954,700	GoK
Proposed Construction Of 18,000M3 Turar Earth Pan at Banisa Sub County	8,912,699	8,912,699	100%	8,912,699	8,912,699	Gok

County Executive of Mandera

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

Proposed Construction Of 100,000M3 Dadach Gabab Earth Pan in Banisa Sub-County, Mandera County	74,946,231	74,946,231	100%	74,946,231	74,946,231	GoK
Proposed Desilting and Expansion Of 60,000M3 Hardawa Earth Pan in Banisa Sub-County	31,003,056	31,003,056	100%	31,003,056	31,003,056	Gok
Supply, Delivery, Installation and Commissioning of Abem Terrameter Ls2Advanced 4/82 And Accessories	26,809,625	20,000,000	100%	26,809,625	20,000,000	GoK

County Executive of Mandera
Annual Reports and Financial Statements for the year ended June 30, 2025

Appendix III: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/Others	Total Amount - KES		Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
							Deferred Income	Receivables	Others - must be specific	
Road Maintenance	18-Jun-25	Dev	66,010,855		recognized					66,010,855
Food System Resilience Program	04-Jul-25	Dev	70,127,132		recognized					70,127,132
Kenya Urban Support Program (KUSP)	04-Jul-25	Dev	32,309,300		recognized					32,309,300
DANIDA Grant - Primary Health care	10-Jul-25	Rec	15,746,250		recognized					15,746,250
			184,193,537							184,193,537

County Executive of Mandera
Annual Reports and Financial Statements for the year ended June 30, 2025

Appendix IV: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Financing Locally-Led Climate Action	Climate Fund	Deliver locally led climate resilience actions	Community led climate resilience investments	-	-	-	7,000,000	World Bank	County Government

Appendix V: Disaster Expenditure Reporting Template

Column I Programme	Column II Sub-programme	Column III Disaster Type	Column IV Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Column V Expenditure item	Column VI Amount (Kshs.)	Column VII Comments
Disaster Preparedness and Management	Disaster Preparedness and Management	Drought contingency	Response/mitigation	Provision of relief food	359,501,000	Relief for vulnerable
Water and sewerage	Water and sewerage	Drought contingency	Response/mitigation	Water trucking	36,846,226	

County Executive of Mandera
Annual Reports and Financial Statements for the year ended June 30, 2025

Appendix VI: Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) Previous Year	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) Current Year
Land					
Buildings and structures	569,701,673	569,701,673			569,701,673
Transport equipment	146,423,477.95	146,423,477.95			146,423,477.95
Office equipment, furniture and fittings	59,865,615.05	59,865,615.05			59,865,615.05
ICT Equipment	33,650,091.60	33,650,091.60			33,650,091.60
Machinery and Equipment					
Biological assets					
Infrastructure Assets- Roads, Rails	2,026,494,467.47	2,026,494,467.47			2,026,494,467.47
Heritage and cultural assets					
Intangible assets					
Work in Progress					
Total	2,836,135,325.07	2,836,135,325.07			2,836,135,325.07

- 
4. **Mr. Ibrahim Mohamed Adan**
County Executive Committee Member,
Finance and Economic Planning,
County Government of Mandera,
P. O. Box 13 -70300,
MANDERA.