

REPUBLIC OF KENYA



 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 08 APR 2026	DAY. WEDNESDAY
TABLED	HON. DIDO RASO, M.P.
CLERK-AT-THE-TABLE:	ON BEHALF OF LOM J. KEMBELE

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REPORT

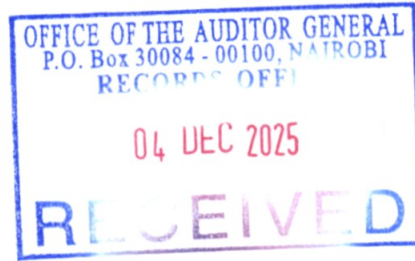
OF

THE AUDITOR-GENERAL

ON

**PRIVATE SECURITY REGULATORY
AUTHORITY**

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



PRIVATE SECURITY REGULATORY AUTHORITY

Annual Report and Financial Statements For The Year Ended 30 June, 2025

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

Private Security Regulatory Authority (PSRA)
Annual Reports and Financial Statements for the Year Ended 30 June, 2025.

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1. Acronyms and Definition of Key Terms

A: Acronyms

DG	Director General
PSRA	Private Security Regulatory Authority
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations

B: Definition of Key Terms

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

2. Key Authority Information and Management

a. Background information

The Private Security Regulatory Authority (PSRA) was established under the Private Security Regulatory Act, No. 13 of 2016 with the objective of facilitating the growth of the private security industry. The Authority is domiciled in Kenya under the Ministry of Interior and National Administration.

b. Principal Activities

The Authority's core mandate is to provide a framework for cooperation between the private security industry and the national security organs.

Vision

To establish a vibrant, efficient, effective, and sustainable Private Security Sector.

Mission

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

Core Values

- Honesty and Integrity
- Responsibility and Accountability
- Respect and Dignity
- Excellence
- Innovation and Creativity
- Diversity

c. Key Management

The Private Security Regulation Authority's day-to-day management is under the following key organs:

- Board of Directors.
- Chief Executive officer/Director General
- Management Staff

d. Fiduciary Management

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

No.	Designation	Name
1.	Chief Executive Officer	Philip Leakey Okello
2.	Head of Finance	Fredrick Oware
3.	Head of Legal Services	Elvis Okal
4.	Head of Registration & Licensing	Patricia Ndung'u
5.	Head of Investigations	Kennedy Kiprotich Koros

e. Fiduciary Oversight Arrangements

The following are the Authority's oversight arrangements:

- Audit and Risk Committee
- Finance committee
- Human Resource Committee
- Registration & licensing Committee
- Parliamentary Committee

f. Headquarters

P.O. Box 22565-00100
Lonrho House, 10th Floor,
Standard Street,
Nairobi, KENYA

g. Contacts

Telephone: (+254) 203 209 000
E-mail : info@psra.go.ke
Website: www.psr.go.ke

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h. Bankers

National Bank of Kenya
Harambee Avenue
P.O. Box 72866-00200
Nairobi, KENYA

i. Independent Auditors

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
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

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3. The Board of Directors



Ref	Directors	Details
1.	Mr. Nyange Adiel Njagi	Mr. Nyange Adiel is the current chairman of the Board
2.	 Mr. Jackson Mbutia	Mr. Jackson Mbutia is a Board member representing registered associations of private security firms
3.	Mr. Kodeck Makori	The Principal Secretary, State Department of Interior representative
4.	Mr. Elijah Omoro Nyamamba	Principal Secretary, National Treasury representative.
5.	Mr. Zachariah B. Kase	Principal Secretary, State Department of Labour representative.
6.	Mr. Baljit Sokhi	Board member representing registered associations of private security firms
7.	Mr. Mathew Kutoh	Board Member representing the National Police Service.
8.	Dr. Wambui Kamau	Board member representing the National Intelligence Service.

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Ref	Directors	Details
9.	Mr. Pius Chelimo	Board Member representing Private Security Industry Association
10.	Isaac G. M. Andabwa,	Board Member representing National Private Security Workers' Union.
11.	Joash Soita,	Board Member representing National Private Security Workers' Union
12.	Bernard Wanjohi Muriuki (Eng.)	Board Member representing representing the Residents Associations.
13.	 Philip Leakey, ACCA, MBA, IIAK. Bsc. Accounting & Fin. MBA(Finance)	Chief Executive officer/Director General

4. Key Management Team

Name	Area of Responsibility
 <p>Philip Leakey, ACCA, MBA, IIAK. Bsc. Accounting & Fin. MBA(Finance)</p>	<p>Chief Executive officer</p>
 <p>Elvis Okal; LLB (Hons) PgD (KSL)</p>	<p>Head of Legal services</p>

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 <p>Patricia Ndung'u</p>	<p>Head of Registration & Licensing</p>
 <p>Fredrick Oware</p>	<p>Head of Finance</p>
 <p>Kennedy Kiprotich Koros</p>	<p>Head of Investigations</p>

5. Chairman's Statement

On behalf of the Board of Directors, I am pleased to present to you the Private Security Regulatory Authority's annual report and financial statements for the year ended 30th June, 2025.

The Private Security Industry in Kenya has always been steered by private security companies with minimal Government intervention. However, with the enactment of "The Private Security Regulation Authority (PSRA) Act No. 13 of 2016", the Government of Kenya through PSRA has provided a framework for the regulation of the industry and enhanced cooperation between the private security companies and the national security organs.

The four-year strategic plan has continued to give direction to the Authority as it highlights the strategic direction of the Private Security Regulatory Authority for the four-year period in its efforts to spearhead the implementation of key policies relating to the Authority's mandate. The earlier launched USSD Verification Code 22233 for use in verifying the credentials of security personnel by the public, employers and other stakeholders continues to help in streamlining the Private Security Personnel to ensure accountability and traceability.

In the year under review, the Authority continued developing the regulations for the Private Security firms, which will be a great tool for guiding the operations of the firms. The regulations will be launched in the financial year 2025/2026.

I take this opportunity to thank my fellow Board of Directors, dedicated staff, the Ministry of Interior and National Administration, Private Security companies and all our other stakeholders for their continued support to PSRA. We look forward to a better future in the furtherance of PSRA's mandate.



.....
Mr. Adiel Nyange
Chairman, Board of Directors.

6. Report of the Chief Executive Officer

I am delighted to present to you the Private Security Regulatory Authority's (PSRA) annual report and financial statements for year ended 30th June, 2025.

PSRA is committed to standardizing Kenya's private security industry and, therefore, navigating to a better and safer country. Private security plays a key role in enhancing the Country's security, therefore providing an enabling environment that spurs economic development. In the few years of its existence, PSRA has developed the training curriculum for private security officers level one. This has ensured the industry is balanced in terms of skills, competencies and knowledge base. To further this curriculum development, the Authority has introduced licensing of all training institutions for private security officers.

During the year under review, PSRA was allocated Kshs 190,923,000 in its annual budget to finance its activities which was a decrease from Kshs 214,990,000 in the previous financial year. A significant proportion of this allocation was spent on employee costs to ensure the operationalization of the annual workplan for the overall objective of achieving the Authority's mandate.

PSRA continues to work and consult with other key stakeholders notably the National Security Advisory Committee in the improvement and implementation of the curricula developed. Further, PSRA continues to implement the overall policy guidance by the Ministry of Interior and National Administration to ensure the private security industry discharges its mandate effectively to the Citizenry.

The Authority is committed to operational excellence, capacity expansion, and stakeholder engagement to ensure the effective administration, supervision, regulation and control of the private security services industry; and enforce standards for the conduct of the private security services industry in Kenya. In the year under review, the Authority reinforced the registration and licensing process for the private security service providers. This initiative involves a thorough vetting of

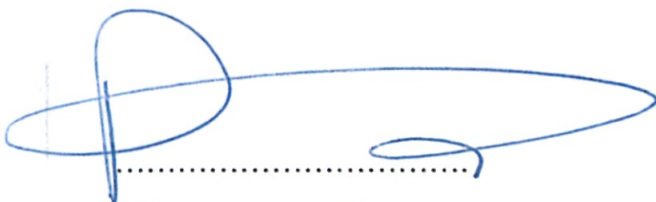
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companies to ensure they meet the set standards and comply with regulatory requirements. The process is designed to weed out unqualified and rogue operators from the industry, thereby safeguarding the interests of clients and the public. Registered and licensed providers will be listed in an official registry accessible to the public, enhancing transparency and accountability.

In the financial year 2024-2025 the Authority continued to prepare the regulations which will be key to in providing direction to the Private Security firms and give the Authority a basis to perform monitoring compliance. This will enhance professionalism among security stewards and will promote responsible behaviour among security personnel

The staff of the Authority have been a great arsenal in ensuring the implementation of the annual workplan which was drawn from the strategic plan. I take this opportunity to thank the staff and encourage them to put even greater effort in championing the implementation of the plan once again. The Strategic Plan continually serves as the Authority's framework for decision making, a basis for planning, resource mobilization and utilization, performance management, monitoring and evaluation for the next one year.



Phillip Leakey, MBA, IIAK.

Chief Executive Officer

7. Statement of Performance Against Predetermined Objectives

The Strategic Plan has six strategic objectives as follows:

- To enhance regulatory, legislative and policy for Private Security Firms.
- To strengthen compliance with regulations by Private Security Firms and personnel.
- To strengthen institutional capacity of the Authority;
- To facilitate establishment and growth of Private Security Providers;
- To promote strategic partnerships and networking among stakeholders; and
- To enhance resources mobilization for financial sustainability of the Authority.

The Private Securities Regulatory Authority develops its annual work plans based on the above six strategic objectives.

The Private Securities³ Regulatory Authority achieved its performance targets set for the FY 2024/2025 period for the six strategic objectives, as indicated in the table below.

Strategic pillars and Objectives	Key Performance Indicators	Activities	Achievements
Enhancing regulatory, legislative and policy for Private Security Firms	Updated standards of operations Quarterly enforcement reports	Formulate and enforce standards for the conduct of the private security services industry in Kenya	Continuous
Strengthening compliance with regulations by Private Security Firms and personnel.	No. of private security persons/providers registered/ licensed No. of private security firms registered/licensed	Register and license all persons involved in or conducting private security services in Kenya	Ongoing
	Quarterly Updating of the licensed private security personnel details' databank	Maintain a data bank of the operations, conduct and employment history of persons registered and licensed under this Act	Ongoing
Strengthening institutional capacity of the Authority;	Quarterly audit of private security providers against the set standards	Ensure that private security service providers act in the public and national interest when rendering their services;	Continuous monitoring
Facilitating establishment and growth of Private Security Providers.	No. of accredited private security training institutions No. of audit reports on the quality of training functions performed by accredited persons No. of partnership collaborations attended No. of training quality assessment reports No. of qualifications' standardization categories No. of authentication certificates issued.	Determine, prescribe and enforce minimum standards of occupational conduct in respect of the private security services industry; set standards and accredit institutions offering training of security service providers and prospective security service providers to ensure a high quality of training and in particular with regard to— (i) the accreditation and withdrawal of the accreditation of persons and institutions providing security training; (ii) the monitoring and auditing of the quality of training functions performed by accredited persons; (iii) the participation in the activities of other bodies or persons entitled by law to set standards in respect of training of private security service providers or bodies entitled to formulate, implement or monitor skills development plans for the private security services industry;	Ongoing

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Strategic pillars and Objectives	Key Performance Indicators	Activities	Achievements
		(iv) the appointment of persons to monitor and assess achievements or outcomes in respect of standards applicable to training; (v) the determination and accreditation of qualifications required by security service providers to perform particular types of security services; and (vi) the taking of reasonable steps to verify the authenticity of training certificates presented by persons for the purposes of this Act;	
Promote strategic partnerships and networking among stakeholders; and	No. of documented employment opportunities offered in the private security industry Annual report on private security providers' rights' enforcement Quarterly dissemination of information through IEC No. of sensitization sessions held	Set standards to encourage equal opportunity employment practices in the private security services industry; Promote the protection and enforcement of the rights of security guards, private security officers and other employees in the private security services industry; Provide information to the users, prospective users or representatives of users of security services regarding the compliance of private security service providers with the provisions of this Act; Provide or disseminate information promoting and encouraging compliance with this Act and the code of conduct by private security service providers;	Ongoing
To enhance resources mobilization for financial sustainability of the Authority	Annual amount raised through licensing of private security providers		In progress

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8. Corporate Governance Statement

The Board was gazetted on 31st October 2019 through a gazette notice – Vol.CXXI-No.149 pursuant to Sections 7 to 20 of the Private Securities Regulatory Act No. 3 of 2016. Various committees of the Board were constituted in May 2018. Composition of the Board of The PSRA consists of representatives from eleven institutions who serve on a part time basis. These institutions are: The Ministry of interior and Coordination of National Government, The National Treasury, Ministry Labour, National Police Service, National Intelligence Service, Registered employee associations representing employee organisations, Registered associations representing private security firms, Registered Residents Associations and Kenya Private sector Alliance. These members are nominated by their respective institutions and gazetted by the Cabinet Secretary, National Treasury. The chairman of the Board is appointed by the President. A summary of the members and their nominating institutions is as follows:

No.	Member	Nominating institution
1.	Mr. Adiel Nyange	Chairman
2.	Mr. Jackson W. Mbuthia, HSC	Residents Associations.
3.	Mr. Baljit Sokhi	Registered Associations of Private Security Firms
4.	Mr. Zachariah B. Kase	PS - Labour
5.	Mr. Mathew Kutoh	National Police Service.
6.	Dr. Wambui Kamau	National Intelligence Service.
7.	Mr. Pius Chelimo	Private Security Industry Association
8.	Mr. Isaac G. M. Andabwa,	Private Security Workers' Union.
9.	Mr. Joash Soita,	Private Security Workers' Union
10.	Bernard Wanjohi Muriuki (Eng.)	Residents Associations.
11.	Mr. Elijah Omoro Nyamamba	PS – National Treasury
12.	Mr. Kodeck Makori	PS – Interior & National Admin.

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Board diversity

The Board is constituted by members who have experience in Security governance, engineering the Board's mandate of "Regulating, facilitating, developing capacity and providing policy advice to the Private Security sector." The biographies of the Board members are disclosed on page v of this report.

Roles and Responsibilities of directors

The roles and responsibilities of members are outlined in section 14 to 20 of the Private Securities Regulation Act No.13 of 2016. These roles and responsibilities are also detailed in the Authority's Performance Contracting Strategic objectives for the FY 2021/2022. New members, once appointed, are given these documents to familiarise themselves with the roles and responsibilities as outlined in the law. The Private Securities Regulatory (PSRA).

Board composition and Committees

The following table represents the Board composition and its committees. There are four committees of the Board and each member is appointed to two committees. Each committee has a total of four members. The table below shows the chairs and members of each committee of the Board.

No.	Board Member	Full Board meeting	Audit & Risk Committee	Human Resource & Administration Committee	Finance committee	Operations & Technical Committee
1.	Mr. Adiel Nyange	√*				
2.	Mr. Jackson W. Mbutia,	√			√*	
3.	Eng. Benard Wanjohi Muriuki	√				√
4.	Mr. Baljit Sokhi	√	√			
5.	Mr. Zachariah B. Kase	√	√	√*		

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No.	Board Member	Full Board meeting	Audit & Risk Committee	Human Resource & Administration Committee	Finance committee	Operations & Technical Committee
6.	Dr. Wambui Kamau	√	√		√	
7.	Mr. Mathew Kutoh	√	√*		√	
8.	Mr. Pius Chelimo	√		√		√*
9.	Mr. Isaac G. M. Andabwa,	√				√
10.	Mr. Joash Soita,	√		√	√	
11.	Mr. Elijah Omoro Nyamaba	√			√	
12.	Mr. Kodeck Nakori	√				√

*Chairman of the Board/Committee

Board attendance

Best practice requires that every Board member attends a minimum of 75% of all Board meetings. Below is an extract from the attendance register for the Board meetings held in the period from 1st July 2024 to 30th June 2025:

No.	Board member	Number of Meetings During the year	Number of meetings attended
1.	Jackson W. Mbutia, HSC	6	6/6
2.	Mr. Baljit Sokhi	6	6/6
3.	Mr. Zachariah B. Kase	6	6/6
4.	Mr. Mathew Kutoh	6	6/6

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No.	Board member	Number of Meetings During the year	Number of meetings attended
5.	Dr. Wambui Kamau	6	6/6
6.	Mr. Pius Chelimo	6	6/6
7.	Mr. Isaac G. M. Andabwa,	6	6/6
8.	Mr. Joash Soita,	6	6/6
9.	Bernard Wanjohi Muriuki (Eng.)	6	6/6
10.	Mr. Elijah Omoro Nyamamba	6	6/6
11.	Mr. Kodeck Makori	6	6/6

Board committees are established as per Section 14 of the Private Securities Regulation Act No. 13 of 2016. Below are the various Board Committees, their general functions and attendance of Committee meetings during the year:

Audit and Risk Committee

The Committee's mandate includes: monitor and review the integrity of the Authority's financial statements, internal financial control and risk management; monitor and review the effectiveness of the Authority's internal audit function; monitor and review the External Auditors' (appointed by the Controller and Auditor-General in accordance with Section 2 of the State Corporations Act). review audit issues raised by both the internal and external Auditors and receive, review and evaluate technical, compliance, performance and financial audit reports.

No.	Board member	Number of Meetings During the year	Number of meetings attended
1.	Mathew Kutoh*	4	4/4
2.	Dr. Wambui Kamau	4	4/4
3.	Benard Wanjohi	4	4/4

*Chairman of the Committee

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Finance committee

This Committee oversees the corporate finance matters of the Authority, in particular. The Committee's mandate includes; Reviewing policies to do with finance, develop annual budget estimates with secretariat, Approve the budget within the committee, monitor adherence to budget, present financial goals and objectives of the Board. The composition of the committee was as below:

No.	Board member	Number of Meetings During the year	Number of meetings attended
1.	Jackson Mbuthia*	4	4/4
2.	Baljit Sokhi	4	4/4
3.	Joash Soita	4	4/4

Human Resource Committee

The Committee continually reviews the organizational structure, core functions & optimum establishment, policies and procedures on staff recruitment and selection, staff training and development, the performance and reward system as well as the terms and conditions of service in line with the Authority's strategy. Further, the Committee reviews the Authority's Human Resource Policies and recommends any amendments to the Board for approval. the Committee supports and advises the Board on the appropriate size and composition of the Board that will enable it to discharge its responsibilities and ensures transparent procedures for selecting new staff for appointment. The Committee reviews the Authority's remuneration, recruitment, retention, incentive and termination policies and procedures for the Chief Executive Officer/ Director and Managers, their basic salary. The Committee also considers any recommendations of the Chairman or Chief Executive Officer/ Director/ CEO of the Company regarding payment of bonuses or performance related remuneration. The composition of the Human Resource Committee was as below:

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No.	Board member	Number of Meetings During the year	Number of meetings attended
1.	Zachariah Kase*	4	4/4
2.	Isaac Andabwa	4	4/4
3.	Joash Soita	4	4/4

Operations and Technical Committee

The Committee's mandate includes: checking for compliance for all security firms in Kenya, vetting and recommendation for issuance of licenses to only qualifying firms and individuals

No.	Board member	Number of Meetings During the year	Number of meetings attended
1.	Pius Chelimo*	4	4/4
2.	Kodeck Makori	4	4/4
3.	Elijah Omoro	4	4/4

Term of Board members

The term of the Board is outlined under Section 13 of Private Securities Regulation Act No. 13 of 2016. The chairman is appointed by the president while Members are be appointed by the Cabinet Secretary for the Ministry of Interior and National Administration and serve for a term three years and shall be eligible for reappointment renewable once for a further term of three years. The first term of the 11 Board members has not expired. These members were reappointed by their nominating institutions and gazetted in the Kenya Gazette by the Cabinet Secretary, Ministry of Interior and Coordination National Administration.

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Board remuneration

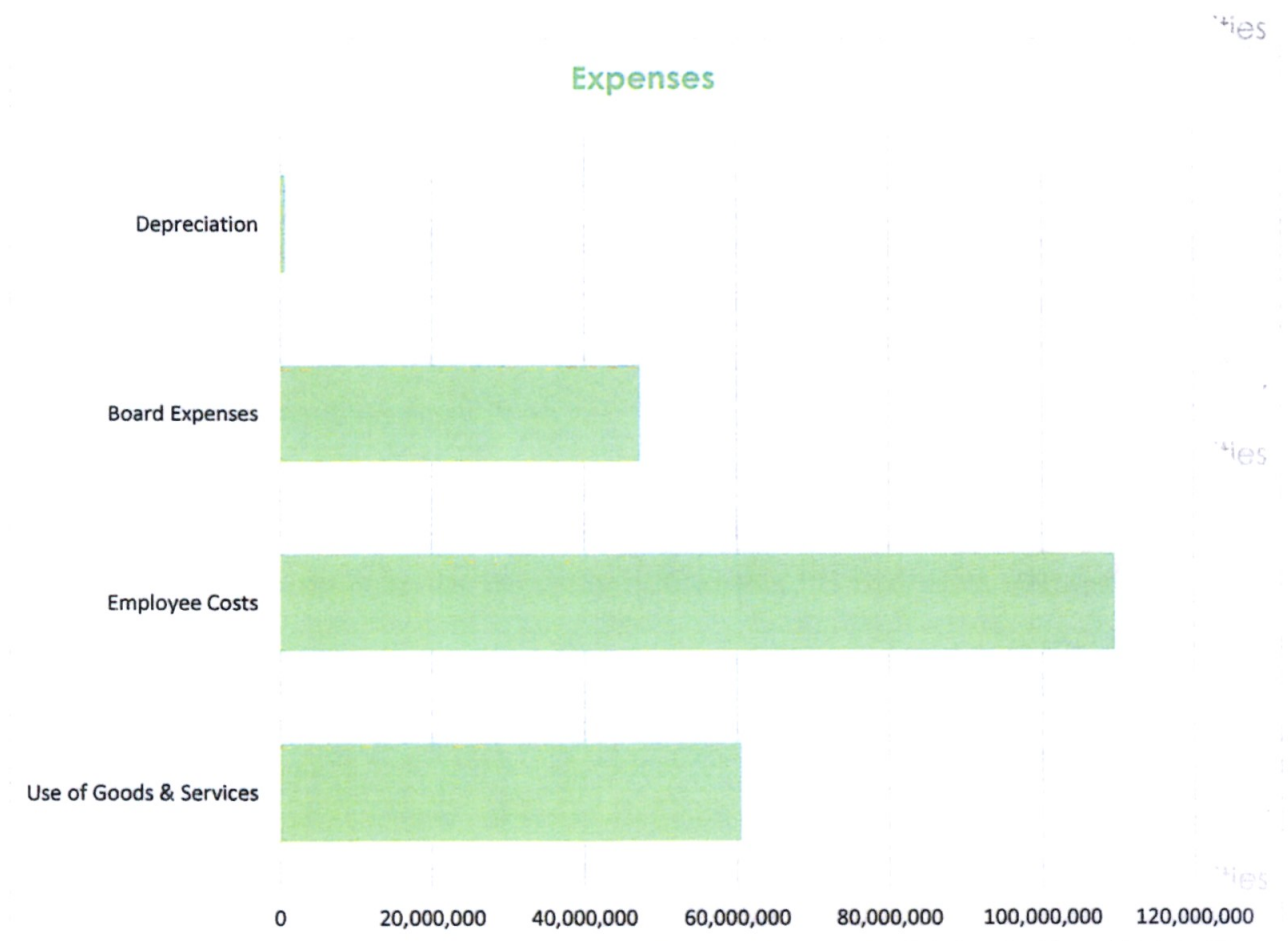
As per Section 12 of Private Securities Regulation Act No. 13 of 2016, the remuneration payable allowances to the members of the Board are determined by the Salaries and Remuneration Commission. Details of Board allowances are included in these financial statements.

Board Evaluation

The performance of the Board and its members is evaluated by the State Corporations Advisory Committee (SCAC). This is a continuous exercise so as to gauge the performance of the Board.

9. Management Discussion and Analysis

During the year under review the Authority received a total of Ksh 190,923,000 from the exchequer to finance its activities. A big portion of these funds were channelled towards employee costs and use of goods and services as the operational costs of the Authority had to be catered for so as to ensure smooth running of the activities of the Authority and ensure achievement of its mandate as well as putting up the Authority's systems and structures to improve efficiency. In the current reporting period, Ksh 60,557,960 was spent on use of goods and services, Ksh 109,457,350 was spent on employee costs and Ksh 47,275,273 on Board members expenses. Going forward the Authority plans to launch the Regulations upon completion. The bar graph below summarizes the authority's expenses.



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10. Environmental and Sustainability Reporting

Private Security Regulation authority exists to transform lives. The management is committed to environmental and sustainability reporting as the driving force to deliver its strategy, putting the citizen first, delivering relevant services, and improving operational excellence. Below is an outline of the Authority's activities that promote sustainability.

i. Sustainability strategy and profile.

The Authority through its objective of facilitating the growth of the Private Security Industry ensures that the security of the citizens is enhanced in collaboration with the Ministry of Interior and Coordination of National Administration. In the year under review, the Authority continued to engage various stakeholders to ensure a continued understanding of the requirements of the society in regards to provision of security by the private firms.

ii. Environmental performance

PSRA believes in environmental conservation as well as a safe working environment. There is continuous sensitization on the staff on the need for conserving the environment through reduced printing so as to prevent wastage of printing papers which come from trees. The electricity is also switched off when not necessary as a way of conserving energy same as water.

On matters waste disposal, all offices have dustbins and the waste is then centrally collected and disposed off appropriately bases on whether it is organic or non-organic waste.

iii. Employee welfare

The human resource and administration function supports the achievement of the Authority's mandate as enshrined in section 9 and 10 of the Act by attracting, training and retaining highly qualified, skilled and motivated staff. The Authority has continued to enhance capacity through the acquisition of talent in order to

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effectively deliver its mandate. The Authority continues to hire more staff to strengthen the Secretariat so as to ensure PSRA achieves its mandate.

The Authority also facilitated staff to undertake Continuous Professional Development Programmes (CPDs) for effective management and career progression. In the financial year, the staff were also trained to ensure improvement of their skills as they carry out their job.

iv. Market place practices

The Authority believes in responsible competition practice, fair competition, and respect for competitors in business practices and treating suppliers responsibly and respecting payment practices. The authority also believes in ethical market practices as well as consumer rights and interests. This is emphasized through adherence to the public procurement and disposal arrangements as enshrined in the PPAD Act.

v. Corporate Social Responsibility

In the financial year 2024/25, the Authority was not able to undertake any corporate social responsibility logistical challenges. The Authority will however endeavour to carry out such activities in the future financial years.

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11. Report of The Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025.

Principal activities

The principal activities of the Authority are to regulate, facilitate, develop capacity, and provide policy advice to the Private Security sector.

Results

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


Directors

The members of the Board of Directors who served during the period are shown on page v - vii

Auditors

The Auditor General is responsible for the statutory audit of the Private Securities Regulatory Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board.



Phillip Leakey

Secretary to the Board

01.12.2025

Date

12. Statement of Directors' Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 66 of the Private Security Regulatory Authority require the Directors to prepare financial statements in respect of Private Security Regulatory Authority, which give a true and fair view of the situation of the Authority at the end of the financial year and the operating results for that year. 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 entity for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the entity; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Directors are of the opinion that the Private Security Regulatory Authority's financial statements give a true and fair view of the state of Private Security Regulatory

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Authority's transactions during the financial year ended June 30, 2025 and of the Private Security Regulatory Authority's financial position as at that date.

The Directors further confirms the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the Private Security Regulatory Authority's financial statements as well as the adequacy of the systems of internal financial control.

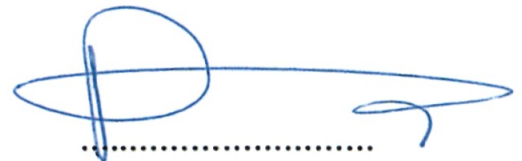
Nothing has come to the attention of the Directors to indicate that the Private Security Regulatory Authority will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Private Security Regulatory Authority's financial statements were approved by the Board on 29-08-2025 2025 and signed on its behalf by:



Mr. Adiel Nyange
Chairman, Board of Director



Phillip Leakey
Accounting Officer

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: 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 PRIVATE SECURITY 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 Private Security Regulatory Authority set out on pages 1 to 25, 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 Private Security 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 Private Security Regulation Act, 2016 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 Private Security 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.

Emphasis of Matter

Financial Performance

The statement on financial performance reflects a deficit of Kshs.30,086,447 compared to a deficit of Kshs.27,253,963 reported in the previous year. As a result, the accumulated deficit increased from Kshs.56,373,550 reported in 2023/2024 financial year to Kshs.86,459,997 as at 30 June, 2025. Further, the Authority reported total current assets of Kshs.44,610 compared to total current liabilities of Kshs.92,932,776 resulting to a negative working capital of Kshs. 92,888,166. Management attributed the declining financial performance to delayed funding by the Government and delayed enactment of the Private Security (General) Regulations which would have enabled the Authority to generate its own funds.

The continued declining financial performance and the negative working capital raises concerns on the ability of the Authority to sustain its operations and fulfil its mandate.

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 Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Authority in 2024/2025 revealed that the following four (4) issues remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Delay in Enactment of Private Security (General) Regulations
2	2023/2024	Non-Operationalization of the Private Security Fidelity Fund
3	2023/2024	Unremitted Statutory Deductions
4	2023/2024	Understaffing of the Authority

Other Information

The Management is responsible for the Other Information set out on page ii to xxvii 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 Private Security 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 conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter 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

Unbalanced Budget

The statement of comparison of budget and actual amounts reflects final budgeted expenditure of Kshs.238,889,148 which exceeded the budgeted final receipts of Kshs.190,923,000 by an amount of Kshs.47,966,148. This was contrary to Regulation 33(c) of the Public Finance Management (National Government) Regulations, 2015 which states inter alia, that the budget shall be balanced.

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

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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 Management and those Charged with Governance

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

In preparing the financial statements, the Management is responsible for assessing the 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 the Management is aware of the intention to cease operations.

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

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

Those charged with governance are 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

05 December, 2025


Private Security Regulatory Authority (PSRA)

Annual Reports and Financial Statements for the Year Ended 30 June 2025.


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

		2024-2025	2023-2024
	Notes	kshs	kshs
Revenue from non-exchange transactions			
Transfers from Other Govt Entities	6	190,923,000	214,990,000
Total Revenue		190,923,000	214,990,000
Expenses			
Use of Goods and Services	7	61,093,880	52,707,747
Employee costs	8	110,832,191	94,301,139
Board Expenses	9	47,275,273	93,426,974
Depreciation and Amortization expense	10	1,808,103	1,808,103
Total expenses		221,009,447	242,243,963
Surplus/(Deficit) for the period		(30,086,447)	(27,253,963)

The Financial Statements were signed by:


.....

Mr. Adiel Nyange
Chairman of the Board
Date.....11/12/2025


.....

Phillip Leakey
Chief Executive Officer
Date.....01/12-2025


.....

Fredrick Oware
Head of Finance
Date.....11/12/2025

Private Security Regulatory Authority (PSRA)
Annual Reports and Financial Statements for the Year Ended 30 June 2025.

15. Statement of Financial Position as at 30th June 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	11	44,610	74,923
Total Current Assets		44,610	74,923
Non-current assets			
Property, plant, and equipment	12	2,597,819	3,129,137
Intangible Assets	13	3,830,352	5,107,136
Total Non-Current Assets		6,428,171	8,236,273
Total Assets (a)		6,472,781	8,311,196
Liabilities			
Current Liabilities			
Trade and other payables	14	91,860,936	64,148,825
Provision for Audit	15	1,071,840	535,920
Total Liabilities (b)		92,932,776	64,684,745
Net Assets (a-b)		(86,459,997)	(56,373,549)
Represented By:			
Accumulated Surplus		(86,459,997)	(56,373,549)
Total Net Assets and Liabilities		(86,459,997)	(56,373,550)

The Financial Statements were signed by:

.....

Mr. Adiel Nyange

Chairman of the Board

Date... 01/12/2025

.....

Phillip Leakey

Chief Executive Officer

Date... 01-12-2025

.....

Fredrick Oware

Head of Finance

Date... 01/12/2025

Private Security Regulatory Authority (PSRA)

Annual Reports and Financial Statements for the Year Ended 30 June 2025.

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

	Accumulated Surplus Kshs
At July 1, 2023	(29,119,587.00)
Surplus /(Deficit) for the Period	(27,253,963)
As at June 30, 2024	(53,186,005)
At July 1, 2024	(56,373,550)
Surplus /(Deficit) for the Period	(30,086,447)
As at June 30, 2025	(86,459,997)

Private Security Regulatory Authority (PSRA)
Annual Reports and Financial Statements for the Year Ended 30 June 2025.

17. Statement of Cash Flows For Year Ended 30th June 2025

	Notes	2024-2025	2023-2024
Cash flows from operating activities		Kshs	Kshs
Receipts			
Transfers from other Govt Entities		190,923,000	214,990,000
Total Receipts		190,923,000	214,990,000
Payments			
Use of Goods and Services		60,557,960	52,171,827
Employee costs		83,120,080	68,817,291
Board Expenses		47,275,273	92,984,210
Total Payments		190,953,313	213,973,328
Net cash flows from operating activities	15	(30,313)	1,016,672
Cash flows from investing activities			
Purchase of Property & Equipment		-	(993,800)
Purchase of Intangible Assets		-	-
Net cash flows used in investing activities		-	(993,800)
Net increase in cash & cash equivalents		(30,313)	22,872
Cash & cash equivalents at Period Start	11	74,922	52,050
Cash & cash equivalents at Period End	11	44,608	74,922

18. Statement of Comparison of Budget & Actual Amounts for year ended 30th June 2025

	Original Budget	Adjustments	Final Budget	Actual basis	Performance Difference	%	Notes
	Kshs	Kshs	Kshs	Kshs	Kshs		
Receipts							
Transfers from Govt	238,889,148	(47,966,148)	190,923,000	190,923,000	-	100%	
Total Receipts	238,889,148	(47,966,148)	190,923,000	190,923,000	-	100%	
Payments							
Employee costs	109,873,234		109,873,234	83,120,080	26,753,154	76%	
Board Members	47,342,769		47,342,769	47,275,273	67,496	100%	
Use of Goods and Services	81,673,145		81,673,145	60,557,960	21,115,185	74%	
Total Payments	238,889,148	-	238,889,148	190,953,313	47,966,148	80%	
Deficit	-	-	-47,966,148	-	-	-	

Budget`

- (i) The Authority is budgeted under the State department for Internal Security and National Administration and receives a one-line Budget from the State Department. During the financial year the Authority prepared a budget estimated of Kshs.238,889,148 but the State Department provided funding amounting to Kshs.190,923,00 resulting in an underfunding of Kshs.47,966,148.
- (ii) Planned Activities not carried out due to lack of funding.

19. Notes to the Financial Statements.

1. General Information

The Private Security Regulatory Authority (PSRA) was established under the Private Security Regulatory Act, No. 13 of 2016 with the objective of facilitating the growth of the private security industry.

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 Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

Private Security Regulatory Authority (PSRA)

Annual Reports and Financial Statements for the Year Ended 30 June 2025.

3. Adoption of New and Revised Standards

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

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

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

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

Private Security Regulatory Authority (PSRA)

Annual Reports and Financial Statements for the Year Ended 30 June 2025.

Standard	Effective date and impact:
IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>The Authority is assessing the impact of the standard to its operations and will apply the requirements.</p>
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"><li data-bbox="523 1294 1469 1435">i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.<li data-bbox="523 1447 1469 1547">ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;<li data-bbox="523 1559 1469 1704">iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>The Authority is assessing the impact of the standard to its operations and will apply the requirement of the new standard.</p>

Private Security Regulatory Authority (PSRA)

Annual Reports and Financial Statements for the Year Ended 30 June 2025.

Standard	Effective date and impact:
IPSAS 47- Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>The Authority is assessing the impact of the standard to its operations and will apply the requirements of the new standard upon becoming effective.</p>
IPSAS 48- Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>The standard has no impact on the Authority.</p>
IPSAS 49- Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>The standard has no impact on the Authority.</p>

Private Security Regulatory Authority (PSRA)

Annual Reports and Financial Statements for the Year Ended 30 June 2025.

Standard	Effective date and impact:
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none">i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p>The standard has no impact on the Authority.</p>

iii. Early adoption of standards

The Authority did not early-adopt any new or amended standards in the year 2024/2025.

4. Summary of Significant Accounting Policies

a) Revenue Recognition

i) Revenue from non-exchange transactions.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to PSRA and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

b) Budget Information

The original budget for FY 2024-2025 was approved by the National Assembly.

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

Private Security Regulatory Authority (PSRA)
Annual Reports and Financial Statements for the Year Ended 30 June 2025.

statement of financial performance has been presented under section 17 of these financial statements.

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 Authority 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.

Private Security Regulatory Authority (PSRA)

Annual Reports and Financial Statements for the Year Ended 30 June 2025.

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.

f) Changes in accounting policies and Estimates.

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

g) Foreign Currency Transactions.

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

Private Security Regulatory Authority (PSRA)
Annual Reports and Financial Statements for the Year Ended 30 June 2025.

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

i) 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.

j) Comparative figures.

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

k) Subsequent Events.

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

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

State all judgements, estimates and assumptions made:

Estimates and assumptions

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

Provisions

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

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

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Note 6: Transfers from Other Govt Entities	2024-2025	2023-2024
	Kshs	Kshs
Unconditional grants		
State Department for interior	190,923,000	214,990,000
Total	190,923,000	214,990,000

Note 6 B: Name the Entity	Amount Recognized to statement of Financial Performance	2024-2025
State dept for Interior and National Administration		190,923,000
Total		190,923,000

Note 7: Use of Goods and Services	2024-2025	2023-2024
	Kshs	Kshs
Advertising	1,043,488	-
Audit Fees	1,071,840	-
Hospitality services	1,388,873	2,078,315
Domestic Travel and Subsistence- Regulations	33,602,276	26,497,827
Licenses	819,926	-
General Printing and stationery	1,458,360	694,520
Repairs and maintenance	4,454,980	300,000
Rent and Utilities	10,170,553	9,781,386
Telephone	-	262,260
Office internet	600,300	776,400
Contracted services	44,718	-
Bank Charges	13,535	2,755
Training/Workshops	1,934,360	32,000
Consulting Fees	2,012,856	-
Subscription	15,560	-
Courier Services	158,806	9,450
General office expenses	1,767,529	5,736,914

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Provision for Audit fees	535,920	535,920
Regulations	-	6,000,000
Total	61,093,880	52,707,747

Note 8: Employee Costs	2024-2025	2023-2024
	Kshs	Kshs
Salaries	100,937,703	94,301,139
Gratuity	8,035,200	
SHIF	1,859,288	
Total	110,832,191	94,301,139

Note 9: Board Expenses	2024-2025	2023-2024
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting Allowances	46,917,886	93,426,974
Medical	357,387	
Total Board Expenses	47,275,273	93,426,974

Note 10: Depreciation & Amortization expense	2024-2025	2023-2024
	Kshs	Kshs
Property, plant and equipment	531,319	531,319
Intangible Assets	1,276,784	
Total depreciation and amortization	1,808,103	1,808,103

Note 11: Cash and Cash Equivalents	2024-2025	2023-2024
	Kshs	Kshs
Cash at Bank	44,610	74,923
Total Cash and Cash Equivalents	44,610	74,923

Note 11 B: Detailed Analysis	2024-2025	2023-2024
a) Current account	Kshs	Kshs
National Bank-Current Account	44,610	74,923

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Total	44,610	74,923
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Note 12: Property & Equipment	Office Equipment	Furniture & Fittings	Total
Rate	12.50%	12.5%	
Cost at 1st July 2023	70,000	3,186,750	3,256,750
additions		993,800	993,800
Cost at 30th June 2024	70,000	4,180,550	4,250,550
Cost at 1st July 2024	70,000	4,180,550	4,250,550
additions			
Cost at 30th June 2025	70,000	4,180,550	4,250,550
Depreciation			
As 1st July 2023	17,500	572,594	590,094
Charge for the period	8,750	522,569	531,319
As at 30th June 2024	26,250	1,095,163	1,121,413
As 1st July 2024	26,250	1,095,163	1,121,413
Charge for the period	8,750	522,569	531,319
As at 30th June 2025	35,000	1,617,732	1,652,732
Net Book Value 2023-2024	43,750	3,085,387	3,129,137
Net Book Value 2024-2025	35,000	2,562,819	2,597,819

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Note 13: Intangible Assets

	Kshs
Cost as at 1st July 2023	6,383,920
Additions	-
Impairment	1,276,784
NBV at 30th June 2024	5,107,136
NBV as at 1 st July 2024	5,107,136
Additions	-
Impairment	1,276,784
NBV at 30th June 2025	3,830,352

Note 14: Trade and Other Payables

	2024-2025	2023-2024
	Kshs	Kshs
KRA	83,699,880	59,257,054
NHIF	2,257,250	2,257,250
NSSF	3,103,524	1,209,080
Affordable Housing Levy	2,749,682	1,374,841
Pension Payable	50,600	50,600
Total	91,860,936	64,148,825

Note 15: Provision for Audit Fee

	2024-2025	2023-2024
	Kshs	Kshs
Provision for Audit Fee	1,071,840	535,920
	1,071,840	535,920

Note 16: Cash Generated from Operations

	2024-2025	2023-2024
	Kshs	Kshs
Surplus for the year before tax	(30,086,447)	(27,253,963)
Adjusted for:		
Depreciation & Amortization	1,808,103	1,808,103
Provision for Audit Fee	535,920	535,920
Non-cash grants received		

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Working Capital adjustments		
Increase/Decrease in Payables	27,712,111	25,926,612
Net cash flow from operating activities	(30,313)	1,016,672

16) Financial Risk Management.

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

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

Credit risk

PSRA 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.

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

Liquidity risk management

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

Market risk

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

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Interest rate risk

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

Management of Interest rate risk

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

Capital Risk Management

The objective of PSRA's capital risk management is to safeguard PSRA's ability to continue as a going concern.

17) Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Other related parties include:

- i) The Parent Ministry.
- ii) Key management.

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Related party transactions	2024-2025
	Kshs
Transactions with related parties	
a) Grants /transfers from the government	
Grants from national govt	190,923,000
Total	
b) Key management compensation	
Board Expenses	47,275,273

18) Events after the reporting period

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

19) Ultimate and Holding Entity

PSRA is a Semi- Autonomous Government Agency under the Ministry of Interior and National Administration. Its ultimate parent is the Government of Kenya.

20) Currency

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

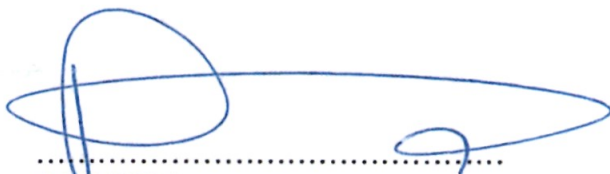
Private Security Regulatory Authority (PSRA)

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20. Appendices.

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

Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Delay in enactmentment of Private Security (General) Regulations	The Authority is in the process of undertaking public participation on the regulations as advised by the National Assembly.	Not Resolved	30th June 2025
Non-Operationalisation of the Private Security Fidelity Fund	The Authority is in the process of undertaking public participation on the regulations as advised by the National Assembly. Once the regulations are passed, the fidelity fund will be operationalised.	Not Resolved	30th June 2025
Understaffing	The Authority is seeking for budget allocation to recruit staff.	Not Resolved	30th June 2025



CEO PSRA

Date 01.12.2025

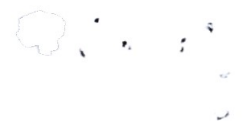
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Appendix II: Projects implemented.

PSRA had no Capital project in the year under review

Appendix III: Transfers from Other Government Entities

	Date received as per bank statement	Nature: Recurrent /Development/Others	Reference Number	Total Amount - KES	Statement of Financial Performance	Capital Fund	Others - must be specific	Total Transfers during the Year
Interior & Coordination	01-Aug -2024	Rec		13,410,250	13,410,250			13,410,250
Interior & Coordination	02-Aug -2024	Rec		13,410,250	13,410,250			13,410,250
Interior & Coordination	05-Sep -2024	Rec		13,410,250	13,410,250			13,410,250
Interior & Coordination	08- Nov -2024	Rec		13,410,250	13,410,250			13,410,250
Interior & Coordination	18- Nov -2024	Rec		13,410,250	13,410,250			13,410,250
Interior & Coordination	13-Dec-2024	Rec		13,410,250	13,410,250			13,410,250
Interior & Coordination	30-Jan-2025	Rec		13,410,250	13,410,250			13,410,250
Interior & Coordination	11-Mar-2025	Rec		13,410,250	13,410,250			13,410,250
Interior & Coordination	13-Mar-2025	Rec		13,410,250	13,410,250			13,410,250
Interior & Coordination	10-Apr-2025	Rec		30,000,000	30,000,000			30,000,000
Interior & Coordination	29-Apr-2025	Rec		13,410,250	13,410,250			13,410,250
Interior & Coordination	29-Apr-2025	Rec		13,410,250	13,410,250			13,410,250
Interior & Coordination	10-Jun-2025	Rec		13,410,250	13,410,250			13,410,250



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	Total			190,923,000	190,923,000			190,923,000
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Appendix IV: Inter-Entity Confirmation Letter


Name of Transferring entity: STATE DEPARTMENT FOR INTERIOR

Name of Beneficiary entity: PRIVATE SECURITY REGULATORY AUTHORITY

Confirmation of amounts received by Private Security Regulatory Authority as at 30 th June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total					

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

Head of Accounts Department - Disbursing Entity:

Name Fredrick Oware Sign  Date 29/08/2025

Head of Accounts Department - Beneficiary Entity:

Name Sign Date.....

Appendix V: Reporting of Climate Relevant Expenditures

PSRA had no expenditure under climate change

Appendix VI: Reporting of Disaster Management Expenditure

There was no expenditure under this category.