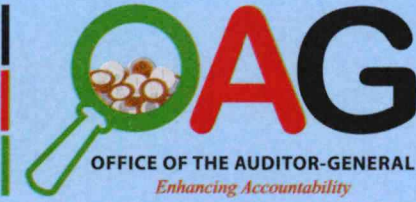
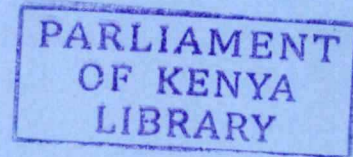


REPUBLIC OF KENYA



**REPORT**

**OF**



**THE AUDITOR-GENERAL**

**ON**

**GARISSA COUNTY ENVIRONMENT  
RESTORATION AND LIVELIHOOD  
IMPROVEMENT AGENCY**

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

PAPER NO.	
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**GARISSA COUNTY ENVIRONMENTAL RESTORATION AND  
LIVELIHOOD IMPROVEMENT AGENCY**

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

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

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Garissa County Environmental Restoration and Livelihood Improvement *Agency*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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Garissa County Environmental Restoration and Livelihood Improvement *Agency*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**1. Acronyms and Definition of Key Terms**

**A. Acronyms**

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

**B. Definition of Key Terms**

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

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

**Agency-** means Garissa County Environmental Restoration and Livelihood Improvement Agency

## 2. Key Entity Information and Management

### a) Background information

Garissa County Environmental Restoration and livelihood improvement Agency is established by and derives its authority and accountability from Garissa County Environmental Restoration and Livelihood Improvement Act, 2023. on 13 October, 2023. The Agency is wholly owned by the County Government of Garissa and is domiciled in Kenya.

The Agency's objective is to restore the environment within Garissa County and improve the livelihoods of the residents within the sub-counties of Garissa.

The Agency's principal activity is to champion tree planting across the sub-counties and gainfully employ residents in the process.

### b) Principal Activities

The principal activity/mission/ mandate of the Agency is to:

- Establishment of tree nurseries in all the sub-counties
- Beautification of towns and streets
- Rehabilitation of degraded lands and dumping sites
- Provide farmers with seedlings

### c) Board of Trustees/Agency Administration Committee

Ref	Name	Position
1	Muktar Sheikh Adan	Chairperson
2	Abdikadir Gureh Farah	Vice chairperson
3	Abdikadir Aden Hassan	Committee Members
4	Mohammed Noor Dahir	Committee Members
5	Salina Jepkorir Tarus	Committee Members
6	Fatuma Yusuf Abdullahi	Committee Members
7	Imran muktar sheikh	Chief officer Environment
8	Leila ibrahim	Chief officer Special Programs
9	Abdilatif sheikh mohamed	Chief officer Finance
10	Abdullahi Diis	Chief Executive Officer (Ex-Officio member)

Garissa County Environmental Restoration and Livelihood Improvement Agency  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**d) Key Management team**

Ref	Name	Position
1	Chief Executive Officer	Abdullahi Diis
2	Agency Accountant	Abdirahman ahmed
3	Internal Auditor	Rashid aden

**Key Entity and Management (Continued)**

**e) Fiduciary Oversight Arrangements**

f) Audit and Risk Management Committee

g) County Assembly committees

h) Committees of the Senate

**i) Registered Offices**

P.O. Box 563-70100

Garissa, KENYA

**j) Agency Contacts**

Telephone: +254722800293

E-mail: [info@Garissa.go.ke](mailto:info@Garissa.go.ke)

Website: [www.Garissa.go.ke](http://www.Garissa.go.ke)

**k) Agency Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya

2. National Bank

National Bank  
P.O. Box 1648-70100  
Garissa, Kenya

**Key Entity and Management (Continued)**




**l) Independent Auditors**

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





**m) Principal Legal Adviser**

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

**3. Board of Trustees/Agency Administration Committee**


Name	Details of qualifications and experience
Muktar Sheikh Adan-Chairperson	D.O.B: Chairperson of the board.
 Fardosa Yusuf Abdullahi- Vice chairperson	D.O.B: Vice chairperson of the board Done her KCSE and KCPE Has vast experience working as a business lady, IEBC and Red Cross as a community outreach coordinator.
 Abdikadir Gureh Farah	D.O.B: Member of the board. Possess a degree in Developmental studies; worked with GTZ as programme officer .worked as Livestock officer in Garissa with Ministry of Livestock and Agriculture
 Abdikadir Aden Hassan	D.O.B: Member of the Board
Mohammed Noor Dahir	D.O.B: Member of the Board

Garissa County Environmental Restoration and Livelihood Improvement Agency  
**Annual Report and Financial Statements for the year ended June 30, 2025**

 <p>Salina Jepkorir Tarus</p>	<p>D.O.B: 23/12/1970          Member of the Board          Done her KCSE and KCPE          Has vast experience working for Telkom Kenya as a clerical assistant</p>
 <p>Imran Mukhtar Sheikh</p>	<p>D.O.B:12/2/1992          Member of the board          Chief Officer Environmental services          Possess a degree in International Studies, Master in Project Planning &amp; Management and pursuing Law in UON; working currently with County Government.</p>
 <p>Leila Ibrahim Dayow</p>	<p>D.O.B:1/2/1987          Member of the Board          Chief Officer Special Programs          Has vast experience in program management</p>
 <p>Abdilatif Sheikh Mohamed</p>	<p>D.O.B:22/8/1989          Member of the Board          Chief Officer Finance</p>


Garissa County Environmental Restoration and Livelihood Improvement *Agency*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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 <p>Abdullahi Diis-CEO</p>	<p>D.O.B: Ex-officio member of the Board.</p>
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Garissa County Environmental Restoration and Livelihood Improvement Agency  
 Annual Report and Financial Statements for the year ended June 30, 2025

4. Management Team

Name	Details of qualifications and experience
 Abdullahi Diis- CEO	Provide a concise description of each Trustee's date of birth, key academic and professional qualifications and work experience. Also, indicate the main area of responsibility – without details
Abdilatif- Accountant	
Abdirahman ahmed-accountant	
<p><i>Note: The Agency Administrator will feature under both the 'Board' and 'Management'.</i></p>	

**5. Agency Chairperson's Report**

I am pleased to present the financial statement for Garissa County Environmental Restoration and Livelihood Improvement Agency for the fiscal year 2024–2025. This document outlines the vision, objectives, and strategies of the Agency, detailing our commitment to fulfilling our obligations to the residents Garissa County. It reflects extensive consultations with the people of Garissa and the county government of Garissa, ensuring that it is aligned with the needs and aspirations of our community.

The financial statement is anchored on the key pillars we consider essential for effective management of the Agency, and it aligns with our strategic priorities. We extend our heartfelt gratitude to all those involved in the preparation of this document for their dedication, suggestions, and invaluable advice. In particular, we would like to thank the Governor and the County Government of Garissa for their unwavering support. We also appreciate the contributions from organized groups and individual residents of Garissa, and we are committed to maintaining this engagement as we fulfill our County mandate annually.


We recognize the importance of collaborating with county departments to deliver quality services to the residents of Garissa. As a Agency, we understand that our performance will have a significant impact on the entire county. Therefore, we assure the people of Garissa that we will strive for success in all our endeavors.

The green agenda is very important to the whole world and Garissa County will not be left behind as we tirelessly work towards greening our towns and streets and rehabilitating our areas that may have been damaged in one way or another.

We strive to improve the lives and livelihoods of the residents of our county by providing them with employment opportunities that are shared equally irrespective of ethnicity or gender. A special quota is set aside to cater for the vulnerable residents of our county.

We are committed to working closely with stakeholders and partners to bridge these resource gaps, and we are optimistic that our collective efforts will help make Garissa the most desirable place to live and invest.

Name: .....



Sheikh Aden

**Chairperson of the Board**

**6. Report of The Agency Administrator**

Garissa County Environmental Restoration and Livelihood Improvement Agency was established after the adoption of the Garissa County Environmental Restoration and Livelihood Improvement Act, 2023. The Agency stated its operations in the period 2024/2025. The Agency's committee approved a budget of Kshs...160,000,000..... The Agency spent Kshs.....115,000,000.... on recurrent expenses and Kshs. ....12,000,000... to acquire assets.

In the period 2024/2025, the Agency carried out planting of ...1000..trees across the six sub-counties in Garissa. Bush clearing of major roads and clearing of dumpsites was also done while providing vital job opportunities for the residents across the county.

The Agency faced challenges in achievements of its strategic objective due to the vastness of the county and the Agencies provided is barely enough to promote enough tree planting that can have a visible impact on the restoration of our environment.



**AGENCY ADMINSTRATOR**

**7. Statement of Performance Against the County Agency’s Predetermined Objectives**

**Introduction**

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.

The key objectives of the Agency are to:

- a) Establishment of tree nurseries in all the sub-counties
- b) Livelihood improvement of residents within Garissa County
- c) Rehabilitation of degraded lands and dumping sites
- d) Provide farmers with seedlings

**Progress on attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Establishment of tree nurseries in all the sub-counties	To ensure every sub county in Garissa has a tree nursery	Every sub county will have tree nurseries which will provide seedlings for planting	Number of tree nursery	1000
Livelihood improvement of residents within Garissa County	To provide job opportunities for the less vulnerable in the society	The lives and livelihoods of residents within the county will be improved through provision of gainful employment	Number of persons engaged in gainful employment	During the FY the Agency employed 3,000 casual workers to champion the various programs
Rehabilitation of degraded lands and dumping sites	Carry out rehabilitation of degraded lands and dumping sites within Garissa county	Degraded lands and dumpsites will be rehabilitated to protect the environment from further degradation	Number of dumpsites rehabilitated	2

Garissa County Environmental Restoration and Livelihood Improvement *Agency*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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Provide farmers with seedlings	Provide farmers with tree seedlings to promote greening of Garissa county	Tree planting in farms will help improve forest coverage by providing farmers with seedlings to plant in their farms	Number of farmers provided with seedlings	nil
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## **8. Corporate Governance Statement**

The agency of Garissa County environmental restoration and livelihood improvement Agency shall consist of nine (9) members, appointed by the County Governor with the approval of the County Assembly. The composition is structured as follows:

- a) a non-executive chairperson appointed by the Governor;
- b) the Chief Officer responsible for matters relating to environment
- c) the Chief Officer responsible for matters relating to special programs
- d) the Chief Officer responsible for matters relating to the County treasury
- e) three persons appointed by the County Governor, not being public officers, with experience in matters relating to environmental restoration and livelihood improvement; and
- f) two persons, not being public officers, appointed by the Executive Committee Member responsible for environment with knowledge and experience in management, governance and
- g) the Chief Executive Officer, who shall be an *ex-officio* member.

### **Eligibility for Appointment**

#### **Chairperson**

A person is qualified to be appointed as the chairperson if they—

- (a) possess a degree in social sciences from a university recognized in Kenya;
- (b) possess at least ten years' experience in governance, management or administration of public or private institutions; and
- (c) meets the requirements of Chapter Six of the Constitution;

All appointments shall be by notice in the Kenya *Gazette*.

#### **Chief executive officer**

The Chief Executive Officer of the Agency shall be recruited by the County Public Service Board and Appointed by the County Governor in line with the County Government Act, 2012.

The Chief Executive Officer shall be competitively recruited on such terms and conditions of service as the Board may determine.

The Chief Executive Officer shall subject to the direction of the Board, be responsible for the day to day management of the affairs and staff of the Agency.

#### **Term of Office**

The Chief Executive Officer shall hold office for a term of three years and shall be eligible for renewal for a further and final term of three years.

A person appointed as a member of the Board shall serve for a term of three years and may be eligible for reappointment for a further and final term of three years.

### **Removal of Members of the board**

A person may cease to be a member of the Board if:

- (a) at any time, the member resigns from office by giving notice, in writing, to the Governor or Executive Committee Member respectively;
- (b) has been absent from three consecutive meetings of the Agency without permission of the chairperson
- (c) is convicted of an offence and sentenced to imprisonment for a term exceeding six months
- (d) adjudged bankrupt; or
- (e) is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Board.

### **Functions of the Agency of the Agency**

The Agency shall be responsible for—

- (a) with the Approval from the County Executive Committee responsible for matters relating to Environment and the County Executive Committee member for matters relating to Special Programme develop policies and guidelines relevant to environmental restoration and livelihood improvement in the county;
- (b) mobilize resources for the implementation of the environmental restoration and livelihood improvement programme
- (c) put in place mechanisms for involvement of local leaders in the implementation of the programme
- (d) co-ordinate, supervise and ensure accountability for implementation of the environmental restoration and livelihood improvement programme
- (e) collaborate with local, national and international agencies focusing on environmental restoration and livelihood improvement
- (f) facilitate the setting up of multi-sectoral and inter-sectoral plans on environmental restoration and livelihood improvement
- (g) mobilize relevant stakeholders to take part in environmental restoration and livelihood improvement plans
- (h) identify sector specific training needs and facilitate capacity building
- (i) take a leadership role in public education and advocacy on environmental restoration and livelihood improvement; and
- (j) undertake any other duties as may be prescribed by law.

### **Meetings of the Board**

The Board shall meet not more than eight times in a year but at least once in every quarter for the transaction of business.

The chairperson may at any time upon written approval of the Executive Committee Member call a special meeting of the Board.

Garissa County Environmental Restoration and Livelihood Improvement *Agency*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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The chairperson shall preside at every meeting of the Board at which he or she is present, but in the absence of the chairperson the members present may elect one from among their number to preside.

The quorum for a meeting of the Board shall be five members, who shall include two appointed members.

Unless a unanimous decision is reached, a decision on any matter before the Board shall be by a majority of the members present, and in the case of an equality of votes the chairperson or person presiding shall have a casting vote.

A member who has a direct or indirect interest in a matter being considered or to be considered by the Board shall, as soon as the relevant facts regarding the matter come to the knowledge of the member, disclose the nature of such interest, and shall not be present during any deliberations on the matter.

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

The Agency was formed pursuant to the Garissa County Environmental Restoration and Livelihood Improvement Act, 2023.

The objects and purposes of the Agency are aimed at:

(a) to provide for community participation in the improvement of the state of environment in the county

(b) to provide for the improvement of the livelihood of residents through engagement and gainful employment

(c) to provide for a formalized structure for enhancing the tree coverage in the county by providing for the planting of trees within all public and private spaces in the county; and

(d) to provide for formal engagement of environmental workers and champions to enable the implementation of the environmental restoration plans, activities and initiatives in the county.

The Agency is managed in accordance with the Garissa County Environmental Restoration and Livelihood Improvement Act, 2023.

The Act states that there shall be a Chief Executive Officer as the Agency Administrator. Also, there is established the Garissa County Environmental Restoration and Livelihood Improvement Agency Committee which administers the Agency.

The Management Team work closely with the CECM responsible for matters relating to environment and also the CECM responsible for matters relating to special programs.

By the end of this financial year, the Agency had received Kshs.139,034,720 as transfer from Garissa County treasury. In order to ensure improved transparency, accountability and fiscal responsibility in the public sector, the Garissa County Environmental Restoration and Livelihood Improvement Agency is committed to prudent management of finances guided by sound financial policies and guidelines that ensure efficient utilization of resources.

### **Compliance with statutory requirements**

Garissa County Environmental Restoration and Livelihood Improvement *Agency*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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The Agency complied with the following listed requirements but not limited to:

- Public Finance Management Act 2012
- Public procurement disposal Act 2015.
- Garissa County Environmental Restoration and Livelihood Improvement Act, 2023

## 10. Environmental and Sustainability Reporting

Garissa County Environmental Restoration and Livelihood Improvement Agency is committed to transforming lives by delivering sustainable environmental practices and operational excellence. Guided by national and county environmental laws and policies, the Agency strives to create a positive impact on the environment and improve the well-being of its residents. This report outlines the key environmental policies that guide the Agency, highlights achievements in biodiversity management, and provides insights into the Agency's waste management efforts.

### I) Environmental Policy Guiding Garissa County Environmental Restoration and Livelihood Improvement Agency

The Agency relies on various national and county laws and policies to ensure effective environmental management in all aspects of its operations. Key policies and regulations include:

- **Environment Management and Coordination Act (EMCA 1999), Amended 2015:** This act serves as the overarching framework for environmental governance in Kenya, addressing various aspects of environmental management.
- **The Environmental (Impact Assessment and Audit) Regulations, 2009:** These regulations require environmental impact assessments and audits for projects that may affect the environment.
- **The Environmental Management and Coordination (Waste Management) Regulations, 2006:** Provides guidelines for proper waste management practices to ensure environmental protection.
- **The Environmental Management and Coordination (Water Quality) Regulations, 2006:** Focuses on protecting water sources from pollution and ensuring the quality of water for residents.
- **The Environmental Management and Coordination (Noise and Excessive Vibration Pollution Control) Regulations, 2009:** Regulates noise levels to minimize pollution in urban areas.
- **The Environmental Management and Coordination (Air Quality) Regulations, 2014:** Aims at controlling air pollution from various sources to safeguard public health.
- **National Environment Policy (NEP 2012):** This policy addresses ecosystem management and sustainable natural resource use, focusing on critical ecosystems such as forests, grasslands, and arid and semi-arid lands. It also strengthens the legal and institutional framework for environmental coordination and promotes environmental management tools.
- **County Environment Action Plan (CEAP 2022-2027):** Provides guidelines and solutions for environmental impacts specific to Garissa County, ensuring a localized approach to environmental sustainability.

### II) Biodiversity Management

#### Achievements

Garissa County Environmental Restoration and Livelihood Improvement Agency has made

significant strides in managing biodiversity, which is essential for maintaining healthy ecosystems and providing critical services to its residents. Key successes include:

- **Increased Tree Cover:** The Agency has successfully implemented tree-planting initiatives to increase green spaces and improve air quality.
- **Sustainable Solid Waste Management:** Through the implementation of waste management regulations, the Agency has improved the management and disposal of solid waste, contributing to a cleaner and healthier environment.

### **Challenges**

Despite these successes, the Agency faces several challenges in biodiversity management, including:

- **Depletion of Natural Resources:** The increasing population has put pressure on natural resources, reducing their ability to support sustainable growth.
- **Scarcity of Water and Pasture:** The Agency experiences water shortages and limited pasture for livestock, especially during dry seasons, which affects the survival rate of tree planted
- **Poor Land Use Practices:** Unsustainable land use has diminished soil fertility, reducing farm productivity and threatening food security.

### **Efforts Toward Biodiversity Management**

In response to these challenges, Agency has implemented the following measures:

- **Strict Regulations on Tree Cutting:** Laws have been enacted to prevent illegal deforestation and promote the conservation of tree cover.
- **Incentives for Reforestation and Afforestation:** The Agency encourages residents to plant trees through various incentive programs, contributing to reforestation efforts.
- **Collaborative Efforts:** Government, private institutions, and civil society organizations are working together to enhance the ability of nature to provide critical ecosystem services. This includes efforts to restore degraded areas, conserve wildlife habitats, and promote sustainable agricultural practices.

### **III) Waste Management Policies**

Effective waste management is critical to ensuring a healthy environment for the residents of Garissa County. The following policies and strategies guide waste management:

- **National Solid Waste Management Strategy (2015):** This strategy provides a framework for integrated solid waste management, focusing on waste minimization, recycling, and proper disposal.
- **Environmental Management and Coordination (Waste Management) Regulations of 2006:** These regulations outline the responsibilities of waste generators, collectors, and disposers to minimize the environmental impact of waste.

### **IV) Key Environmental Sustainability Achievements**

Garissa County Environmental Restoration and Livelihood Improvement Agency  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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Pillar	Achievement
Tree Cover	Increased green spaces through afforestation programs.
Solid Waste Management	Significant improvement in waste collection and disposal, reducing pollution.
Collaboration	Government, private institutions, and civil society working together on ecosystem restoration.

**V) Challenges and Areas for Improvement**

Challenge	Impact
Natural Resource Depletion	Reducing the County's capacity to support population growth.
Water and Pasture Scarcity	Affecting livestock farming and agricultural productivity.
Unsustainable Land Use	Diminishing soil viability and threatening food security.

**VI) Conclusion**

Garissa County Environmental Restoration and Livelihood Improvement Agency remains committed to promoting sustainable environmental management, safeguarding natural resources, and improving the quality of life for its residents. By adhering to national and county environmental policies, the Agency is working to balance urban development with environmental preservation. Ongoing efforts to manage biodiversity, address waste management, and enforce environmental laws will ensure a sustainable future for all. The Agency will continue to collaborate with stakeholders, including government agencies, private entities, and the local community, to implement innovative environmental solutions and overcome existing challenges. Through these concerted efforts, Garissa County Environmental Restoration and Livelihood Improvement Agency aims to achieve long-term environmental sustainability and enhance the well-being of its residents.

Garissa County Environmental Restoration and Livelihood Improvement Agency  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**11. Report of The Trustees**

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Agency affairs.

**Principal activities**

The principal activities of the Agency are to establishment of tree nurseries in all the sub-counties, livelihood improvement of residents within Garissa County, rehabilitation of degraded lands and dumping sites and provide farmers with seedlings

**Results**

The results of the Agency for the year ended June 30, 2025 are set out on page ....

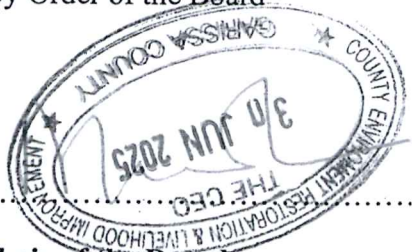
**Trustees**

The members of the Board of Trustees who served during the year are shown on page .....

**Auditors**

The Auditor General is responsible for the statutory audit of the Agency in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the period ended June 30, 2025.

By Order of the Board



Chair of the Board

Date: 30/6/25

## 12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Agency established by Garissa County Environmental Restoration and Livelihood Improvement Act, 2023 shall prepare financial statements for the Agency in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Agency is responsible for the preparation and presentation of the Agency's financial statements, which give a true and fair view of the state of affairs of the Agency 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 Agency; (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 Agency; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

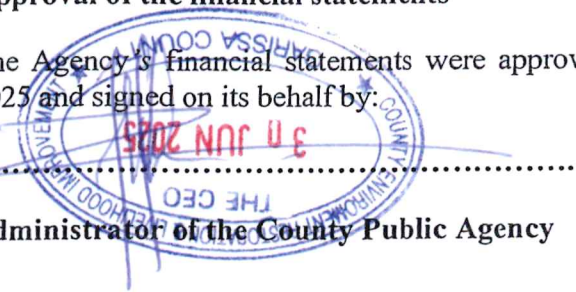
The Administrator of the County Public Agency accepts responsibility for the Agency's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Garissa County Environmental Restoration and Livelihood Improvement Agency, 2023. The Administrator of the Agency is of the opinion that the Agency's financial statements give a true and fair view of the state of Agency's transactions during the financial year ended June 30, 2025, and of the Agency's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Agency, which have been relied upon in the preparation of the Agency's financial statements as well as the adequacy of the systems of internal financial control.

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

### Approval of the financial statements

The Agency's financial statements were approved by the Board on \_\_\_\_\_ 30/06/\_\_\_\_\_  
2025 and signed on its behalf by:

.....  
**Administrator of the County Public Agency**



# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON GARISSA COUNTY ENVIRONMENTAL RESTORATION AND LIVELIHOOD IMPROVEMENT AGENCY FOR THE YEAR ENDED 30 JUNE, 2025

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### 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 financial statements of Garissa County Environmental Restoration and Livelihood Improvement Agency set out on pages 1 to 29, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of cash flows, statement of changes in net assets 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 financial statements present fairly, in all material respects, the financial position of Garissa County Environmental Restoration and Livelihood Improvement Agency as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Garissa County Environmental Restoration and Livelihood Improvement Act, 2023.

### **Basis for Qualified Opinion**

#### **1. Unsupported Depreciation and Amortization Expense**

The statement of financial performance reflects an amount of Kshs.1,378,060 in respect of depreciation and amortization expense. However, the Agency did not have an approved depreciation policy outlining methods and rates for depreciation of the various classes of assets.

In the circumstances, the accuracy of depreciation expenditure of Kshs.1,378,060 could not be confirmed.

#### **2. Unsupported Property, Plant and Equipment Balance**

The statement of financial position reflects property, plant and equipment balance of Kshs.10,718,219 as disclosed in Note 12 to the financial statements. However, Management did not maintain an asset register containing details of the fixed assets held by the Agency.

In the circumstances, the accuracy and completeness of plant, property and equipment balance of Kshs.10,718,219 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Garissa County Environmental Restoration and Livelihood Improvement Agency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of 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 Information**

The Management is responsible for the Other Information set out on page iii to xxiii which comprise of Key Entity Information and Management, Agency Administration Committee, Management Team, Report of the Agency Administrator, Statement of Performance against the Agency Predetermined Objectives, Statement of Corporate Governance, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Trustees and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Fund'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 matters described in the Basis for conclusion on Lawfulness and Effectiveness in 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. Duplication of Functions**

##### **1.1 Agency Programmes Versus the County Department of Environment**

Garissa County Environmental Restoration and Livelihood Improvement Agency was established by Section 9(1) of the Garissa County Environmental Restoration and Livelihood Improvement Act, 2023, Section 10 of the Act outlines the functions of the Agency. These include development of policies and guidelines relevant to environmental restoration and livelihood improvement in the County, mobilization of resources for the implementation of the environmental restoration and livelihood improvement programme and co-ordination, supervision and ensuring accountability for implementation of the environmental restoration and livelihood improvement programme among others. The

County Department of Environment is expected to be in charge of development of policies and guidelines relevant to environmental and other programmes within the Department. The Department of Finance is expected to play the lead role in mobilization of resources for implementation of programmes in all the County departments. It is not clear how the Agency will execute these functions in the context of this conflict.

### **1.2 Agency Programmes Versus Garissa County Municipality's Functions**

According to the report of the Agency Administrator in the financial statements for the 2024/2025 financial year, the Agency planted hundred (100) trees across the six (6) sub-counties, carried bush clearing of major roads and clearing of dumpsites in the County. The statement of performance against predetermined objectives for the Garissa Municipality for 2024/2025 financial year indicates one of the performance outcomes was provision of temporary jobs for youth through afforestation and sanitation programmes. This implies that the two entities were executing programmes related environmental matters.

### **1.3 Agency Versus Garissa County Climate Change Fund**

The statement of Performance Against Predetermined Objectives in the 2024/2025 financial statements for Garissa County Climate Change Fund indicates a number of projects which were planned for the year. These include, environmental restoration for degraded sites in Garissa County, Construction of modern tree nursery in Garissa township. These projects are closely related to the functions of the Agency as outlined in the legislation establishing the Agency. The statement of Performance Against Predetermined Objectives in the Agency's 2024/2025 financial statements indicates one of the programmes as rehabilitation of degraded lands and dumping sites.

In view of the above it evident that there is conflict and duplication of functions expected to be performed by the Agency and other County entities already established.

In the circumstances, value for money in the resources invested in establishment of the Agency and the operational costs of running the Agency could not be confirmed.

## **2. Failure to Enact Regulations**

As at the time of audit in September, 2025 the regulations required to be enacted under Section 18 of the Garissa County Environmental Restoration and Livelihood Improvement Act were not in place. In the absence of these regulations, effective execution of the operations of the Agency may not be achieved, since critical operational guidelines, procedures and compliance mechanisms remain unclear and undefined.

In the circumstance, the effectiveness of the operations of the Agency could not be confirmed.

### **3. Lack of Environmental Restoration and Livelihood Improvement Plans**

Management did not prepare an environmental restoration plan and a livelihood improvement plan for audit verification. Section 5(1) of Garissa County Environmental Restoration and Livelihood Improvement Act, 2023 states that the Executive Committee Member responsible for matters relating to environment shall prepare an environmental restoration plan. Further, Section 6(1) of the Act, states that the County Executive Committee member responsible for matters relating to special programs shall, in consultation with the County Executive Committee member responsible for environment, prepare a livelihood improvement plan.

In the circumstance, Management was in breach of the law. In addition, the effectiveness of the operations of the Agency could not be confirmed.

### **4. Unutilized Wheelbarrows and Watering Cans**

Included in the statement of financial position is a balance of Kshs.10,718,219 relating to property, plant and equipment. Review of documents provided for audit revealed that the Agency purchased five hundred (500) water cans and three hundred (300) wheelbarrows. However, eighty (80) water cans valued at Kshs.316,000 and ninety (90) wheelbarrows valued at Kshs.396,000 were not issued to the intended users. Apart from these assets remaining idle, they were also undergoing a state of degradation.

In the circumstance, the effective use of the assets acquired by the Agency 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 overall governance were not effective.

## **Basis for Conclusion**

### **1. Lack of Audit Committee**

The Agency did not have an internal audit committee as required by the Public Finance Management (County Government) Regulations, 2015 which provides that an accounting officer shall ensure each County Government entity has an audit committee in place.

In the circumstances, the effectiveness of oversight, checks and balances at the Agency could not be confirmed.

### **2. Lack of Risk Management Policy**

During the financial year under review, the Management did not establish a risk management policy to identify, assess and mitigate potential risks. A comprehensive risk management framework would have been critical in safeguarding the Agency's assets and ensuring long-term sustainability.

In the circumstances, the effectiveness of risk management at the Agency could not be confirmed.

### **3. Lack of Disaster Recovery Plan**

The Management did not establish a disaster recovery plan to address potential risks or disruptions, leaving the Agency vulnerable to significant operational setbacks in the event of unforeseen incidents. Without a formalized plan, there is no clear strategy to restore critical systems, safeguard essential data, or ensure business continuity. This lack of preparedness could result in prolonged downtime, financial losses and compromised service delivery to the public.

The absence of a disaster recovery plan increases the risk of permanent data loss or infrastructure damage.

In the circumstances, the effectiveness of risk management at the Agency could not be confirmed.

### **4. Human Resource and Payroll Management Deficiencies**

Review of the Agency's human resource and payroll records revealed that key personnel details including payroll numbers, gender and ethnic group were missing from employee's bio data records. Further, monthly payrolls were prepared and maintained in Microsoft Excel worksheets, which lack the security and audit trails necessary to ensure data integrity. This poses a significant risk in the event of data loss, or unauthorized modification. Master rolls indicating where the employees were working during the contract period were not in place.

In the circumstances, the effectiveness internal controls in human resources management 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 the Agency Administration Committee**

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 Agency'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.

The Agency Administration Committee is responsible for overseeing the Agency'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

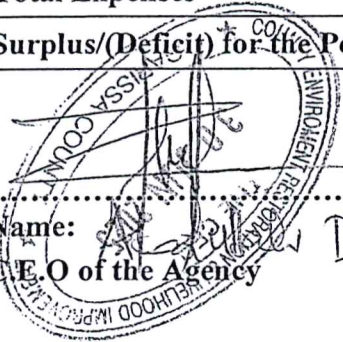
20 November, 2025

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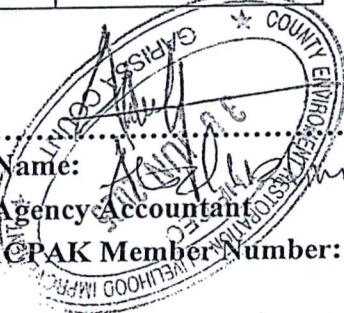
**14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2025**

Description	Note	2024/2025
		Kshs
<b>Revenue From Non-Exchange Transactions</b>		
Transfers From the County Government	6	139,034,720
		139,034,720
<b>Total Revenue</b>		<b>139,034,720</b>
<b>Expenses</b>		
Employee Costs	7	140,424,089
Use of goods and services	8	9,139,868
Depreciation and Amortization Expense	9	1,378,060
Finance Costs	10	0
<b>Total Expenses</b>		<b>150,942,017</b>
<b>Surplus/(Deficit) for the Period</b>		<b>-11,907,297</b>

Name: *[Signature]*  
 C.E.O of the Agency *Dlt*



Name: *[Signature]*  
 Agency Accountant  
 ICPAK Member Number: 23894.



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15. Statement of Financial Position As at 30 June 2025

Description	Note	2024/2025
		Kshs
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	11	2,059,584
<b>Total current assets</b>		<b>2,059,584</b>
<b>Non-Current Assets</b>		
Property, Plant and Equipment	12	10,718,219
<b>Total non- current assets</b>		<b>10,718,219</b>
<b>Total Assets (A)</b>		<b>12,777,803</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Employee Benefit Obligations	13	24,685,100
<b>Total current liabilities</b>		<b>24,685,100</b>
<b>Non-Current Liabilities</b>		<b>0</b>
<b>Total Liabilities (B)</b>		<b>(24,685,100)</b>
<b>Net Assets (A-B)</b>		<b>(11,907,297)</b>
<b>Represented By:</b>		
Revolving Agency		0
Reserves		0
Accumulated Surplus		(11,907,297)
<b>Net Assets</b>		<b>(11,907,297)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/06/2025 and signed by:

Name: Abdullahi Dhs  
C.E.O of the Agency

Name: Abdullahi Dhs  
Agency Accountant  
ICPAK Member Number: 33899

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**16. Statement of Changes in Net Assets for the year ended 30<sup>th</sup> June 2025**

Description	Revolving Agency	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2024	0	0	0	0
Surplus/(Deficit) For the Period			(11,907,297)	(11,907,297)
Agencys Received During the Year	0			0
Revaluation Gain		0		0
Balance As At 30 June 2025	0	0	(11,907,297)	(11,907,297)

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17. Statement of Cash Flows for The Year Ended 30 June 2025

Description	Note	2024/2025
		Kshs
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Transfers from the county government	6	139,034,720
<b>Total receipts</b>		<b>139,034,720</b>
<b>Payments</b>		
Employee costs		115,738,989
Use of goods and services	8	9,139,868
<b>Net cash flows from operating activities</b>		<b>14,155,863</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant, equipment and Intangible assets	12	12,096,279
<b>Net cash flows used in investing activities</b>		<b>(12,096,279)</b>
<b>Cash flows from financing activities</b>		
<b>Net cash flows used in financing activities</b>		<b>0</b>
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>2,059,584</b>
Cash and cash equivalents at 1 July	11	0
<b>Cash and cash equivalents at 30 June</b>	<b>11</b>	<b>2,059,584</b>

(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)

18. Statement Of Comparison of Budget And Actual Amounts For The Year Ended 30 June 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Budget carryovers from the previous year*	0	0	0	0	0	0%
<b>Receipts</b>						
Transfers From County Govt.	162,100,000	0	162,100,000	139,034,720	23,065,280	85.77%
<b>Total Income</b>	<b>162,100,000</b>	<b>0</b>	<b>162,100,000</b>	<b>139,034,720</b>	<b>23,065,280</b>	<b>85.77%</b>
<b>Expenses</b>						
Employee costs	140,500,000	0	140,500,000	115,738,989	24,761,011	82.38%
Use of goods and services	9,500,000	0	9,500,000	9,139,868	360,132	96.21%
<b>Total Expenditure</b>	<b>150,000,000</b>		<b>150,000,000</b>	<b>124,878,857</b>	<b>25,121,143</b>	<b>83.25%</b>
Capital expenditure	12,100,000	0	12,100,000	12,096,279	3,721	
<b>Surplus For the Period</b>		<b>0</b>		<b>2,059,584</b>		

**Budget notes**

1. *Difference in receipt and employee cost is due to late remittance of approved funds by the county executive of Garissa.*

**19. Notes to the Financial Statements**

**Significant Accounting Policies**

**1. General Information**

Garissa County Environmental Restoration and Livelihood Improvement Agency is established by and derives its authority and accountability from Garissa County Environmental Restoration and Livelihood Improvement Act, 2023. The entity is wholly owned by the Garissa County Government and is domiciled in Kenya. The entity's principal activity is environmental restoration and livelihood improvement.

**2. Statement of compliance and basis of preparation**

The Agency's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Agency. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

**3. Adoption of new and revised standards**

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

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1<sup>st</sup> 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	<i>Applicable 1<sup>st</sup> 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

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Discontinued Operations	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	<b>Applicable 1<sup>st</sup> January 2025</b> 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	<b>Applicable 1<sup>st</sup> January 2025</b> The objective of this standard was to improve measurement guidance across IPSAS by: <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47: Revenue	<b>Applicable 1<sup>st</sup> January 2026</b> 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	<b>Applicable 1<sup>st</sup> January 2026</b> 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

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

**(i) Early adoption of standards**

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

#### 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.

###### 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 2024/2025 was approved by the County Assembly on 15 May 2025. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Agency recorded additional appropriations of Kshs.139,034,720 on the FY 2024/2025 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. 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.

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

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.

**c) Property, plant and equipment**

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

**a) 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.

**b) 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. 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 derecognition.

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

**c) 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. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**Financial assets**

**Classification of financial assets**

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

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

#### **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.

#### **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.

#### **Trade and other receivables**

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

#### **Impairment**

The 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.

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

### **Financial liabilities**

#### **Classification**

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

#### **d) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

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

#### **e) 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.

#### **f) Social Benefits**

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

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

**g) 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.

**Contingent assets**

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

**h) Nature and purpose of reserves**

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

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

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

**j) Employee benefits – Retirement benefit plans**

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a Agency) and will have no legal or constructive obligation to pay further contributions if the Agency does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to Agency 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 Agencies 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.

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

**k) Foreign currency transactions**

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

**l) 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.

**m) Related parties**

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

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

**o) Comparative figures**

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

## Summary of Significant Accounting Policies (Continued)

### 5. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made e.g.

#### a) Estimates and assumptions –

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

#### b) Useful lives and residual values

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

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

#### c) Provisions

Provisions were raised and management determined an estimate based on the information available.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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**Notes To the Financial Statements Continued**

**6. Public contributions and donations**

Description	2024/2025	2023/2024
	Kshs	Kshs
Transfers From County Govt. –Operations	139,034,720	0
Payments By County On Behalf Of The Entity	0	0
Unconditional Development grants	0	0
<b>Total</b>	<b>139,034,720</b>	<b>0</b>

**7. Employee Costs**

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries And Wages	140,424,089	0
Staff Gratuity	0	0
Staff Training Expenses	0	0
Social Security Contribution	0	0
Other ( <i>Specify</i> )	0	0
<b>Total</b>	<b>140,424,089</b>	<b>0</b>

**8. Use of Goods and Services**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
General Office Expenses	2,109,500	0
Administration Fees	4,400,000	0
Committee Allowances	100,000	0
Bank Charges	376,328	0
Catering costs	700,000	0
Printing And Stationery	1,174,040	0
Rental Costs	280,000	0
<b>Total</b>	<b>9,139,868</b>	<b>0</b>

**9. Depreciation and Amortization Expenses**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Property Plant and Equipment	1,378,060	0
Intangible Assets	0	0

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<b>Total</b>	<b>1,378,060</b>	<b>0</b>
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**10. Finance costs**

Description	2024/2025	2023/2024
	Kshs	Kshs
Interest On Bank Overdrafts	0	0
Interest On Loans From Banks	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**11. Cash and cash equivalents**

Description	2024/2025	2023/2024
	Kshs	Kshs
Fixed Deposits Account	0	0
On – Call Deposits	0	0
Current Account	2,059,584	0
Others ( <i>Specify</i> )	0	0
<b>Total Cash and Cash Equivalents</b>	<b>2,059,584</b>	<b>0</b>

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

Financial Institution	Account number	2024/2025	2023/2024
		Kshs	Kshs
<b>a) Fixed Deposits Account</b>			
Kenya Commercial Bank		0	0
Equity Bank, Etc.		0	0
<b>Sub- Total</b>		<b>0</b>	<b>0</b>
<b>b) On - Call Deposits</b>			
Kenya Commercial Bank		0	0
Equity Bank - Etc.		0	0
<b>Sub- Total</b>		<b>0</b>	<b>0</b>
<b>c) Current Account</b>			
National Bank (7716622366)		2,059,584	0
<b>Sub- Total</b>		<b>2,059,584</b>	<b>0</b>
<b>d) Others(Specify)</b>			
Cash In Transit		0	0

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Cash In Hand		0	0
Sub- Total		0	0
Grand Total		2,059,584	0

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12. Property, plant, and equipment

	Land	Buildings	Plant and equipments	Furniture and fittings	Computers and office equipment	Total
Rate		2.5%	25%	20%	33%	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 <sup>st</sup> July 2024	0	0	0	0	0	0
Additions	0	0	8,715,000	1,921,279	1,460,000	12,096,279
Disposals	0	0	0	0	0	0
Transfer/Adjustments	0	0	0	0	0	0
Revaluation Adjustments	0	0	0	0	0	0
At 30 <sup>th</sup> June 2025	0	0	8,715,000	1,921,279	1,460,000	12,096,279
Depreciation And Impairment						
At 1 <sup>st</sup> July 2024	0	0	0	0	0	0
Depreciation	0	0	1,089,375	128,085	160,600	1,378,060
Disposals	0	0	0	0	0	0
Impairment	0	0	0	0	0	0
Transfer/Adjustment	0	0	0	0	0	0
At 30 <sup>th</sup> June 2025	0	0	1,089,375	128,085	160,600	1,378,060
Net Book Values						
At 30 <sup>th</sup> June 2024	0	0	0	0	0	0
At 30 <sup>th</sup> June 2025	0	0	7,625,625	1,793,194	1,299,400	10,718,219

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**13. Employee benefit obligations**

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2024/2025	2023/2024
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	0	0	24,685,100	24,685,100	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>24685,100</b>	<b>24,685,100</b>	<b>0</b>

**14. Related party balances**

**a) Nature of related party relationships**

Entities and other parties related to the Agency 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. The Agency/scheme is related to the following entities:

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees; etc.

**b) Related party transactions**

Description	2024/2025	2023/2024
	Kshs	Kshs
Transfers From Related Parties'	139,034,720	0
Transfers To Related Parties	0	0

**c) Key management remuneration**

Description	2024/2025	2023/2024
	Kshs	Kshs
Board Of Trustees	100,000	0
Key Management Compensation	0	0
<b>Total</b>	<b>100,000</b>	<b>0</b>

**d) Due from related parties**

Description	2024/2025	2023/2024
	Kshs	Kshs
Due From Parent Ministry		
Due From County Government		
<b>Total</b>		

**Other Disclosures Continued**

**e) Due to related parties**

<b>Description</b>	<b>Insert Current FY</b>	<b>Insert Comparative FY</b>
	<b>Kshs</b>	<b>Kshs</b>
Due To Parent Ministry	0	0
Due To County Government	0	0
Due To Key Management Personnel	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

### 15. Financial risk management

The Agency's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Agency'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 Agency 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 Agency's financial risk management objectives and policies are detailed below:

#### a) Credit risk

The Agency has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2025</b>				
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0
<b>Total</b>	0	0	0	0
<b>At 30 June 2024</b>				
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0
<b>Total</b>	0	0	0	0

*(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)*

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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 xxxx

The board of trustees sets the Agency's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**b) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Agency Administrator, who has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term Agencying 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 Agency 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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2025</b>				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
<b>Total</b>				
<b>At 30 June 2024</b>				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
<b>Total</b>	0	0	0	0

**c) Market risk**

The board 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.

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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 Agency'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.

**i. Foreign currency risk**

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

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

Description		Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2025</b>			
Financial Assets	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors/ Receivables			
<b>Liabilities</b>			
Trade And Other Payables	0	0	0
Borrowings	0	0	0
<b>Net Foreign Currency Asset/(Liability)</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

**Foreign currency sensitivity analysis**

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

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Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
<b>(Current FY)</b>			
Euro	10%	0	0
USD	10%	0	0
<b>(Comparative FY)</b>			
Euro	10%	0	0
USD	10%	0	0

**ii. Interest rate risk**

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

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**d) Capital risk management.**

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

Description	Current FY	Comparative FY
	Kshs	Kshs
Revaluation reserve	0	0
Revolving Agency	0	0
Accumulated surplus	0	0
<b>Total Agencies</b>	0	0
Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/(excess cash and cash equivalents)	0	0
<b>Gearing</b>	0%	0%

**16. Events after the reporting period**

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

**17. Ultimate and Holding Entity**

The entity is a County Public Agency established by Garissa County Environmental Restoration and livelihood improvement Act,2023 under the Ministry of labour and social works. Its ultimate parent is the County Government of Garissa.

**18. Currency**

The financial statements are presented in Kenya Shillings (Kshs)

**20. Annexes**

**Annex I: Progress on Follow Up Of Prior Year Auditor’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)
N/A	N/A	N/A	N/A	N/A

\*First time preparation of financial statement

**Guidance Notes:**

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

Agency Manager/Accounting Officer (enter title of head of Agency)

Date.....



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**Annex II: Inter-Agency Confirmation Letter**

*Garissa County Environmental Restoration and Livelihood Improvement Agency*

The Garissa County Executive wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2025 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by <i>Garissa County Environmental Restoration and Livelihood Improvement Agency</i> as at 30 <sup>th</sup> June 2025							
Reference Number	Date Disbursed	Amounts Disbursed by Garissa County Executive (Kshs) as at 30 <sup>th</sup> June 2025				Amount Received by [beneficiary Agency] (KShs) as at 30 <sup>th</sup> June 2025 ©	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	18/10/2024	200,000.00	0	0	200,000.00	200,000.00	0
	27/11/2024	31,217,120.00	0	0	31,217,120.00	31,217,120.00	0
	22/01/2025	28,500,000.00	0	0	28,500,000.00	28,500,000.00	0
	3/03/2025	8,500,000.00	0	0	8,500,000.00	8,500,000.00	0
	28/03/2025	24,878,400.00	0	0	24,878,400.00	24,878,400.00	0
	16/05/2025	24,000,000.00	0	0	24,000,000.00	24,000,000.00	0
	27/05/2025	4,000,000.00	0	0	4,000,000.00	4,000,000.00	0
	18/10/2024	17,594,200.00	0	0	17,594,200.00	17,594,200.00	0
	18/10/2024	145,000.00	0	0	145,000.00	145,000.00	0
<b>Total</b>		<b>139,034,720</b>	<b>0</b>	<b>0</b>	<b>139,034,720</b>	<b>139,034,720</b>	<b>0</b>

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In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Agency:

Name Abdulkhman Ali Sign [Signature] Date 31 JUN 2025



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**Annex III: Reporting of Climate Relevant Expenditures**

Project Name	Project Description	Project Objectives	Project Activities					Source Of Agencies	Implementing Partners
				Q1	Q2	Q3	Q4		

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**Annex IV: Reporting on Disaster Management Expenditure**

No expenditure related to disaster was incurred.

