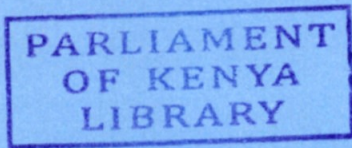


REPUBLIC OF KENYA



Enhancing Accountability

REPORT




OF

THE AUDITOR-GENERAL

ON

**PUBLIC BENEFIT ORGANIZATIONS
REGULATORY AUTHORITY**

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

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 11 MAR 2026	DAY: WEDNESDAY
TABLED BY:	LEADER OF MAJORITY PARTY HON. OWEN BAYAJ MP
CLERK-AT-THE-TABLE:	J. LEMERELLE



**PUBLIC BENEFIT ORGANIZATIONS REGULATORY AUTHORITY
(PBORA)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

Table of Contents

1. Acronyms, Abbreviations and Glossary of Terms.....	ii
2. Key Entity Information and Management.....	iii
3. The Board of Directors.....	ix
4. Key Management Team.....	xvi
5. Chairman's Statement.....	xx
6. Report of the Chief Executive Officer.....	xxi
7. Statement of Performance against Predetermined Objectives for FY 2024/2025.....	xxiii
8. Corporate Governance Statement.....	xxv
9. Management Discussion and Analysis.....	xxvii
10. Environmental and Sustainability Reporting.....	xxix
11. Report of the Directors.....	xxxiii
12. Statement of Directors' Responsibilities.....	xxxv
13. Report of the Independent Auditor for the Financial Statements of Public Benefit Organizations Regulatory Authority.....	xxxvi
14. Statement of Financial Performance for the year ended 30 June 2025.....	1
15. Statement of Financial Position as at 30 June 2025.....	2
16. Statement of Changes in Net Assets for the Year Ended 30 June 2025.....	3
17. Statement of Cash Flows for The Year Ended 30 June 2025.....	4
18. Statement of Comparison of Budget and Actual Amounts for the Year Ended 30 June 2025.....	5
19. Notes to the Financial Statements.....	6

1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

CBK	Central Bank of Kenya
CEO	Chief Executive Officer
Coop	Cooperative Bank
DCC	Deputy County Commissioner
DG	Director General
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KNCCI	Kenya National Chamber of Commerce and Industry
MD	Managing Director
NGO	Non-Governmental Organizations
NT	National Treasury
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
OSHA	Occupational Safety and Health Act of 2007
PBOs	Public Benefit Organizations
PBORA	Public Benefit Organizations Regulatory Authority
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
RC	Regional Commissioner
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank

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.

2. Key Entity Information and Management

(a) Background information

The Public Benefit Organizations Regulatory Authority (PBORA), (formerly the NGOs Co-ordination Board) is a State Corporation established by the Public Benefit Organizations Act No. 18 of 2013 and domiciled in the Ministry of Interior and National administration under the State Department of Internal Security and National Administration. The Authority has the responsibility of registering and regulating the PBOs sector in Kenya.

PBORA has endeavoured to take services closer to the citizens by opening regional offices. Within the period under review, these were the regional offices.

Mombasa, Kisumu, Eldoret, Nakuru, Garissa,

(b) Principal Activities

Specifically, the Public Benefit Organizations Regulatory Authority is responsible for *inter alia* registering, facilitating and coordinating all national and international PBOs operating in Kenya; advising the government on their contribution to national development; providing policy guidelines for PBOs to align their activities with national priorities and receiving and analysing PBOs annual reports.

Vision

A vibrant, efficient, effective and sustainable PBOs sector.

Mission

To regulate, facilitate, develop capacity and provide policy advice to the PBO sector.

Core Values

- Integrity
- Professionalism
- Team work
- Quality service:
- Diversity and inclusivity

Functions of the Public Benefit Organisations Regulatory Authority

Functions of the Public Benefit Organizations Regulatory Authority as provided for under section 42(1) of the act

- i. Register and de-register public benefit Authority. organizations in accordance with PBO Act.
- ii. Maintain a register of public benefit organizations registered under this Act with the precise sectors, affiliations and locations of their activities;
- iii. Interpret the national policy on public benefit organizations so as to assist in its smooth implementation and observance by Government ministries, departments and agencies at various levels;
- iv. Receive and review annual reports of public benefit organizations;

Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

- v. Advise the Government on the activities of public benefit organizations and their role in development within Kenya;
- vi. Issue forms, instructions, and model documents;
- vii. Facilitate information sharing and networking between public benefit organizations and the Government;
- viii. Institute inquiries to determine if the activities of public benefit organizations do not comply with this Act or any other law;
- ix. Provide advice and training to public benefit organizations; and
- x. Do anything incidental or conducive to the performance of any of the preceding functions

(c) Key Management

PBORA's day-to-day management is under the Director/CEO

No.	Office	Responsible
1	Director/CEO	Head of the secretariat and the accounting officer of the Authority
2	Operations and Compliance	In charge of registration, compliance and research
3	Corporates Services	In charge of Finance, human resources, ICT
4	Internal Audit	In charge of system, Internal controls and risks
5	Supply Chain Management	In Charge of Procurement and Supply Chain
6	Corporate Communication	In charge of Communications and Publicity
7	Legal	Legal Matters

(d) Fiduciary Management

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

Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

No.	Designation	Name
1.	Director/CEO	Dr. Laxmana P. Kiptoo
2.	Ag. Director, Operations & Compliance	Isaiah Sang
3.	Director, Corporate Services	Joyce Yiaile
4.	Manager, Finance & Accounts	David Njane
5.	Manager, Internal Audit & Risk	Benard Bwoma
6.	Manager, Supply Chain Management	Doris Muthini
7.	Manager, Research & Policy	Bernadette Nzomo
8.	Manager, Partnership & Resource Mobilization	Caroline Nyambura
9.	Principal Officer, Corporate Communications	Richard Chesos
10	Legal Manager	Lindon Nicolas
11	Human Resource & Administration Manager	Tony Kirima

(e) Fiduciary Oversight Arrangements

Fiducial oversight of PBORA is done through the following four Board committees

1. Finance Committee

- i. Approval of the budget and procurement plan.
- ii. Approval of quarterly financial statements.
- iii. Approval of quarterly performance contracting reports.
- iv. Recommend approval of final financial statements
- v. Recommend approval of final performance contracting report.

2. Audit and Risk Committee

- i. Obtain assurance from management that all financial and non-financial internal control and risk management are operating effectively and reliably.
- ii. Provide an independent review of the entity's reporting functions to ensure that the integrity of financial reports
- iii. Monitor the effectiveness of the entity's performance management and performance information.
- iv. Provide strong and effective oversight of an entity's internal audit function.
- v. Provide oversight of the implementation of accepted audit recommendations
- vi. Ensure the entity effectively monitors compliance with legislative and regulatory requirements.

3. Human Resource and Administration Committee

- i. Recruitment of staff
- ii. Review of staff performance appraisals
- iii. Provide guidelines of human resource management
- iv. Preside over disciplinary cases
- v. Promotion of staff

4. Operations and Registration Committee

- i. Recommend for approval of registration of PBOs
- ii. Recommendation for work permits
- iii. Review the annual sector report
- iv. Approve the operations work plan

(f) PBORA Headquarters

Co-operative Bank House 15th floor
Haile Selassie Avenue
P.O Box 44617-00100
Nairobi, Kenya.

(g) PBORA Contacts

Head Quarters

Telephone: +254-020- 2214044

E-mail: info@pbora.go.ke

Website: www.pbora.go.ke

Mombasa

Social Security Building 5th Floor

Telephone: +254111053310

Kisumu

HUDUMA Building, 7th floor

Telephone. +254202213856

Eldoret

DCC's office Eldoret East;

Telephone 020 7868323

Nakuru

County Commissioner's office 1st Floor, room 40

Telephone 020 2214044

Garissa

Garissa Regional Commissioner's 2nd Floor

Telephone 020 7868315

Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

(h) Bankers

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

2. Co-operative Bank of Kenya Limited
Co-op House Branch
P.O Box 67881 (00200)
Telephone: 3276279
Nairobi, Kenya.

3. Equity Bank Kenya Limited
Parliament Branch
Telephone: +254763063000
Nairobi, Kenya.



(i) Independent Auditor

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




(j) Principal Legal Adviser

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





3. The Board of Directors

Ref	Directors	Details
1.	 <p>Hon. Mwambu Mabongah Board Chairman)</p>	<p>Board Chairman</p> <p>DOB:1974</p> <p>Former MP Bumula Constituency.</p> <p>A leader with diverse experience of over 20 years in public services, an educationist, psychologist and strategists.</p> <p>Masters in Arts (Counselling & Psychology)</p> <p>Bachelor in Arts (Bible & Theology)</p>
2.	 <p>Joseph K. Too, MKIM, MIOD (K) Independent Director</p>	<p>DOB-1955</p> <p>Masters of Business Administration (Finance Option), Bachelor of. Commerce. Certified Management Accountant (CMA), Lecturer, Accounting Manager Chairman – Finance Committee</p> <p>An accomplished professional and leader with a solid reputation and high integrity in promoting strategic financial expertise as a lecturer, branch manager, and accountant.</p> <p>A leader with over 26 years of intellectual capability, and board operational experience in strategic people leadership, oversight, and guidance in all aspects of finance management.</p>




Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

<p>3.</p>	 <p>Beatrice Wairimu Kamamia Board of Director – Federation of PBO Representative.</p>	<p>DOB – 1956 Former Deputy Mayor of Thika Municipality. Served a member of Land Board Thika Municipality. Life Member – Maendeleo ya Wanawake and Life Member – Kenya Red Cross Society Bachelor of Arts Community Development & Resource Mobilisation Diploma in Modern Management and Administration Diploma in Community Development</p>
<p>4.</p>	 <p>Benjamin Onkoba Board of Director – Federation of PBO Representative.</p>	<p>DOB:01/01/1945 Career educationists, accomplished awards: Head of state commendation medal (2005) A.S.K Long service award (40 years). A.S.K life Governor, Vice Patron A.S.K . Chairman of National election KNCCI Diploma in Education</p>
<p>5.</p>	 <p>Judith K Miruka Independent Director</p>	<p>DOB:1972 An innovative administrator with expertise in directing and enhancing administrative procedures and providing full support to ensure the delivery of excellent services. Bachelor of Education (B.Ed. Arts) support to ensure the delivery of excellent services.</p>




Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

6.	 Michael Maina Kamanda Independent Director	<p>Mr. Kamanda is a human resource management expert. He was formerly a board member at the Kenya Ports Authority prior to his appointment to the Board of the PBORA.</p> <p>Human Resource Expert</p>
7.	 Edna Chepkwony Independent Director	<p>DOB:12/3/1970</p> <p>Career educationists, administrator and management specialist. Member of Institute of human resource management and member of teacher service commission.</p> <p>Bachelor of Education Diploma in Education Management (KEMI)</p>
8.	 Kanini Nthiga Alternate Director to the Attorney General.	<p>Alternate Director to the Attorney General. LLB Diploma from Kenya school of law</p>
9.	 Jacob Ondari	<p>Alternate Director to the Ps Ministry of Foreign Affairs and National Administration. LLB, Diploma from Kenya school of law DOB:14/05/1968</p>



Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

<p>10.</p>	 <p>Nzioki M. Ndeti Board of Director – Federation of PBO Representative.</p>	<p>A responsible, result driven manager, possessing good communication skills with abilities to establish reciprocatively benefits and relationships with all stakeholders across the board.</p> <p>Masters of Business Administration (MBA) Postgraduate Diploma in Management (BTEC) UK Professional postgraduate Diploma in Marketing (ACIM) Advanced certificate in marketing, Certificate in Marketing</p>
<p>11.</p>	 <p>Stephen Cheboi Board of Director – Federation of PBO Representative.</p>	<p>DOB:1978 Chair of PBO Federation. County Governance And Public Administration (JKUAT</p> <p>To nurture and develop my career by observing and upholding high level of professional ethics, adapting to a diverse and multi-Cultural & multitask working environment, being responsible citizen and result oriented at all times of my duties</p>
<p>12.</p>	 <p>Nelson Dzuya Independent Director</p>	<p>A politician with a track record in leadership and public administration</p> <p>BA Political Science and Public administration Diploma. Hotel and Restaurant Management.</p>


**Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025**

<p>13.</p>	 <p>Regina Mburu Independent Director</p>	<p>DOB:28/4/1980 National Supreme Chairlady AIPCA Secretariat (HQs), Kenya Business lady. A politician with a track record in leadership and public administration</p>
<p>14.</p>	 <p>Mwangangi Mwanja</p>	<p>DOB:14/05/1971 Alternate Director to the Ps Ministry of Interior and National Administration.</p>
<p>15</p>	 <p>Dorine Mbaye Alternate Director to the PS - Treasury</p>	<p>Alternate Director to the PS - Treasury Master of Science in Agricultural and Applied Economics Bachelor of Agribusiness Management</p>



Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

<p>16</p>	 <p>Mary Warau Njenga</p> <p>Alternate to the PS – Interior and National Administration</p>	<p>D.O.B. 16th February, 1979</p> <p>Masters degree in Public Policy & Administration – Kenyatta University</p> <p>Bachelor degree in Arts (Economics major)</p>
<p>17.</p>	 <p>Beatrice Mwaura</p>	<p>D.O.B. 14th September, 1981</p> <p>Oxford Executive Leadership Programme - Said Business School, University of Oxford</p> <p>Master of Laws Degree (LL.M) – Public International - Law, University of London</p> <p>Postgraduate Diploma in Laws – International Justice, University of London</p> <p>Postgraduate Certificate in Laws – Human Rights Law, University of London</p>

Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

	<p>Alternate to the PS – Foreign and Diaspora Affairs</p>	<p>Postgraduate Diploma in Legal Practice, leading to admission to the Bar 2007, Kenya School of Law Nairobi</p> <p>Bachelor of Laws Degree (LL.B), University of Nairobi</p>
<p>18.</p>	 <p>Dr. Laxmana P. Kiptoo, PhD., OGW Director/CEO/ /Secretary to the Board</p>	<p>Doctor of Philosophy in Security and Development - Kenyatta University.</p> <p>Masters of Sociology -The University of Nairobi.</p> <p>Bachelor of Arts in community development - Daystar University.</p> <p>Post-graduate Diploma in Strategic Security Studies-The University of Nairobi.</p> <p>strategic Leadership Development Programme- Kenya School of Government.</p> <p>Middle Management course- Kenya School of Government.</p> <p>Leadership in crisis and Countering Violent Extremism - International Law Enforcement Academy (ILEA) New Mexico, USA.</p>




4. Key Management Team

	Management	Details
1.	 <p>Dr. Laxmana P. Kiptoo, PhD., OGW Director/CEO</p>	<p>Doctor of Philosophy in Security and Development - Kenyatta University.</p> <p>Masters of Sociology -The University of Nairobi.</p> <p>Bachelor of Arts in community development - Daystar University.</p> <p>Post-graduate Diploma in Strategic Security Studies-The University of Nairobi.</p> <p>Strategic Leadership Development Programme- Kenya School of Government.</p> <p>Middle Management course- Kenya School of Government.</p> <p>Leadership in Crisis and Countering Violent Extremism - International Law Enforcement Academy (ILEA) New Mexico, USA.</p>
2.	 <p>Isaiah Sang Arap Ag. Director, Operations & Compliance</p>	<p>Bachelor of Commerce in Management Science.</p>




Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

<p>3.</p>	 <p>Joyce Yiaile Director, Corporate Services</p>	<p>MBA-Strategic management & Human Resource Management. BBA- Human Resource Management. Advance Dip – Human Resource Management</p>
<p>4.</p>	 <p>CPA David R. K. Njane Manager, Finance and Accounts</p>	<p>Certified Public Accountant, CPA (K) Member of the Institute of Certified Public Accountants</p>
<p>5.</p>	 <p>CPA Benard N Bwoma Manager, Internal Audit & Risk</p>	<p>Master in Business Administration Certified Public Accountant, CPA(K) Member of the Institute of Certified Public Accountants</p>

Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

6.	 <p>Doris Muthini Manager, Supply Chain Management</p>	Bachelor of Business Management (Purchasing &Supplies) Diploma – Purchasing & Supply CIPS
7.	 <p>Tony kirima Manager, Human resource and Administration</p>	Master in Business Administration- (Human resource option) Bachelors of Business Administration (Human Resource Option) Postgraduate Diploma in Human Resource Management (Knec) Certified Human Resource Practitioner (CHRP-K)
8.	 <p>Bernadette Nzomo Manager - Research & Policy</p>	Master of Science in Statistics (Biometry) Bachelor of Arts (Economics and Mathematics) Master Professional -Balanced Scorecard Senior Management Course (SMC)

Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

9.	 <p>Caroline Nyambura Manager, Partnership & Resource Mobilization</p>	Master of Arts, Gender & Development Bachelor of Education (Arts), Linguistics & Literature
10.	 <p>Richard Chesos Corporate Communications Manager</p>	Bachelor of Education Postgraduate Diploma (Mass Communication)
11.	 <p>Lindon Nicolas Legal Manger</p>	Legal Manager, with vast experience in the Public Benefit sector, strategic leadership and effective governance. LLB, Diploma Kenya School of Law

5. Chairman's Statement

I am happy to note that the Public Benefit Organizations Regulatory Authority accomplished some key initiatives it set out to undertake in the financial year 2024/2025, including efforts to provide a facilitative environment for all Public Benefit Organizations (PBO) sectors to operate and improve service delivery.

In the year under review, the Authority set out to continue with its agenda on service delivery, engaging stakeholders with a view to improving our relations with them and providing a more conducive environment for PBOs.

The Authority's Strategic Plan 2023-2027 developed with participation of our stakeholders provides the foundation for a more progressive and supportive regulatory regime for the charity sector.

It focuses on improved regulatory, legislative and policy environment for PBOs, compliance, strengthening the Board's capacity, enhancing sustainability and capacity of PBOs, partnerships and the Authority's financial sustainability.

In the year under review, H.E the President William Samoei Ruto gave effect to the long-awaited Public Benefit Organizations (PBO) Act, 2013 that establishes a robust regulatory framework for the operations of charitable organizations. Notably, the PBO Act sets out elaborate principles for effective collaboration between the Government and the PBOs.

The Act transitioned the Non-Governmental Organizations Coordination Board to the Public Benefit Organizations Regulatory Authority with an expanded mandate.

I am impressed with the efforts being made to develop PBO Regulations that would give clarity to various aspects of this legislation. I am particularly impressed with the fact that the Authority is involving all our stakeholders in this important exercise. I wish to assure our stakeholders that this process will be expedited for the PBO sector to benefit from the Act.

The Authority also engaged our stakeholders at various regional forums, capacity building programmes and the media.

In conclusion, I wish to assure sector players of the Authority's commitment to facilitate effective collaboration between the PBOs and the Government to encourage and support these organizations to make meaningful contributions to national development.

As we embark on the full implementation of the PBO Act, I reiterate the Authority's commitment to engage all stakeholders with a view to getting it right at all stages.

I wish to thank our partners who have supported our programmes in the 2024/2025 financial year. We look forward to consolidating our partnership as we deepen and widen our reach for more allies.

Thank you and God bless you.



Hon. Mwambu Mabongah

CHAIRMAN

6. Report of the Chief Executive Officer

I am pleased to present the Director General's statement for the year ended June 30, 2025. The year under review has been a testament to the unwavering commitment and dedication of the Public Benefit Organizations Regulatory Authority in fulfilling our mandate of registering, facilitating and regulating Public Benefit Organizations (PBOs).

During the year, the Authority recorded commendable performance in its core functions. Registration efficiency remained high, enabling us to register 627 new PBOs, generating Kshs 59,827,200 as Appropriations-in-Aid (A-in-A) from registration, post-registration services, and capacity-building programmes for stakeholders. Through partnership and collaboration activities we were able to generate other income of Kshs 11,500,275.

I must admit that the eCitizen platform has been a game changer in the registration of PBOs. The operationalization of the PBO Act in May 2024 following a directive by H.E. the President led to our transition from the NGO Coordination Act to the new robust regulatory framework. The Authority engaged a consultant, in collaboration with the Office of the Attorney General and the Ministry of Interior and National Administration, to harmonize two draft sets of PBO Regulations. The harmonized draft regulations were subsequently launched on June 5, 2025 in an event graced by Dr. Raymond V. Omollo, PhD, CBS, the Principal Secretary for Internal Security and National Administration, and thereafter subjected to a nationwide public participation process from June 18-July 25, 2025.

In addition, the Authority undertook extensive stakeholder sensitization to enhance awareness in compliance with the provisions of the Act. In May 2025, Hon. Onesimus Murkomen, EGH, the Cabinet Secretary Ministry of Interior and National Administration, extended the transition period for full implementation of the PBO Act by a further 12 months to allow for a smooth adjustment. The Authority also enhanced communication and visibility by updating its branding materials to reflect the new legal framework. Internally, we prioritized staff welfare, productivity, and professional growth. Notably, 33 young Kenyans benefited from internship and industrial attachment opportunities.

To strengthen efficiency, ICT remained central in our service delivery architecture. The Authority maintained its infrastructure, including printers, computers, and LAN, while operationalizing the ERP system. Going forward, we are committed to continually adopting innovative ICT solutions to optimize resources and maximize customer benefits.

Despite these achievements, the Authority faced notable challenges, including budgetary constraints, litigations, staffing gaps, and periodic system downtimes. Nevertheless, these challenges have sharpened our resolve to serve with resilience and innovation.

Looking ahead, our strategic focus will be on enhancing service quality, supporting smooth transition for both new and existing PBOs under the Act, and deepening stakeholder engagement.

Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

As I conclude, I extend my sincere gratitude to the Board of Directors led by Hon. Mwambu Mabongah, for their oversight and leadership, our dedicated staff for their hard work, stakeholders for their participation, cooperation and collaboration and development partners for their invaluable support. I also thank the Cabinet Secretary and the Principal Secretary for their continued guidance and support.

Together, we remain committed to building a robust and enabling regulatory environment that allows PBOs to thrive, while contributing to Kenya's socio-economic development.



Dr. Laxmana P. Kiptoo, PhD., OGW
DIRECTOR/CEO

Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

7. Statement of Performance against Predetermined Objectives for FY 2024/2025

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the National Government entity's performance against predetermined objectives.

The Authority measures performance in four dimensions as outlined below:

The Authority has six strategic pillars and objectives within the current Strategic Plan for the FY 2023-2027. These strategic priority areas are as follows:

- Strategic Pillar 1: Regulatory, legislative and policy environment for PBOs
- Strategic Pillar 2: Compliance with regulations by PBOs
- Strategic Pillar 3: Institutional capacity of the board
- Strategic Pillar 4: Enhance sustainability and capacity of PBOs
- Strategic Pillar 5: Partnerships and networking
- Strategic Pillar 6: Financial sustainability of the Board

The Authority develops its annual work plans based on the above six priority areas. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Authority achieved its performance targets set for the FY 2024/2025 period for its strategic priority areas, as indicated in the table below:

Strategic Priority Area	Objective (s)	Key Performance Indicators	Activities	Achievements
Strategic Pillar 1: Regulatory, legislative and policy environment for PBOs	Strengthen regulatory, legislative and policy environment for PBOs	Enhanced regulatory and policy environment for Public benefits Organizations (PBOs)	<ol style="list-style-type: none"> 1. Review service charter 2. Conduct research on policy thematic areas for PBOs 	<ol style="list-style-type: none"> 1. All items in service charter reviewed 2. PBO sector report 2023 developed and published.
Strategic Pillar 2: Compliance with regulations by PBOs	<ol style="list-style-type: none"> 1. Strengthen and enforce PBOs compliance with legal, administrative and funding obligations 2. Provide guidance on 	<ol style="list-style-type: none"> 1. PBOs complying with legal, administrative and funding obligations 2. PBOs working in line with the 	<ol style="list-style-type: none"> 1. Sensitize PBOs on compliance guidelines 2. Finalize financial reporting guidelines for PBOs 	<ol style="list-style-type: none"> 1. Various guidance workshops held 2. Pending but various meetings held with ICPAK

Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

	the government policies that are affecting the sector	Government policies		
Strategic Pillar 3: Institutional capacity of the board	Strengthen institutional capacity of the Board	Effective and efficient operations of the Board	Review Board's organizational structure	Organization structure reviewed; career progression guidelines developed.
Strategic Pillar 4: Enhance sustainability and capacity of PBOs	Facilitate establishment and growth of PBOs	PBOs contributing to social and economic livelihoods of the people of Kenya	Prepare and implement capacity development plans for PBOs	Course outline for PBOs compliance training developed and implemented.
Strategic Pillar 5: Partnerships and networking	Promote strategic partnerships and networking among stakeholders	Improved collaboration and networking between PBOs, Government, private sector, donors and other stakeholders	Conduct collaboration and networking forums with stakeholders	Various collaboration and networking workshops held with stakeholders including UNDP, GoK, PBOs, Banks
Strategic Pillar 6: Financial sustainability of the Board	Mobilize resources for financial sustainability of the Board	Sustainable resources for institutional programs and operations	Conduct PBOs week	NGO Week 2024 successfully held.

8. Corporate Governance Statement

Since its operationalization in 2024, the Public Benefits Organizations Regulatory Authority is administered by a Board of Directors. The Board reports to the Cabinet Secretary, Ministry of Interior and National Administration.

Composition of the Board

1. The chairperson appointed by the President;
2. Three members, at least one of whom shall be of different gender from the other two, who have rendered distinguished service in the civil society, appointed by the Cabinet Secretary;
3. The Principal Secretary in the ministry responsible for matters relating to PBOs
4. The Principal Secretary in the ministry responsible for matters relating to finance;
5. The Principal Secretary in the ministry responsible for matters relating to foreign affairs;
6. The Attorney-General;
7. One public officer representing the Principal Secretary responsible for such departments as the Authority shall determine;
8. The Chairperson of the governing Board of the Federation;
9. Two members of the governing board of the federation, being one woman and one man, nominated by the members of the governing board of the Federation and appointed by the Cabinet Secretary;
10. The Director.

Code of Conduct

The Board of Directors are obligated to follow the State Corporations and Civil Service Codes of Conduct and MWONGOZO which is a code of governance for state corporations.

The committees of the Authority and the full board meet at least once every quarter. However, in extraordinary circumstances, the Authority may hold special meetings. In the FY 2024/25 the finance, audit & risk and operations & registration committees each met once quarterly. The human resource & administration committee held a total of 4 scheduled committees meeting and other additional meetings to handle pertinent issues on the recruitment of the Director/Chief Executive

The table below summarises the number of full board and committee meetings held during the period.

	Full Board/ Committee	No. of Meetings
1	Full Board (FB)	4
2	Finance Committee (FC)	4
3	Audit & Risk Committee (ARC)	4
4	Operations & Registration Committee (OPRC)	4
5	Human Resource & Admin. Committee (HRAC)	4

Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

The table below shows the attendance of meetings by the directors.

	NAME	FB	FINAD	AUDIT	OPRC	HRAC
1.	Mwambu Mabongah	7				2
2.	Judith Kerubo miruka	5			2	9
3.	Stephen Cheboi	7	2	2	4	7
4.	Beatrice Wairimu Kamamia	4		3	2	
5.	Jacob Ondari	3		2		
6.	Nelson Dzuya	7		2	2	1
7.	Nzioki.. Ndeti	7	3	2	2	7
8.	Benjamin Onkoba	7	2	4		
9.	Joseph Kiplangat Too	5	2			1
10.	Edna Chepkwony	7	2		2	6
11.	Regina Mburu	7	1		2	
12.	Michael Maina Kamanda	4		2		1
13.	Kanini Nthiga	5	2	2		1
14.	Mary Njenga	2		1	1	
15.	Dorine Mbaye	2	2	2		
16.	Beatrice Mwaura	1				
17.	Mwangangi Mwanja	4	1		1	4

Operating Procedures

As per the Public Benefit Organizations Regulatory Authority Act 2013, the Authority may form committees to facilitate its work. The Committees are:

1. Finance Committee
2. Human Resource and Administration Committee
3. Audit and Risk Committee
4. Operations and Registration Committee

Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

The day-to-day activities of the Public Benefit Organizations Regulatory Authority are undertaken by a Secretariat headed by the Director. The Authority has 62 Permanent and pensionable staff stationed in Nairobi, Kisumu, Eldoret, Garissa, Mombasa and Nakuru offices.

The Authority's Directors remuneration is as per SRC guidelines; sitting allowance Kshs 20,000, lunch allowance Kshs 2,000, daily subsistence allowance for those residing outside Nairobi Kshs 18,200, mileage allowance at Kshs 62 per kilometre. The chairman of the board is entitled monthly honorarium of Kshs 80,000 and airtime of Kshs 10,000 per month.

During the year, three new independent board members underwent training on Mwongozo code of conduct for government employees that was conducted by the Institute of Certified Public Secretaries of Kenya (ICPSK). At the same time, four Board Members exited the Board and other three members joined the Board

9. Management Discussion and Analysis

The Public Benefit Organizations Regulatory Authority total income for the period under review was **Kshs. 309,303,075** This comprised of Government recurrent grant **Kshs. 237,975,600** from the Ministry of Interior and Co-ordination of National Government and Appropriation in Aid (A.I.A) of **Kshs. 59,827,200** and other income of **Kshs 11,500,275** from partnership and collaboration engagement programmes.

The total expense for the period ended 30th June 2025 amounted to **Kshs 327,570,061**. This has been categorized as follows;

Nature/category of Expense	Amount (Kshs)
Use of Goods and Services	136,025,588
Employee costs	161,366,791
Board of Directors' expenses	15,197,904
Depreciation expense	10,050,229
Repairs and maintenance	4,929,548
Total	327,570,061

Comments/Risks

In financial terms, the Public Benefit Organizations Regulatory Authority can be described to be facing liquidity risks from the financial position. Current liabilities are more than current assets. This status, the Board is much aware of it. The Government of Kenya, which is the major financier has guaranteed the Authority of enhanced budget support to address this liquidity challenges.

Other than the above financial position, there exists no other material uncertainty with regard to the Board's ability to sustain its services and its going concern is certain.

10. Environmental and Sustainability Reporting

The Public Benefits Organization Regulatory Authority exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

The partnership between PBOs and the Government in development is important, as the country strives to achieve targets set in the global and national development policy documents, including the Kenya Vision 2030 and its Medium-Term Plan, the 2010 Constitution of Kenya and the Sustainable Development Goals (SDGs). The partnership is also a big boost to the Government's "BETA" priority areas of food and nutrition security, Universal Health Coverage (UHC), affordable housing and manufacturing.

ii) Environmental performance

Protection of the environment in which we live and operate is part of Authority values and principles and we consider it to be sound organization practice. Care for the environment is one of our key responsibilities and an important part of the way in which we do business.

This statement should also be read in conjunction with our Code of Regulations.

In this policy statement we commit our organization to:

- Complying with all relevant environmental legislation, regulations and approved codes of practice.
- Protecting the environment by striving to prevent and minimize our contribution to pollution of land, air and water.
- Seeking to keep wastage to a minimum and maximize the efficient use of materials and resources.
- Managing and disposing of all waste in a responsible manner.
- Providing training for our staff so that we all work in accordance with this policy statement and within an environmentally aware culture.

- Regularly communicating our environmental performance to our employees and other significant stakeholders.
- Developing our management processes to ensure that environmental factors are considered during planning and implementation.
- Monitoring and continuously improving our environmental performance.

The nature of our work as Public Benefit Organizations Regulatory Authority means that we do not inherently have a high environmental impact but we will take consideration of environmental issues in the services we provide and endeavour to reduce our environmental impact to an absolute minimum. The Directors will ensure that the organization reduces the environmental impact on the organization by:

- Using such facilities as web-ex and conference call facilities.
- Using vehicles that are regularly serviced and checked with regards to their emission levels and economically use their fuel.
- Ensuring that all lights and equipment are switched off when not in use.
- Ensuring that water is used efficiently within the offices.
- Using scrap paper for drafts and notes.
- Printing in mono and double sided wherever possible.
- Recycling all waste (shredding all unwanted documentation).
- Not printing unnecessary emails.
- Working with like-minded suppliers who take steps to minimize their environmental impact.
- Encouraging PBOs during induction workshops to take steps to minimize their environmental impact.

Local and International Community

Consultants or visitors are also expected to apply our environmental principles.

The effectiveness of the Policy Statement will be monitored and reviewed at least annually by the Directors to ensure the organization continuing compliance with any relevant legislation and to meet new stakeholders' requirements and to identify areas in need of improvement. We will also ensure that all changes will be brought to the attention of employees as necessary.

iii) Employee welfare

The Public Benefit Organizations Regulatory Authority is an equal opportunity employer. It encourages applications from persons living with disability in filling positions that fall vacant.

The Authority has provided a comprehensive medical cover for its staff on permanent and pensionable terms and independent directors.

The Authority provides a competitive remuneration package.

The Authority facilitated the professional staff for workshops and trainings intended to enhance their continued professional development.

The Authority has provided its staff with the WIBA insurance policy in compliance with Occupational Safety and Health Act of 2007, (OSHA.)

iv) Market place practices-

The Authority ensures its efforts to:

a) Responsible Supply chain and supplier relations

The Directors will also ensure that we deal responsibly, openly and fairly with suppliers by:

- Ensuring that we use youth, women and persons with disabilities as preferred suppliers as much as possible.
- Endeavouring to pay our suppliers on time.

b) Product stewardship

The Directors will also ensure that we deal responsibly, openly and fairly with clients and potential clients by:

- Ensuring that all our advertising and documentation about the organization and its activities are clear, informative, legal, decent, honest and truthful.
- Being open and honest about our services and telling customers what they want to know, including what we do to be socially responsible.
- Ensuring that if something goes wrong, we will acknowledge the problem and resolve it.
- We will listen to our clients so that this can help us improve the services we offer to them.
- Ensuring that we benchmark and evaluate what we do in order to constantly improve our services to our stakeholders.

v) Corporate Social Responsibility / Community Engagements

The operational and ultimate responsibility for the commitment to our corporate social responsibility principles lies with the Directors of the Authority. Every employee is expected to give their full cooperation to the above principles in their activities at work.

The Directors will also ensure that our work with the local community involves:

- Working and facilitating national and international charities.
- Encouraging volunteer work in community activities.
- Undertaking voluntary business advisory services via professional bodies.

a) *Responsible competition practice.*

The Authority outlines its efforts to:

c) Responsible Supply chain and supplier relations

The Directors will also ensure that we deal responsibly, openly and fairly with suppliers by:

- Ensuring that we use youth, women and persons with disabilities as preferred suppliers as much as possible.
- Endeavouring to pay our suppliers on time.

d) Product stewardship

The Directors will also ensure that we deal responsibly, openly and fairly with clients and potential clients by:

- Ensuring that all our advertising and documentation about the organization and its activities are clear, informative, legal, decent, honest and truthful.
- Being open and honest about our services and telling customers what they want to know, including what we do to be socially responsible.
- Ensuring that if something goes wrong, we will acknowledge the problem and resolve it.
- We will listen to our clients so that this can help us improve the services we offer to them.
- Ensuring that we benchmark and evaluate what we do in order to constantly improve our services to our stakeholders.

- Undertaking voluntary business advisory services via professional bodies.

vi) Corporate Social Responsibility / Community Engagements

The operational and ultimate responsibility for the commitment to our corporate social responsibility principles lies with the Directors of the Public Benefit Organizations Regulatory Authority. Every employee of the Authority is expected to give their full co-operation to the above principles in their activities at work.

The Directors will also ensure that our work with the local community involves:

- Working and facilitating national and international charities.
- Encouraging volunteer work in community activities.
- Undertaking voluntary business advisory services via professional bodies.
- bodies.

11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the Public Benefits Organizations Regulatory Authority affairs.

i) Principal activities

The principal activities of the Authority are inter alia registering, facilitating and coordinating all national and international PBOs operating in Kenya; advising the government on their contribution to national development; providing policy guidelines for Authority to align their activities with national priorities and receiving and analysing Authority annual reports.

ii) Results

The results of the Authority for the year ended June 30, 2025 are set out on pages 1 to 5.

iii) Directors

The members of the Board of Directors who served during the year are shown on pages (viii) to (xiv). Three Directors retired and were replaced.

iv) Surplus remission


In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into the Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. Public Benefits Organizations Regulatory Authority did not make any surplus during the year (FY 2025) and hence no remittance to the Consolidated Fund.

v) Auditors

The Auditor General is responsible for the statutory audit of the Public Benefits Organizations Regulatory Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act for the year/period ended June 30, 2025.

**Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025**

By Order of the Board

	Date. <u>28/8/2025</u>
Dr. Laxmana P. Kiptoo, PhD., OGW	
CEO/Secretary to the Board	
Public Benefit Organizations Regulatory Authority	

12. Statement of Directors' Responsibilities

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, - The Public Benefit Organizations Regulatory Authority (PBORA), (formerly the NGOs Co-ordination Board) is a State Corporation established by the Public Benefit Organizations Act No. 18 of 2013 require the Directors to prepare financial statements in respect of that *Authority*, which give a true and fair view of the state of affairs of the *Authority* at the end of the financial year/period and the operating results of the Authority for that year/period. The Directors are also required to ensure that the *Authority* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Authority*. The Directors are also responsible for safeguarding the assets of the *Authority*

The Directors are responsible for the preparation and presentation of the *Authority's* financial statements, which give a true and fair view of the state of affairs of the *Authority* for and as at the end of the financial year 2024/2025 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 Authority; (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 *Authority*; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the *Public Benefit Organizations Regulatory Authority* 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 (the State Corporations Act) – *The Public Benefit Organizations Regulatory Authority (PBORA), (formerly the Authority Co-ordination Board) is a State Corporation established by the Public Benefit Organizations Act No. 18 of 2013* The Directors are of the opinion that the *Authority's* financial statements give a true and fair view of the state of *Authority's* transactions during the financial year ended June 30, 2025, and of the *Authority's* financial position as at that date. The

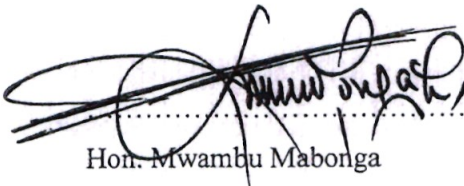
Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

Directors further confirms the completeness of the accounting records maintained for the *Public Benefit Organizations Regulatory Authority*, which have been relied upon in the preparation of the *Authority's* financial statements as well as the adequacy of the systems of internal financial control.


In preparing the financial statements, the Directors have assessed the Authority's ability to continue as a going concern. Even if the current liabilities were more than the current assets, the Directors are much aware of this status. They have great assurance from the Government of Kenya to continue supporting PBORA. Nothing has come to the attention of the Directors to indicate that the *Authority* 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 Public Benefit Organizations Authority financial statements were approved by the Board on _____ 2025 and signed on its behalf by:


.....
Hon. Mwambu Mabonga

Chairperson of the Board


.....
Dr. Laxmana P. Kiptoo, PhD., OGW
Director/CEO

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON PUBLIC BENEFIT ORGANIZATIONS REGULATORY AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

An Unmodified Opinion is issued when the Auditor-General concludes that 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

Opinion

I have audited the accompanying financial statements of Public Benefit Organizations Regulatory Authority set out on pages 1 to 32, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of

changes in net assets, statement of cash flows and 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, the financial statements present fairly, in all material respects, the financial position of the Public Benefit Organizations Regulatory Authority 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 Benefit Organizations Act, 2013 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

The statement of financial position reflects total current assets of Kshs.4,432,303 against total current liabilities of Kshs.23,496,047 resulting in a negative working capital of Kshs.19,063,744. Further, the Authority recorded a deficit of Kshs.18,266,986 compared to a deficit of Kshs.8,732,306 reported in 2023/2024 financial year, resulting to a decrease of the accumulated surplus from Kshs.35,502,408 (2023/2024) to Kshs.17,235,422 as at 30 June, 2025. The Authority is, therefore, technically insolvent and its continued operation as a going concern is dependent upon support from the National Government and its creditors.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

The Management is responsible for the Other Information set out on page iii to xxxv which comprise of Key Entity Information and Management, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance

Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Public Benefit Organizations Regulatory Authority 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 thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with Climate Change and Financing Laws

Review of the Strategic Plan 2023-2027 revealed that the Authority had not developed policies in line with the National Climate Change Action Plan and integrated them into the Strategic Plan. Further, Management had not established a well-resourced unit, headed by a senior officer, to coordinate climate change integration as required by Section 15(5) of the Climate Change Act, 2016.

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

2. Non-Compliance with Affirmative Action on Persons Living with Disability

Analysis of the payroll revealed that, the Authority had fifty-eight (58) members of staff as at 30 June, 2025 and none of them was a person with special needs. This was contrary to Section 2.8.6 of Non-Governmental Organizations (NGOs) Co-Ordination Board Human Resource Policies and Procedures Manual, 2020 that requires at least 5% of their staff to be persons with disabilities.

In the circumstances, Management was in breach of law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Under Staffing

The Authority's approved staff establishment provides for two hundred and seven (207) substantive posts. However, the Authority had fifty-eight (58) positions filled, resulting in staff shortfall of one hundred and forty-nine (149) personnel. Although Management indicated that a budget has been secured for recruitment of twenty-five (25) additional personnel in 2025/2026 financial year, the Authority will remain understaffed.

In the circumstances, the Authority may not effectively and efficiently discharge its mandate due to understaffing.

2. Failure to Implement a Service Level Agreement on Enterprise Resource Planning System

Review of the contract, related extensions and correspondences on implementation of the Enterprise Resource Planning (ERP) system between the Authority and the vendor, revealed that the warranty period expired on the 24 August, 2023. Further, the Authority did not have a Service Level Agreement in place with the vendor of the ERP. Therefore, there is no formal framework obligating the vendor to provide technical support, guarantee minimum service levels or ensure system reliability.

In the circumstances, the absence of a Service Level Agreement exposes the Authority to potential operational risks, unresolved technical issues and system downtimes, compromising overall efficiency and effectiveness of its operations.

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 Board of Directors

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 Authority'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 Board of Directors is responsible for overseeing the Authority'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

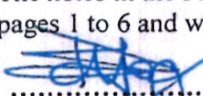
15 December, 2025

Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

14. Statement of Financial Performance for The Year Ended 30 June 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6	237,975,600	222,640,000
		237,975,600	222,640,000
Revenue from exchange transactions			
Rendering of services	7	59,827,200	59,976,862
Other income	8	11,500,275	0
Total revenue		309,303,075	282,616,862
Expenses			
Use of goods and services	9	136,025,588	108,598,020
Employee costs	10	161,366,791	153,585,483
Board Expenses	11	15,197,904	14,464,217
Depreciation and amortization expense	12	10,050,229	13,164,903
Repairs and maintenance	13	4,929,548,	1,536,544,
Total expenses		327,570,061	291,349,168
Surplus/ (deficit) before tax		(18,266,986)	(8,732,306)
Surplus/(deficit) for the period/year		(18,266,986)	(8,732,306)

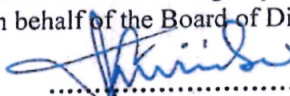
The notes in the Financial Statements form an integral part of the financial statements set out on pages 1 to 6 and were signed on behalf of the Board of Directors by;



Name: Dr Laxmana P. Kiptoo

Accounting Officer/CEO

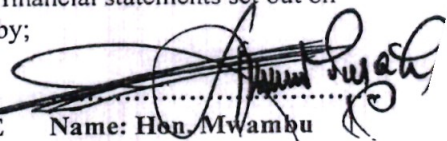
Date 28/08/2025



Name: DAVID R.K. NJANE

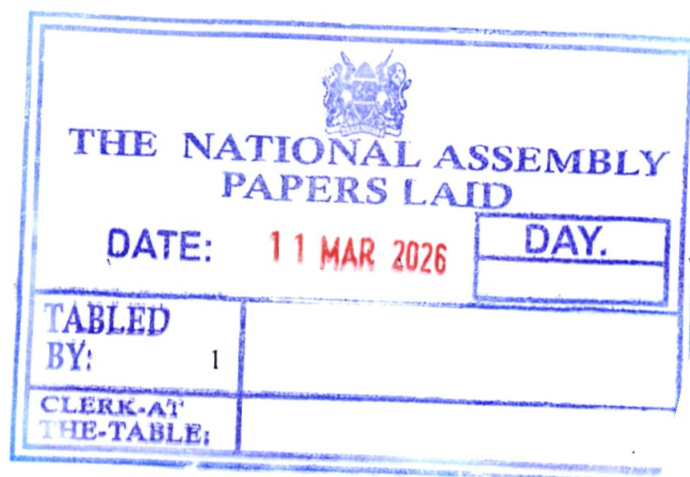
Head of Finance
ICPAK M/No:17243

Date 28/08/2025



Name: Hon. Mwambu Mabonga
Chairman of the Board

Date 28/08/2025



Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

15. Statement of Financial Position as at 30 June 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	14	1,959,931	498,854
Receivables from Exchange Transactions	15(a)	534,236	534,236
Receivables from Non-Exchange Transactions	15(b)	1,938,136	2,175,003
Total Current Assets		4,432,303	3,208,094
Non-Current Assets			
Property, Plant and Equipment	16	36,299,167	45,947,291
Total Non- Current Assets			
Total Assets		40,731,469	49,155,385
Liabilities			
Current Liabilities			
Trade and Other Payables	17	22,563,207	12,012,337
Provision	18	932,840.00	1,640,640
Total Current Liabilities		23,496,047	13,652,977
Reserves			
Accumulated Surplus		17,235,422	35,502,408
Total Assets and Liabilities		40,731,469	49,155,385

Statements were approved by the Board on 28th day of August 2025 and signed on

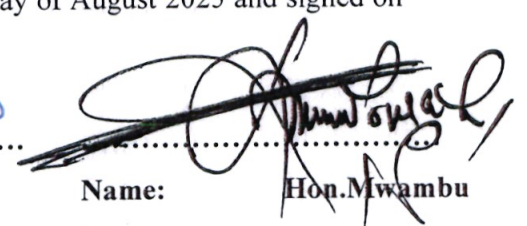
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Kiptoo Name: David R.K. Njane

Head of Finance

ICPAK M/No:17243

Date 28/08/2025



Name: Hon. Mwambu

Mabonga

Chairman of the Board

Date 28/08/2025

Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

16. Statement of Changes in Net Assets for the Year Ended 30 June 2025


	Accumulated Surplus	Total
	Kshs	Kshs
Balance as at 30 June 2022	72,419,689	72,419,688
Surplus for the period	(28,184,975)	(28,184,975)
Balance as at 30 June 2023	44,234,714	44,234,714
Deficit for the period	(8,732,306)	(8,732,306)
Balance as at 30 June 2024	35,502,408	35,502,408
Deficit for the period	(18,266,986)	(18,266,986)
Balance as at 30 June 2025	17,235,422	17,235,422

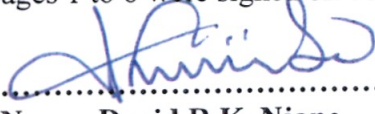
Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

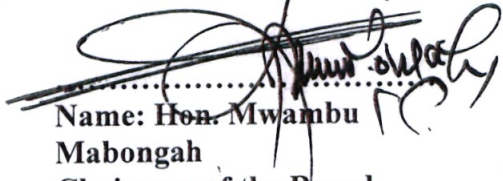
17. Statement of Cash Flows for The Year Ended 30 June 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities	6	237,975,600	222,640,000
Rendering of services	7	59,827,200	59,976,862
Other income	8	11,500,275	0
Total receipts		309,303,075	282,616,862
Payments			
Use of goods and services	9	127,733,210	112,777,798
Employee costs	10	159,820,034	153,585,483
Board Expenses	11	15,197,904	14,464,217
Repairs and maintenance	13	4,688,746	1,536,544
Total payments		307,439,894	282,364,043
Net cash flows from/(used in) operating activities		1,863,181	252,819
Cash flows from investing activities			
Purchase of PPE and Intangible assets		402,105	
Proceeds from sale of PPE		0	0
Net cash flows from/(used in) investing activities		402,105	0
Cash flows from financing activities			
Net cash flows from financing Activities		0	0
Net increase/(decrease) in cash & Cash equivalents		1,461,076	252,819
Cash and cash equivalents at 1 July 2024		498,854	246,035
Cash and cash equivalents at 30 June 2025	14	1,959,931	498,854

The financial statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:


 Name: Dr Laxmana P. Kiptoo
 Accounting Officer/CEO
 Date 28/08/2025


 Name: David R.K. Njane
 Head of Finance
 ICPAK M/No:17243
 Date 28/08/2025


 Name: Hon. Mwambu Mabongah
 Chairman of the Board
 Date 28/08/2025

Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

18. Statement of Comparison of Budget and Actual Amounts for the Year Ended 30 June 2025

	Original annual Budget	Adjustments	Final Annual Budget	Actual Cumulative to date	% of Utilization
	a	b	c=a+b	d	e=d/c %
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs
Government grants	157,975,600	80,000,000	237,975,600	237,975,600	100.0
Rendering of services	60,100,000	26,816	60,126,816	59,827,200	99.5
Other Income	0	10,206,914	10,206,914	11,500,275	112.7
Total income	218,075,600	90,233,730	308,309,330	309,303,075	100.3
Expenses					
General Expenses	51,973,726	76,659,123	128,632,849	128,569,301	100.0
Employee Costs	157,929,170	1,890,864	159,820,034	159,820,034	100.0
Board Expenses	7,780,040	7,434,464	15,214,504	15,197,904	99.9
Repairs & Maintenance	392,664	4,249,279	4,641,943	4,688,745	101.0
Total expenditure	218,075,600	90,233,730	308,309,330	308,275,984	100.0
Surplus/(Deficit)			0	1,027,091	

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	1,027,091
1	Provision for Director General (CEO)-Gratuity	557,000
2	Provision of Audit fees	375840
	Closing Cash and Cash Equivalent as per the statement of Cash flows	1,959,931

19. Notes to the Financial Statements

1. General Information

The Authority is established by and derives its mandate and accountability from Public Benefit Organizations Act No. 18 of 2013. The Authority is wholly owned by the Government of Kenya and is domiciled in Ministry of Interior and National Administration in Kenya. The Authority principal activity is registering, facilitating and coordinating all national and international PBOs operating in Kenya; advising the government on their contribution to national development; providing policy guidelines for PBOs to align their activities with national priorities, and receiving and analysing PBOs annual reports.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Public Benefit Organizations Regulatory Authority accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Public Benefit Organizations Regulatory Authority.

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

3. Adoption of New and Revised Standards

1. Adoption of New and Revised Standards

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

Standard	Effective date and Impact
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Authority's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Authority's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>The Authority does not have any financial assets or liabilities, hence</p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Authority provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p>

Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

	<p>(a) The nature of such social benefits provided by the Authority;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Authority's financial performance, financial position and cash flows.</p> <p>Social benefits do not affect the Authority</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • IPSAS 22 Disclosure of Financial Information about the General Government Sector. Amendments to refer to the latest System of National Accounts (SNA 2008). • IPSAS 39: Employee Benefits. Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. <p>(State the impact of the standard to the Authority if relevant)</p>
Standard	Effective date and Impact

Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Authority’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Authority’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>The Authority does not have any financial assets or liabilities, hence</p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Authority provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the Authority; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Authority’s financial performance, financial position and cash flows. <p>Social benefits do not affect the Authority</p>

Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> d) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. e) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. f) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • IPSAS 22 Disclosure of Financial Information about the General Government Sector. Amendments to refer to the latest System of National Accounts (SNA 2008). • IPSAS 39: Employee Benefits. Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

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

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

- iii. Early adoption of standards

The Authority did not adopt any new or amended standards in year 2024/2025

4. Summary of Significant Accounting Policies

- a) Revenue recognition
- i) Revenue from non-exchange transactions

Fees, taxes and fines

The Entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Entity and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

- ii) Revenue from exchange transactions

Rendering of services

The Authority recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Other income

The Authority took part in public participation in the FY 2025. The Authority received support and collaboration towards the public participation.

b) Budget information

The original budget for FY 2024-2025 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The A-in-A is added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The Authority's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 18 of these financial statements.

Summary of Significant Accounting Policies (Continued)

c) Property, plant and equipment

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

d) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

e) Intangible assets

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

f) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument

of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Trade and other receivables

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

Fair value through surplus or deficit

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

Impairment

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

b) Financial liabilities

Classification

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

g) Inventories

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

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

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

h) Provisions

Provisions are recognized when the Authority 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 Authority 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.

i) Social Benefits

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

j) Contingent liabilities

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

k) Contingent assets

The Authority 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.

l) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. During the year under review the Authority did not maintain any reserves.

m) Changes in accounting policies and estimates

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

n) Employee benefits

Retirement benefit plans

The Authority provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

o) Related parties

The Authority 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 Director/CEO and senior managers.

p) 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.

q) Comparative figures

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

r) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

Provisions

The Board provides for gratuity at a rate of 31% of the basic salary of the Executive Director. Statutory audit is also provided for on an accrual basis.

Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

6. Transfers from Other Government entities

Description	2024/2025	2023/2024
	KShs	KShs
Unconditional Grants	237,975,600	222,640,000
Operational Grant	237,975,600	222,640,000
Total Unconditional Grants		
Total Government Grants and Subsidies	237,975,600	222,640,000

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total transfers 2024/2025	Prior year 2023/2024
	KShs	KShs	KShs	KShs	KShs
Ministry of Interior and Co-ordination of National Government	237,975,600	0	0	237,975,600	222,640,000
Total	237,975,600	0	0	237,975,600	222,640,000

7. Rendering of Services

Description	2024/2025	2023/2024
	KShs	KShs
Service fees	59,827,200	59,976,862
Total revenue from the rendering of services	59,827,200	59,976,862

Services rendered include registration of PBOs, facilitation of PBO operations and capacity building of PBOs.

8. Other Income

Description	2024/2025	2023/2024
	KShs	KShs
Support and Collaborations	11,500,275	0
Total other income	11,500,275	0

Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

9. Use of Goods and Services

Description	2024/2025	2023/2024
	KShs	KShs
Bank charges	698,095	690,875
Computer and internet connections	5,033,527	2,343,096
Professional services	26,093,641	10,424,485
Domestic travel & accommodation	28,072,040	20,711,828
Foreign travel & subsistence	982,155	819,165
Fuel and oil	3,962,970	3,023,216
Insurance costs	21,974,188	23,359,702
Library expenses & magazines	23,756	517,044
Hospitality	5,135,336	4,753,960
Postal services	151,019	164,880
Office general supplies	8,876,424	2,669,574
Publishing and advertising	4,265,207	389,546
Rent and rates	23,300,559	22,736,042
Telephone services & supplies	1,473,321	1,054,610
Training and workshop expenses	584,980	1,501,960
Conferencing	4,828,020	3,402,388
Audit fee provision	375,840	375,840
NGO Week Project	194,510	9,659,809
Total Use of goods and services	136,025,588	108,598,020

Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

10. Employee Costs

Description	2024-2025	2023-2024
	KShs	Kshs
Employee related costs - salaries and wages	95,745,548	90,962,658
Employee related costs - contributions to pensions and	14,984,253	15,008,182
NSSF	2,802,542	1,000,608
Transfer and luggage allowances	412254	
Housing benefits and allowances	27,642,046	28,347,047
Other allowances	2,838,336	2,032,816
Leave allowances	6,332,551	5,976,797
Gratuity/Provision	1,054,000	1,264,800
Commuter allowances	7449228	7494462
housing Levy	2106033	1498113
Total Employee costs	161,366,791	153,585,483

11. Board of Directors' Expenses

Description	2024-2025	2023-2024
	KShs	Kshs
Chairman's Honoraria	1,080,000	1,080,000
Directors allowances	14,043,4720	7,784,217
Other allowances	74,432	5,600,000
Total Board Expenses	15,197,904	14,464,217

12. Depreciation and Amortization Expense

Description	2024-2025	2023-2024
	KShs	Kshs
Furniture & Equipment	2,106,288	2,400,742
Motor vehicles	4,528,934	6,038,579
Computers	3,415,007	4,725,582
Total depreciation charge for the year	10,050,229	13,164,903

Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

13. Repairs and Maintenance

Description	2024-2025	2023-2024
	KShs	Kshs
Furniture & Equipment	475,129	512,034
Vehicles	4,454,419	1,024,510
Total repairs and maintenance	4,929,548	1,536,544

14. Cash and Cash Equivalents

Description	2024-2025	2023-2024
	KShs	Kshs
Bank- Chase bank a/c 0051095178002	121,610	121,610
Coop bank - a/c 01136030582100	1,592,283	217,630
Coop bank - a/c 01136030582101	120,463	10,980
Coop bank - a/c 01136030582102	12,119	37,219
Equity Bank a/c 1770279085801	113,456	111,415
Total cash and cash equivalents	1,959,931	498,854

15 (a). Receivables from Exchange Transactions

Description	2024-2025	2023-2024
	KShs	Kshs
Disposal of assets- (cash expected from disposal)	-	-
Rent deposit	334,236	334,236
Fuel deposit	200,000	200,000
Total Receivables from Exchange Transactions	534,236	534,236

(b). Receivables from Non-Exchange Transactions

Description	2024-2025	2023-2024
	KShs	Kshs
Salary advances	1,938,136	2,175,004
Total Receivables from Non-Exchange Transactions	1,938,136	2,175,004

Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

16.(a)Property, Plant and Equipment

	Motor vehicles	Furn.& Equip.	Computers	
	25%	12.5%	30%	Total
Cost	Shs	Shs	Shs	Shs
As at 1July2023	57,350,297	35,953,337	49,441,123	142,744,757
AS AT 1ST JULY 2024				
additions 2024-2025		45,105	357,000	402,105
disposals				
AS AT 30TH JUNE 2025	57,350,297	35,998,442	49,798,123	143,146,862
Depreciation and impairment				-
At 30 June 2023	33,195,980	16,747,400	33,689,183	83,632,563
Depreciation charge	6,038,579	2,400,742	4,725,582	13,164,903
At 30 June 2024	39,234,559	19,148,142	38,414,765	96,797,466
Depreciation charge 2024-2025	4,528,934	2,106,288	3,415,007	10,050,229
Impairment	-	-	-	-
Transfer/adjustment	-	-	-	-
At 30 June 2025	43,763,494	21,254,429	41,829,772	106,847,695
Net book values				
At 30 June 2025	13,586,803	14,744,013	7,968,351	36,299,167
At 30 June 2024	18,115,738	16,805,195	11,026,358	45,947,291
At 30 June 2023	24,154,317	19,205,937	15,751,940	59,112,194

Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

16. (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Motor vehicles	57,350,297	43,763,494	13,586,803
Computers and related equipment	49,798,123	41,829,772	7,968,351
Office equipment, furniture, and fittings	35,998,442	21,254,429	14,744,013
Total	143,146,862	106,847,695	36,299,167

17. Trade and Other Payables

Description	2024-2025	2023-2024
	Kshs	Kshs
Trade payables	22,563,207	12,012,337
Total trade and other payables	22,563,207	12,012,337

18. Aging Analysis for Trade and other Payables

Description	Insert Current FY	% of the total	Insert Comparative FY	% of the total
Under one year	18,995,247.83	84	8,444,377.83	70.30
1-2 years	1,498,540.00	7	1,498,540.00	12.48
2-3 years	378,540.00	2	378,540.00	3.15
Over 3 years	1,690,879.17	7	1,690,879.17	14.08
Total	22,563,207.00		12,012,337.00	

Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

19. Current Provisions

	Leave provision	Bonus provision	Gratuity provision	Other provision	Total
Balance b/d (30.06.2024)			0	0	0
Additional Provisions			557,000	375,840	932,840
Total provisions as at 30.6.2025			557,000	375,840	932,840

19) (a) Cash Generated from Operations

Description	2024-2025	2023-2024
	Kshs	Kshs
Surplus for the year before tax	(18,266,986)	(8,732,306)
Adjusted for:		
Depreciation	10,050,229	13,164,904
Gains and losses on disposal of assets	-	-
Capital grant amortization		
Working capital adjustments:		
Increase/Decrease in inventory		
Increase/Decrease in receivables	236,868	(747,319)
Increase/Decrease in deferred income		
Increase/Decrease in payables	9,843,070	(3,432,460)
Increase in payments received in advance		
Net cash flows from operating activities	1,863,182	252,819

b) Notes to the Cashflow Statement

- i) Transfers from Ministry of Interior and National Administration FY 2024/2025

Description	Amount (Kshs)
Gok grant for FY 2024/2025 received during the FY	237,975,600
Total amount recognized in the cashflow statement	237,975,600

Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

ii) **Use of Goods and Services**

Description	Amount (Kshs)
Amount recognized in the Statement of Financial Performance (See note 16)	136,025,588
Less unpaid services	(8,292,378)
Total amount recognized in the cashflow statement	127,733,210

iii) **Employee Costs**

Description	Amount (Kshs)
Amount recognized in the Statement of Financial Performance (See note 10)	161,366,791
Less Provisions	932,840
Salary advances	613,917
Total amount recognized in the cashflow statement	159,820,034

20. Financial Risk Management

The Authority's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Authority'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. It does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

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

i. Credit risk

The Authority 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, considering 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
As at 30 June 2025	
Receivables from exchange transactions	534,236
Receivables from non-exchange transactions	1,938,136
Bank balances	1,959,931
Total	4,432,303
As at 30 June 2024	
Receivables from exchange transactions	534,236
Receivables from non-exchange transactions	2,175,004
Bank balances	498,854
Total	3,208,094
As at 30 June 2023	
Receivables from exchange transactions	707,466
Receivables from non-exchange transactions	1,254,455
Bank balances	246,036
Total	2,207,957

Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

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 board of directors sets the Authority credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii. Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2025				
Trade payables			22,563,207	22,563,207
Provisions			932,840	932,840
Total			23,496,047	23,496,047

21 Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial

Public Benefit Organizations Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

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

Other related parties include:

- i) The Ministry of Interior & National Administration;
- ii) Key management;
- iii) Board of directors;

Description	2024-2025	2023-2024
	Kshs	Kshs
Transactions with related parties		
a) Grants /Transfers from the Government		
Grants from National Govt	237,975,600	222,640,000
Total	237,975,600	222,640,000
b) Key management compensation		
Directors' emoluments	15,197,904	14,464,217
Total	15,197,904	14,464,217

22. Events after the Reporting Period

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

23.Ultimate and Holding Entity

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Interior & National Administration. Its ultimate parent is the Government of Kenya.

24 Currency

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

25. Going Concern

In preparing the financial statements, the Directors have assessed the Authority's ability to continue as a going concern. Even if the current liabilities were more than the current assets, the Directors are much aware of this status. They have great assurance from the Government of Kenya to continue supporting PBORA. Nothing has come to the attention of the Directors to indicate that the *Authority* will not remain a going concern for at least the next twelve months.

APPENDIX

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor for 2023-24 financial year.

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)
	Previous year one audit query was raised			
2023-24 FY	Undisclosed Material Uncertainty Relating to Going Concern The statement of financial position reflects total current assets of Ksh. 3,208,094 against total liabilities of Ksh. 13,652,977 resulting to a negative working capital of Ksh. 10,444,883. Further, the authority recorded a deficit of Ksh. 8,732,306 compared to a deficit of Ksh. 28,184,975 reported in 2022/2023 financial year, resulting to a decrease of the accumulated surplus from Ksh. 44,234,714 to Ksh. 35,502,408 as at 30th June 2024. The Authority is, therefore, technically insolvent and its continued operation as a going concern is dependent upon support from the National Government and its creditors. However, the material uncertainty was not disclosed in the financial statements.		Fully disclosed Negative working capital has been noted in the current financial year. This has been fully disclosed in the financial statements under the director's responsibilities and under risks under management discussion and analysis	

Director/CEO



Date.....

28/2/2025

Public Benefit Organizations Regulatory Authority
 Annual Reports and Financial Statements
 For the year ended June 30, 2025

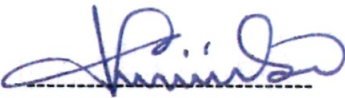
APPENDIX III: INTER-ENTITY TRANSFERS

The above amounts have been communicated to and reconciled with the parent Ministry

ENTITY NAME:		PUBLIC BENEFIT REGULATORY AUTHORITY	
Breakdown of Transfers from the State Department of Interior & National Administration			
FY 2024/2025			
Recurrent Grants			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
Recurrent Grant	01-08-2024	13,164,633.00	2024/2025
Recurrent Grant	05-09-2024	13,164,633.00	2024/2025
Recurrent Grant	08-10-2024	13,164,633.00	2024/2025
Recurrent Grant	08-11-2024	13,164,633.00	2024/2025
Recurrent Grant	13-12-2024	13,164,633.00	2024/2025
Recurrent Grant	02-01-2025	13,164,633.00	2024/2025
Recurrent Grant	07-02-2025	13,164,634.00	2024/2025
Recurrent Grant	12-03-2025	13,164,634.00	2024/2025
Recurrent Grant	07-04-2025	13,164,634.00	2024/2025
Recurrent Grant	10-04-2025	70,000,000.00	2024/2025
Recurrent Grant	29-04-2025	13,164,633.00	2024/2025
Recurrent Grant	10-06-2025	13,164,633.00	2024/2025
Recurrent Grant	30-06-2025	13,164,634.00	2024/2025
Recurrent Grant	30-06-2025	10,000,000.00	2024/2025
Total		237,975,600	

Finance & Accounts Manager
 Public Benefit Organizations Regulatory Authority

Head of Accounting Unit
 Ministry of Interior & National
 Administration

Sign 

Sign-----