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COUNTY EXECUTIVE OF TRANS NZOIA

FOR THE YEAR ENDED

30 JUNE, 2025

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TRANS NZOIA COUNTY EXECUTIVE

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

Transitional International Public Sector Accounting Standards (IPSAS) Financial Statements

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Trans Nzoia County Executive
Annual Report and Financial Statements for the year ended June 30, 2025

1. Acronyms, Abbreviations and Definition of Key Terms

A. Acronyms and Abbreviations

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

B. Definition of Key Terms

Fiduciary Management	The key management personnel who had financial responsibility
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2. Key Trans Nzoia County Executive Information and Management

The County is constituted as per the Constitution of Kenya and is headed by the County Governor, who is responsible for the general policy and strategic direction of the County. Trans Nzoia County lies on the western side of Mount Elgon in the former Rift Valley province, some 380 km north west of Nairobi.

The County borders Bungoma to the west, Uasin Gishu and Kakamega to the south, Elgeyo Marakwet to the east, West Pokot to the north and the republic of Uganda to North West. Trans Nzoia covers an area of 2495.5 square kilometres. It is divided in five electoral regions: Cherangany, Saboti, Kwanza, Kiminini and Endebess constituencies. The County Executive is comprised of the following departments:

a) Background information

The County Executive is constituted as per article 176 of the Constitution of Kenya 2010. It is headed by the Governor, who is responsible for the general policy and strategic direction of the County. The County Executive is comprised of the following departments:

No.	Department	Major Responsibility
1.	Finance and Economic Planning	Management of County Treasury and Planning
2.	Agriculture, Livestock, Fisheries, livestock and cooperative development	Overseeing County Agriculture, animal husbandry, Fish farming and cooperative development
3.	Ministry of Transport and Infrastructure	Management of roads networks and development of infrastructural facilities
4.	Trade Commerce and Industry	Management of trade, development of markets and licence of business
5.	Water Environment and Natural Resources	Management and development of water resources, forest conservation and climate change adaption
6.	Public service management and Governance	Coordinates County Public Service and provide strategic leadership
7.	Gender, Youth, Culture, Sports and Tourism	Youth, Women Empowerment, Talent Development rehabilitation and social empowerment.
8.	Education and ICT	Development and Management of ECDE and Vocational Training centres
9.	Lands, Housing, Physical Planning and Urban Development	Management of Urban Plans, land use, Surveying and approval of Plans
10.	Health services and Sanitation	Development, management of Health facilities Provision of curative, preventative and rehabilitative services

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b) Key Management team

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

No.	Designation	Name
1.	Governor	H.E Hon. George Natembeya
2.	Deputy Governor	H.E Hon Philomena B. Kapkory
3.	County Secretary	Truphosa Irene Awuor Otwala
4.	CEC, Finance and Economic Planning	Pepela Wanjala (Dr.)
5.	CEC, Public Service Management	Julie Kichwen Rutto
6.	CEC, Land, Housing, Physical Planning	Janerose Nasimiyu Mutama
7.	CEC, Water, Environment and Climate change	Boniface Wanyonyi Cosmos
8.	CEC, Public Works, Transport and Energy	Channele J. Kittony
9.	CEC, Education and Technical Training	Jackson Wanyungu Amboka
10.	CEC, Health Services and Sanitation	Samson Otieno Ojwang
11.	CEC, Trade, Industrialization, Tourism	Patrick Gacheru
12.	CEC, Agriculture, Livestock and Fisheries	Phanice Naliaka Khatundi
13.	CEC, Gender, Youth, Sports and Culture	Stanley Kirui
14.	County Attorney	Charles Walioli

c) 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.	CECM Finance and Economic Planning	Wanjala Pepela (Dr)
	Chief Officer-Finance	CPA Emmanuel Masungu
2.	Chief Officer-Economic Planning	CPA Ashton Mulupi
3.	Chief Officer-Public Service Management	Philip Kaptan
4.	Chief Officer-Agriculture and Irrigation	Patrick Osoro Okong'o
5.	CO-Livestock Fisheries & Coop Development	Dr. Wanjala Emmanuel
6.	Chief Officer-Officer H.E The Governor	Sammy Simiyu Sichangi
7.	CO-Land, Housing, Phys Planning & Urban Devep	Dr. Roselyne Nasiebanda
8.	CO -Water, Environment & Natural Resources	Dorothy Nabwala Nyukuri
9.	Chief Officer-Public works, Infrastructure & Energy	Arch. George W. Mwangi
10.	Chief Officer- Roads and Transport	Joseph Nabibia Wasike
11.	Chief Officer-Education and ICT	Kennedy Etiang' Seme
12.	Chief Officer-Health Services and Sanitation	Dr. Judith Simiyu
13.	Chief Officer-Trade Commerce & Industry	Isaac Omari Ndiema
14.	CO -Gender, Youth, Culture, Sports & Tourism	Jane Masika Wachwenge

d) Fiduciary Oversight Arrangements

The key fiduciary oversight bodies at the county for the on-going year 2024/ 2025 are as follows:

- i) **Trans Nzoia County Assembly:** is in charge of oversight and enacting the various legislations that are done during the year. The Assembly also approves the budget for the year.
 - ii) **Controller of Budget;** The COB is Responsible for processing of requisitions for Funds, providing required guidelines in budget execution and oversight I budget implementation.
 - iii) **National Treasury.** Their mandate for the year was to process exchequer and donor funds, to provide technical support and quality review of the financial statements
 - iv) **Commission of Revenue Allocation;** Provided support in revenue allocation and also undertook the County Credit Rating.
 - v) **Trans Nzoia County Audit Committee;** Review the internal audit reports and ensured corrective actions were taken to safeguard the internal controls of the County's financial operations
- Public sector accounting standards board;** Developed the financial reporting templates and guidance on the accounting standards to be adopted by the financial year

e) County Executive Headquarters

P.O. Box 4211-30200
County Head Quarter Building
Moi Avenue/Road
NAIROBI, KENYA

f) County Executive Contacts

Telephone: (254) 054-30301/2
E-mail: countyoftransnzoia@gmail.com
Website: www.transnzoia.go.ke

g) County Executive/Assembly Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
NAIROBI, KENYA
2. Other Commercial Banks
 - i) Kenya Commercial Bank
Kitale Branch
 - ii) Equity Bank
Kitale Branch
 - iii) Cooperative Bank
Kitale Branch

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iv) Eco Bank
Kitale Branch

v) Trans National Bank
Kitale Branch

vi) Family Bank
Kitale Branch

vii) Chase Bank
Kitale Branch

viii) SBM Bank
Kitale Branch

h) Independent Auditor

Auditor-General
Office of The Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
NAIROBI, KENYA

i) Principal Legal Adviser

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

j) County Attorney

Trans Nzoia County Attorney
P.O.BOX 4211-30200
County Head Quarter Building
Moi Avenue
KITALE, KENYA

3. Governance Statement



Trans Nzoia County is established as per Section 176 of the Constitution of Kenya, 2010. The County is headed by the Governor, who is responsible for the general policy and strategic direction of the County.

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





The County Executive






- a) The role of managing and coordinating the functions of the County Administration and its departments, preparing proposed bills for consideration by the County Assembly, Providing the County Assembly with regular reports on matters relating to the County is vested on the County Executive. Trans Nzoia County Cabinet is composed of 14 members; The Governor, Deputy Governor, County Secretary, County Attorney and Ten (10) CECMs.

Membership of the Cabinet/County Executive Governance Structures




No.	Management Details
1.	 <p>H.E George Natembeya, M.B.S is the Governor, County Government of Trans Nzoia since August 2022.</p> <p>H.E Natembeya is the second Governor of Trans Nzoia County after successfully contesting for it during the 2022 General Elections. He is a career civil servant having started as a District Officer and rising through ranks to a Regional Commissioner, a position he held before joining politics.</p> <p>He is the deputy party leader of DAP K and the Chairperson of the Peace and Security Committee for the North Rift Economic Region Bloc.</p> <p>During his tenure as a Regional Commissioner, Rift Valley Province, he was able to stabilise conflict in the Region and put stringent measures to curb female genital mutilation and teenage pregnancies. He was conferred with Elder and Moran of the Burning Spear (EBS, MBS) by the former president H.E Uhuru Muigai Kenyatta for his outstanding work in restoring peace.</p> <p>H.E George Natembeya holds a Master’s Degree in Anthropology from University of Nairobi and Bachelor’s Degree from University of Nairobi in Anthropology. Currently is the patron of the Kenya Red Cross Society, Trans Nzoia Branch.</p>
2.	 <p>H.E Philomena Bineah Kapkori, Deputy Governor, County Government of Trans Nzoia since August 2022</p> <p>Her Excellency has a Bachelor of Business Management (First Class Honours) from Moi University, Masters in Project Planning and Management from University of Nairobi and is currently studying PhD in Project Planning and Management (Monitoring and Evaluation)-University of Nairobi.</p>

**Trans Nzoia County Executive
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No.	Management Details
	<p>She is a Senior Banker with over 20 years work experience. She joined politics in May 2022 as a running mate to Governor Natembeya and subsequently elected in August 2022.</p>
3.	<div style="display: flex; align-items: flex-start;">  <div> <p>Truphosa Irene Awuor Otwala HSC- County Secretary</p> <p>Truphosa Awuor is a development specialist with vast national and international experience. She currently serves as the County Secretary and Head of Public service. Prior to that, she served as a Senior Director at the President’s Delivery Unit domiciled at the Ministry of Interior. She was instrumental in ensuring projects in the Rift valley, Western and Nyanza regions were completed according to the standards set. She is also a founder member of Hope Citadel Foundation, a Christian volunteer medical charity founded in 2004. She was recognized for her efforts and awarded Head of State Commendation by the former President H.E Uhuru Muigai Kenyatta in 2021. She hold a Master’s Degree in Global Affairs and a Bachelor’s Degree from Daystar University in Commerce.</p> </div> </div>
4.	<div style="display: flex; align-items: flex-start;">  <div> <p>Charles Walioli Wabwoba – County Attorney</p> <p>He has a Bachelor of Laws {LLB} from Moi University School of Law and a Post Graduate Diploma in Law {Advocate Training Program} from the Kenya School of Law. He has over 8 years of professional experience</p> <p>He is an advocate of the High Court of Kenya and Commissioner for oaths and is very passionate offering simplified legal advice and services. Charles is a member in good standing of the Law Society of Kenya, East African Law Society, and Commissioner for Oaths and Notary Public. He previously worked with Brian Otieno & Company Advocates, Kosgey & Masese Advocates and Walioli and Hussein Advocates</p> </div> </div>
5.	<div style="display: flex; align-items: flex-start;">  <div> <p>CPA Bonface Wanyonyi Cosmas- CECM, Water, Environment, Natural Resources and Climate Change</p> <p>He first joined the County Government in January 2018 as CECM Finance and Economic Planning. CPA Wanyonyi holds an MBA Finance and B. Com Accounting degree from the University of Nairobi.</p> <p>He is a certified public accountant of Kenya with a wealth of experience in financial management, accounting, corporate governance and administration gained from both private and public sectors. Among the organizations he has worked for are the defunct Nairobi City Council, German Agency for Technical Cooperation (GTZ), Winrock International, Lake Victoria North Water Services Board and Water Sector Trust Fund. He also served as CECM for Lands and acted as CECM Water and Public Services Management at the County.</p> </div> </div>
6.	<div style="display: flex; align-items: flex-start;">  <div> <p>Chanelle J. Kittony – CECM, Public Works, Transport and Energy</p> <p>She has a Bachelor’s degree of Art (Marketing) from University of Portsmouth and Associate Degree from International Portsmouth College both in UK.</p> <p>She has worked with various institution including; Regional Office Africa, United Nations Environmental Programme (UNEP) in Nairobi, Cranes Suites and</p> </div> </div>

No.	Management Details	
	<p>Cranes Haven Hotel Aide as Director & Events lead, Radio Africa Group as events and activations executive, Capital Real-time as the Head of Devices and previously the CECM Gender, youth Culture and Tourism Trans Nzoia County Government before being transferred to the current docket</p> <p>She is also a well-rounded marketing professional with a variety of skills and experience. she is able to work independently and as part of a team. She is always up for a challenge and she is a good communicator who is able to speak to a variety of audiences.</p>	
7.		<p>Jackson Wanyungu Amboka –CECM, Education and Technical Training</p> <p>He has a B.Ed. Science from Egerton University and a PhD in humanity (Honoris) from Lead Impact University, USA. He has a vast experience in education having worked Senior principal at Kiriba Integrated Sec School in Bomet, Principal at St. Vincent Sec School in Kiminini and Kapcheluch Sec School in Kericho and Deputy principal at Moi Sitotwet High School in Kericho.</p>
8.		<p>Janerose Nasimiyu Mutama- CECM, Lands, Housing, Physical Planning and Urban Development</p> <p>She has a Master Degree of Science in Apparel and Fashion Design and Bachelor’s Degree in Education -Home Science and Technology both from the University of Eldoret. She is an experienced teacher and boarding mistress at Turkana Girls National School St. Johns Girls Sirende. Assistant treasurer Kenya Union of Post Primary Education Teacher (KUPPET) Trans Nzoia County from 2021 to date.</p>
9.		<p>Julie Kichwen Rutto – CECM, Public Service Management</p> <p>She has a Master Degree in Education- Administration from Kenyatta University and Bachelor Degree in Education -Art from Moi University. She is an experienced teacher who taught in various schools such as Moi High School –Kiplamai in Trans Nzoia County, Seko Girls in Uganda, Naivasha Girls (Head of Department in Humanities), Deputy Principal Itigo Girls High School and later a principal of the same school for 11 years up to 2022 when she joined County Government of Trans Nzoia.</p>
10.		<p>Patrick Gacheru – CECM. Trade, Commerce and Industrialization.</p> <p>Mr Gacheru has Bachelor of Arts from the University of Nairobi, Post Graduate Diploma in Education from Catholic University of Eastern Africa and He also has a Diploma in Education Management.</p> <p>He is a distinguished teacher, educational administrator and retired school principal. He was a Senior Principal at AIC Kipkeikei High School in Trans Nzoia, Principal at Lelwak Boys’ High School in Nandi and Dundori High School in Nakuru. He is currently the Chair of Trans Nzoia Gikuyu Association.</p>
11.		<p>Phanice Naliaka Khatundi- CECM, Agriculture, Irrigation, Livestock and Fisheries</p> <p>Ms Khatundi is a holder of MSC Environmental Science from Multi-Media University and PHD in Natural Science. She has been a teacher of Chemistry and Biology with 10 years’ experience in various schools. She is a lead expert in Environmental Impact Assessment (EIA) assessor</p>

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No.	Management Details
	<p>recognised by NEMA. She is passionate in farming activities and enjoy most of the time as a gym instructor. She joined County Government in November 2022</p>
12.	 <p>Samson Otieno Ojwang’ – CECM, Health Services and Sanitation.</p> <p>Mr Ojwang has a Bachelor Degree of Art in Government and Economic from the University of Nairobi, currently finalising Masters in Peace Studies at Kenyatta University. He has 31 years working in National Government Administration across the country rising to the level of County Commissioner. He joined the County Government as CECM Public Service Management before deployment to the current position.</p>
13.	 <p>Stanley Kirui – CECM, Gender, Youth, Sports and Culture</p> <p>Mr. Kirui is a holder of Bachelors Degree in Business Information Technology from Jomo Kenyata Universit of Agriculture & Technology and currently studying Master in Business Administration-Strategic Management at Mount Kenya University. He has 11 years experience as an Aviator -Pilot</p>
14.	 <p><u>Pepela Wanjala (Dr) – CECM- Finance and Economic Planning</u></p> <p>He has a Higher Diploma in Epidemiology and is currently undertaking a PhD ongoing Masters in Health Information Management. He has over 17 years of working experience with ministry of health (6 years at the province as provincial surveillance and health information officer, 5 years at HomaBay as District health information officer). He has done various strategic, plans, reports and policies at the ministry of health, and also provided technical assistance among others.</p>

b) Discussions on how the County deals with its Stakeholders

Public participation as stated in the County Government Act, 2012 (CGA), Public Finance Management Act, 2012 (PFMA), and Urban Areas and Cities Act, 2011 is a right of the people of Kenya based on the notion that power belongs to the people. These dealing with stakeholder engagements guide the County Government of Trans Nzoia.

The County executive has a clear system on how to handle its stakeholders. It has an open-door policy where different stakeholders can approach the government in their specific areas of interest. The law through memoranda of understanding that are legally binding guides all the engagements.

c) Safeguards against unethical conduct and corruption.

The County has put measures on unethical conduct and corruption. It includes;

- Signing of performance contract by County Executive Committee members and chief officers.
- Wealth declaration by every member of staff after 2 years.
- Adoption of cashless services for most of County services.
- Channels towards protecting whistle blowers.
- Signing of codes of conduct and ethics by public officials
- Adoption of open-door policy.

d) The engagement with the County Assembly through its committees and the Senate including number of bills sponsored by the executive and any other matters presented for deliberations.

The County Assembly plays oversight, legislation and representation roles to ensure that the County executive executes its mandate to the people of Trans Nzoia. The County Executive engaged the County Assembly on various activities including;

- **Approval of Budgets and Expenditure Estimates** for the County Government in accordance with Article 207 of the constitution, the legislation contemplated in the Article 220(2) of the constitution, guided by Articles 201 and 203 of the Constitution. The County Assembly approved the initial budget estimates for the Financial Year 2024/2025 on 27th June 2024 and subsequent one supplementary budget approved on 12th March 2025.
- **Approval of County Development Planning** – The County Assembly approved various County Executive planning frameworks including the 3rd Generation CIDP (2023-2027); Annual Development Plan; County Budget Review and Outlook Paper (CBROP 2022); County Fiscal Strategy Paper (CFSP 2024) and Finance Bill 2022.
- **Vetting and approval of Nominees** for appointment to County Public Offices – Trans Nzoia County engaged the County Assembly in vetting and approval of all CECMs, County Secretary, County Attorney and all departmental Chief officers
- **Oversight** – The County Assembly played oversight on County Executive functions through engagement of the Public Investment and Accounts Committee and Public Accounts Committee on matters accountability of the use, management and control public funds and through the special committees where they investigated matters on implementation of Government policies, programmes and projects. These included responses and engagements on the examination of Auditor’s Reports on the Financial Statements for the financial year ended 30 June 2023 for the County Executive, Project/programmes implementation amongst others. The CECMs are invited by the County Assembly to respond to queries regarding their departments as required by the law in various oversight engagements.
- **Legislation** – The County Assembly reviewed and approved the Appropriation Bill, Finance Bill, Acts and Policies sponsored by the executive.

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- **Representation** – When planning, Budgeting and Executing projects the County Executive engages the Members of the County Assemblies throughout the project phases to represent the people of Trans Nzoia.

e) Risk management

These are the activities and actions taken to ensure that the County Government is conscious of the risks it faces, makes informed decisions in managing these risks, and identifies and harnesses potential opportunities. The County has developed a risk management policy framework that outlines how County risks are identified and assessed, processes of analysing and managing the risks and how to assess changes in the internal and external environments.

Trans Nzoia County promotes performance and accountable governance in its management through reviewing the governance mechanisms of the County and its entities. Further, the County reviews mechanisms for transparency and accountability with regard to the finances and assets of the Trans Nzoia County Executive, conducts risk-based, value-for-money and systems audits aimed at strengthening internal control mechanisms that could have an impact on achievement of the strategic objectives of the Trans Nzoia County Executive.

As part of the public financial management agenda, the County Government has set out the following strategies for managing risks in its operations.

Avoidance

This involves terminating an activity if it is deemed too risky. This option is arrived at when it is not possible to identify a response that would reduce the risk to an acceptable level of severity.

Reduction

This entails taking mitigating measures to reduce the likelihood and/or potential impacts of the risks.

Sharing/Transferring

Mitigating action taken to reduce the likelihood and/or potential impact of the risk by sharing elements of the risk. This is executed through outsourcing to third-party specialists and service providers in risk management.

Acceptance

In this strategy, risk is accepted without the need for any further mitigating measures.

Pursue

Provided a risk is within tolerable levels, an increased level of risk may be pursued to achieve strategic objectives and/or improve performance.

f) Brief descriptions of appointment operation and membership of the audit committee and its charter.

The County Audit Committee was established in accordance with the Public Finance Management Act (PFMA), 2012 Section 155(5) and Regulation 167 (1) and 168 of the Public Finance Management Regulations (PFCGMR), 2015. The committee's main mandate is to assist the County Government in fulfilling its oversight responsibilities for the financial reporting process, governance process, risk management, internal control system, the audit process and the County process of Monitoring compliance with laws, regulations, policies and procedures.

The County Public Service Board in accordance to the guiding legislation competitively did the appointment of the Audit Committee members. The audit members were appointed for a term of three (3) years' and were re-appointment for a further one term that ended on 5th April 2025. The County Service Board run an advert to recruit the new Audit committee which closed 13th June 2025 5.00PM East African Time. The board shortlisted two candidates for the Audit Committee Chairperson positions and 18 candidates for the three positions of members of the Audit Committee Positions. The interviews for the Audit committee Chairperson and members were scheduled for the 26th August 2025.

The audit Committee carries out periodic review of its effectiveness alongside its mandate and demonstrate independence and impartiality in decision making in accordance with the legal, constitutional and policy requirement.

The County Audit Committee Charter provides that the Audit committee will consist of four members of whom one shall be the chair, a senior officer and a County Treasury representative shall sit in the Audit Committee. The committee should meet at least four times in a year. The committee has authority to conduct or authorize investigations on any matters within their responsibility. A meeting quorum shall be at least four members two of whom shall be independent external members.

PFM Regulations Section 172 provides the procedure for the audit committee meetings that; The audit Committee shall meet at least once every 3 months, each member of the audit committee shall have one vote, The audit committee shall make decisions by resolution, In the event of a tie vote, the chair shall be entitled to cast a second vote.

A majority of the members of the audit committee that includes, at least fifty percent plus one member shall constitute a quorum for the meetings of the committee. The chair of the audit committee shall ensure that minutes are taken at each meeting and, circulated to the members of the committee before the next meeting.

The audit committee have access to management, the head of internal audit and external auditors; and send or cause to be send a notice of audit committee meetings at least fourteen days before the meeting and all minutes of audit committee meetings.

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The Former Audit Committee membership was as below:

No.	Name	Position	Representation/ Category	Date of Appointment	Date of Retirement
1	Rt. Com. Levi W. Miheso	Chairman	Independent	5 th April, 2022	4 th April, 2025
2	CPA Joseph Onyango	Member	Independent	5 th April, 2022	4 th April, 2025
3	Dr. William Sakataka	Member	Independent	5 th April, 2022	4 th April, 2025
4	Dr. Scholastica Nalobile	Member	Snr Mgt Representative	5 th April, 2022	4 th April, 2025
5	CPA Andrew Wepukhulu	Secretary	Head of Internal Audit	5 th April, 2022	4 th April, 2025

g) Compliance

The County Government of Trans Nzoia is established and guided by the Constitution of Kenya 2010, County Government Act 2012, Public Finance Management Act 2012, Public Procurement and Asset Disposal Act, Urban Areas and Cities Act 2011, Intergovernmental Relations Act 2012, The Employment Act 2007, Public Audit Act, VAT Act, Income Tax Act etc.

Article 185 of the Constitution of Kenya 2010 provides that a County Assembly may receive and approve plans and policies for the management and exploitation of the County's resources and the development and management of its infrastructure and institutions.

h) Any other Governance issue include committees that the county may need to disclose.

4. Foreword by CECM Finance and Economic Planning

It is with much pleasure that I present the financial performance of the County Government of Trans Nzoia over the financial year 2024/25, for the financial year ended 30 June 2025.

The functions of County Governments in Kenya are enshrined in the Constitution of Kenya. County governments are one of the two arms of government, the other arm being the National Government. Article 6(1) divides the territory of Kenya into the counties specified in the First Schedule.

The governments at the national and county levels are distinct and inter-dependent. Yet, they conduct their mutual relations based on consultation and cooperation (Article 6:2). Devolution of power is also one of the national values and principles of governance under Article 10. The functions of County Governments in Kenya under the Constitution are essential for devolution. Counties may perform other functions assigned through an Act of Parliament.

An Act of Parliament further expounds the functions of the devolved government in Kenya.

The County Governments Act expounds on these functions. Section 5 of the County Governments Act tries to expound on Article 1(4) of the Constitution.

a) Functions of the County Government as per the County Government Act.

Section 5 of the County Governments Act (2012) classifies the functions of County Governments in Kenya as follows:

- i. County legislation in accordance with Article 185 of the Constitution. This is a function conferred to the County Assembly. County Assemblies make laws that are necessary to ensure County Governments perform their functions under the Fourth Schedule. A County Assembly exercises oversight on the County Executive Committee or other County Executive organs.
- ii. Exercising executive functions in accordance with Article 183 of the Constitution. These functions of the County Executive Committee in Kenya include:
 - Implementation of County legislation;
 - Implementation of national legislation within the County if the legislation so requires;
 - Management and coordination of the functions of the County administration and its departments; and
 - Performance of any other functions conferred on it by the Constitution or national legislation.

A County Executive Committee can also prepare proposed legislation for consideration by the county assembly. It should provide the Assembly with full and regular reports on matters relating to the county.

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b) Budget performance against actual amounts for current year

Financing of the County Governments

Pursuant to Article 202 of the Constitution of Kenya, revenue raised nationally shall be shared equitably among the National Government and the County Governments. The equitable share of revenue raised nationally, is determined annually through the County Allocation of Revenue Act (CARA), while the Commission on Revenue Allocation (CRA) develops the revenue sharing formula and approved by Parliament in accordance with Article 217 of the Constitution.

The County Government of Trans Nzoia also finances its operations through own generated revenues and continues to explore new and innovative ways of increasing its local revenue collections.

Financial Performance

i. Revenue

For the Financial year ended 30 June 2025, the County Government of Trans Nzoia had projected revenues of Kshs. 10,455,020,040 Consisting of Kshs. 680,000,000 6% from own source revenue, Kshs.8,140,486,717 78% as the Equitable share, Kshs. 1,255,045,007 12% from Development Partners while Kshs 379,485,316 4% from Unspent Balances of Special purpose Accounts.

A graphical representation of the revenue budget is as shown below:

Table 1: County Budget 2024-2025

NO	STREAMS OF REVENUE	AMOUNT	PERCENTAGE
1	Equitable Share	8,140,486,717	78%
2	Development Partners	1,255,048,007	12%
3	Own Source Revenue	680,000,000	6%
4	Un-spend Balance 2023-2024	379,485,316	4%
	Total	10,455,020,040	100%

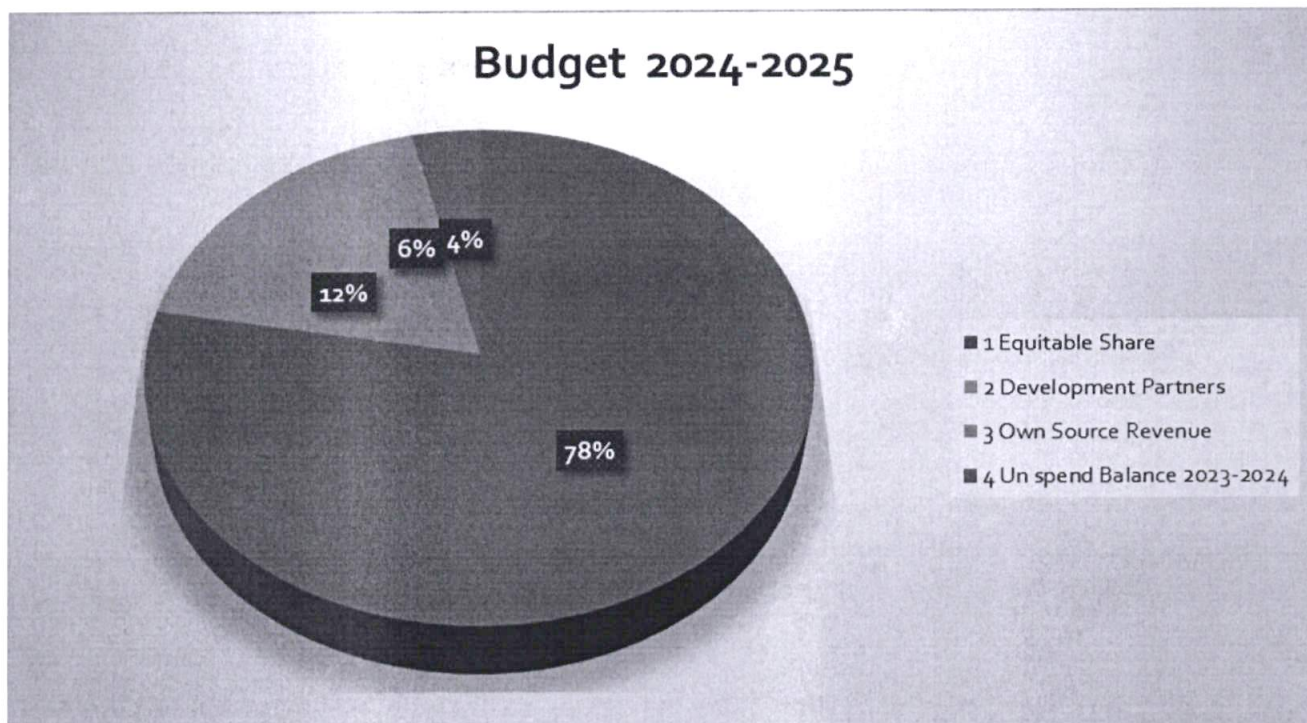


Figure 1: Government of Trans Nzoia Revenue Streams in FY 2024/2025

Out of the projected revenue, the County was able to realise Kshs 9,601,739,857 in actual revenues, representing 92% performance. The difference in the budget was due to under collection in donor funds and Uncollected own source revenue as presented below:

Table 2 Actual Revenue Available

S/No	Source of Revenue	Amount	Percentage
1.	Opening Balance	379,485,316	4%
2.	Transfers from CRF	8,140,487,291	85%
3.	Own Source Revenue Remitted to CRF	284,844,330	3%
4.	Development Partners	796,922,920	8%
	Total	9,601,739,857	100%

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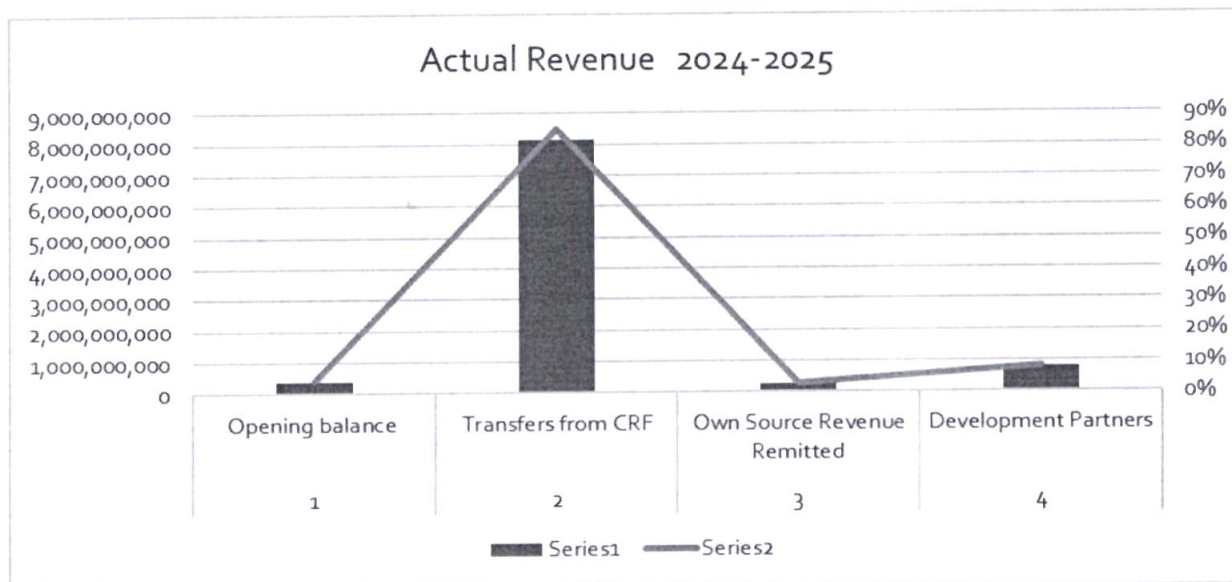


Figure 2: Government of trans Nzoia Actual Revenue Available 2024-2025

Revenue Transferred from CRF F/Y 2024-2025

The County Government of Trans Nzoia received transfers from the County Revenue Fund of Kshs 9,282,085,823. This represents 89% of 2024-2025 Budget

Table 3. Revenue Distribution

No	Transfer	Amount	Percentage
1	Transfer to County Executive- Recurrent Account	5,268,762,500	57%
2	Transfer to County Executive- Development Account	2,224,975,593	24%
3	Transfer to County Assembly- Recurrent Account	660,512,273	7%
4	Transfer to County Assembly- Development Account	147,081,731	2%
5	Development Partners: KISSIP, NAVCDP, FLOCCA, CAIP, DANIDA and Municipality	979,753,726	10%
	Total	9,281,085,823	100%

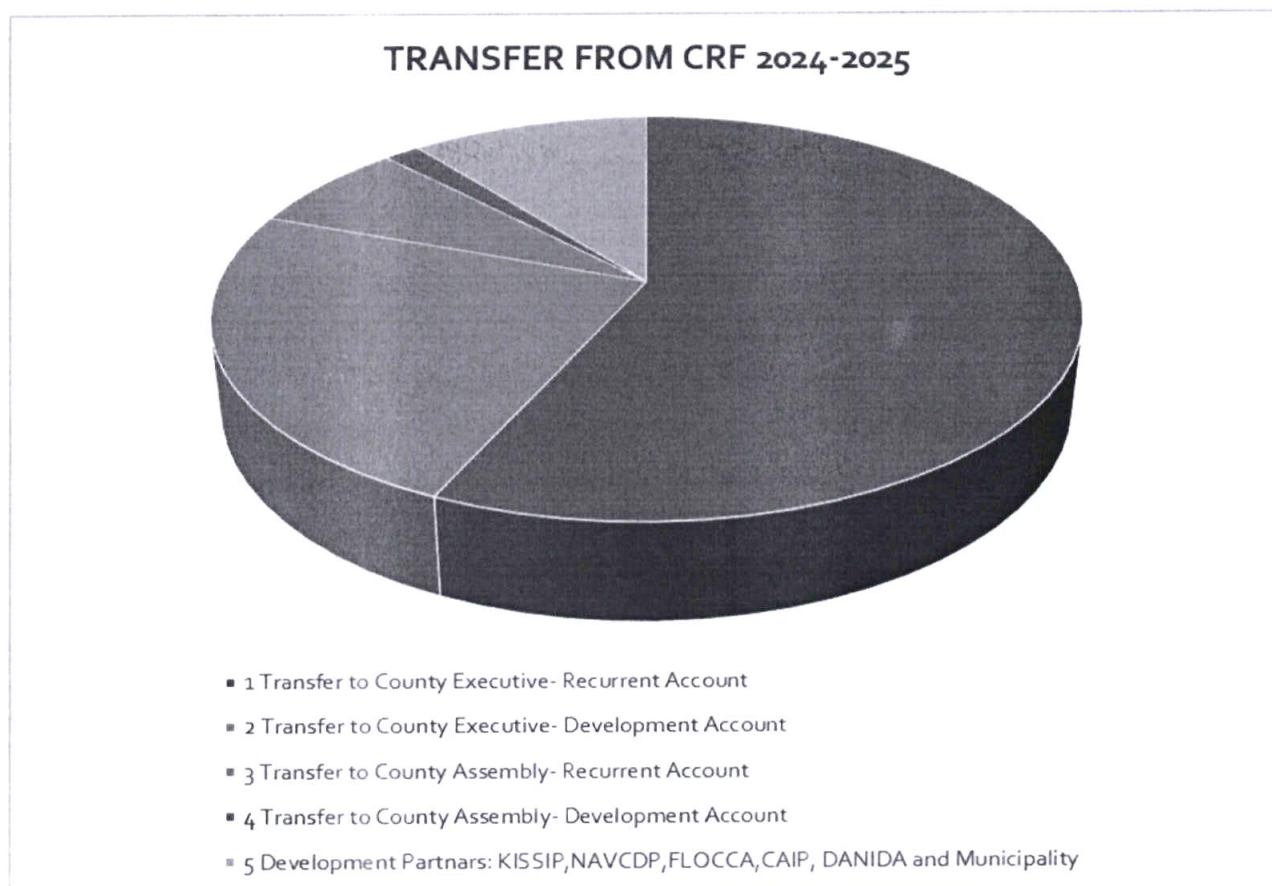


Figure 3: Revenue Distribution F/Y 2024-2025

ii. Payments

The expenditure for the financial year 2024/2025 amounted to Kshs. **9,291,968,369** as detailed in the table below;

Table 4: County Expenditures

No	Expenditure	Amount	Percentage
1	Compensation of Employees	3,513,808,452	38%
2	Use of Goods and Services	1,047,298,438	11%
3	Transfers to other Government Entities	1,759,936,966	19%
4	Other Capital Grants and Transfers	978,111,648	11%
5	Social Security	28,376,175	0.30%
6	Return to CRF	2,483,997	0.00027
7	Purchase of PPE	1,176,458,773	13%
8	Trade and other Payables	776,191,921	8%
	Total	9,282,666,370	100%

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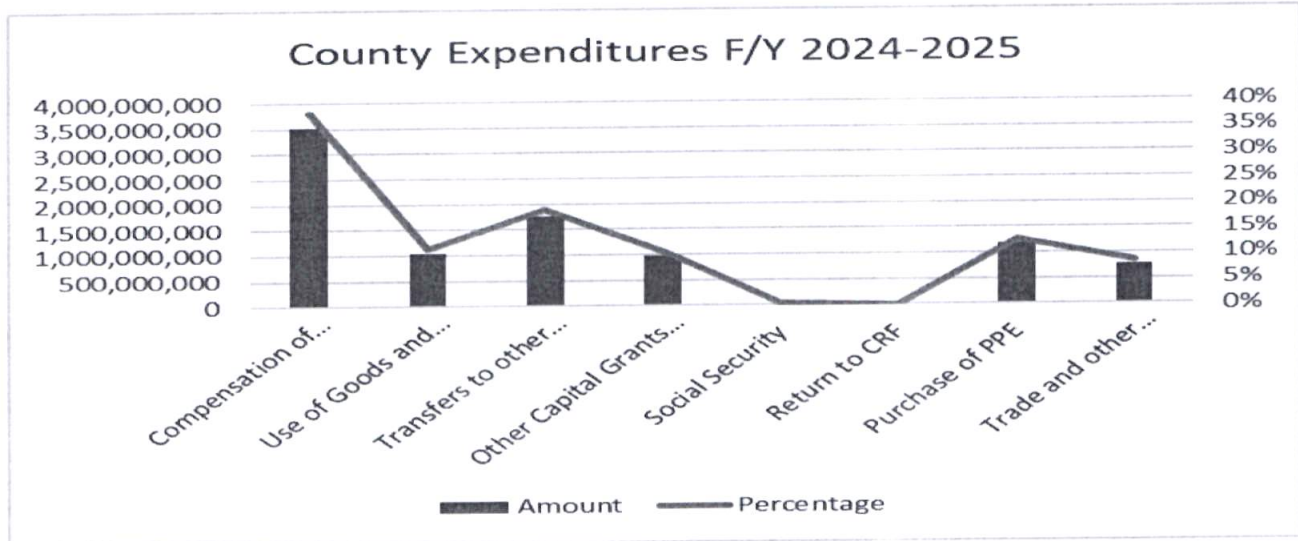


Figure 4: Trans Nzoia County Government Expenditures

iii. Cash flows

The cash and cash equivalents decreased from Kshs 120,193,069 as at 30th June 2024 to Kshs 108,203,922 as at 30th June 2025.

iv. Pending bills

At the close of the current Financial Year 2024/2025 the pending bills was Kshs. **2,569,999,530** compared to Kshs 1,497,341,861 of the previous Financial Year 2023/2024. The County supports the procurement of goods and services within the budget, and purposes to pay the suppliers timely in next financial years.

Operational performance

The County’s operations are structured in terms of departments, which are headed by a County Executive Committee Member. For seamless service delivery, all departments have to work together towards achieving operational efficiency. We will continue to explore ways of enhancing revenue collection to make sure that it is improved

Finally, I take this opportunity to thank H.E. the Governor and the Deputy Governor for their leadership and guidance in achieving the County Vision for the people of Trans Nzoia. I also thank my colleagues, the County Executive Committee Members in charge of other departments together with the Chief Officers who we have worked hand in hand to ensure that County Government of Trans Nzoia achieves its mission.

I thank all staff in the entire County for their continued commitment and dedication through hard work in delivering services to the great people of Trans Nzoia County.

**Pepela Wanjala (Dr)
CECM Finance and Economic Planning
County Government of Trans Nzoia**

5. Statement of Performance against Predetermined Objectives

The County's third generation CIDP 2023-2027 has identified ten key strategic development objectives. Broadly, the objectives had been identified through a participatory process that reviewed the development priorities of the Governor's manifesto, The National Government's vision 2030, the Bottom-up Economic Transformation Agenda (BETA) and SDGs.

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

The Key development objectives of Trans Nzoia County's CIDP are;

1. Increasing productivity and promoting value addition for agriculture, Livestock and Fisheries.
2. Enhancing access to affordable and quality health care
3. Improving access to quality education and training
4. Improving accessibility through building modern infrastructure including roads and other physical infrastructure
5. Increasing access to clean water and protection of environment.
6. Promotion of the growth of micro, small and medium enterprises and providing incentives for industrial development.
7. Strengthening governance and deepening devolution to enhance efficient and effective public service delivery.
8. Enhancing land management, planning of physical spaces and development control.
9. Empowerment of the youth, women, the elderly, boda boda and other vulnerable groups to ensure they enjoy a high quality of life.
10. Development of sports, culture, tourism, music and performing arts to enhance income generation in addition to promoting a peaceful and cohesive society.

Below we present the progress made in attaining the objectives of 2023-2027 CIDP for Trans Nzoia County.

Progress on Attainment of Development Objectives from Annual Development plan for FY.2022-2024

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

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1. Strategic development objectives (Customize as per specific county)

Sector Priorities	Strategies
Increase crop production	Promotion of crop diversification Enhance access to quality farm inputs Enhance soil management and conservation Agricultural mechanization Pest and disease control Strengthen agricultural extension services Improve post-harvest management Improve value addition and market access Promotion of climate smart agriculture
Increase livestock production	Enhance disease control and management Enhance access to livestock feeds Promote modern breeding technologies Strengthen extension services Promotion of apiculture Strengthen livestock market access and value addition
Increase fish production	Enhance Aquaculture development Enhance access to fish inputs Promote Fish value addition Strengthen fish farming extension services
Strengthen cooperative movement	Strengthening of cooperative governance Strengthen cooperative extension services Promotion of financial service to cooperative societies
Improve land use planning and urban development	Strengthen land use planning and development Strengthen land governance Strengthen land surveying and documentation Enhance urban development
Enhance access to affordable housing	Develop housing infrastructure Enhance management of government houses
Sector Priorities	Strategies
Improve access to promotive and preventive health care	Strengthen primary health care Promote environmental health and sanitation Strengthen community health care services Management of Communicable diseases and NTDs Enhance immunization coverage Increase access to RMNCAH Enhance nutrition services; Increase access to mental health care services
Enhance access to curative and rehabilitative health services	Increase rehabilitative services Increase specialized health care services Strengthen emergency and referral services
Enhance Health administration, management and support services	Develop health infrastructure Increase medical supplies (HPTs) Strengthen medical human resource Promote health research and development; Increase universal health care coverage Strengthen health policy and regulatory framework Procure data collection and reporting tools

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Sector Priorities	Strategies
Enhance road and transport network	Develop road infrastructure Develop transport infrastructure
Improve access to energy	Promotion of renewable energy Enhance street lighting
Enhance Public works services	Strengthen Disaster management Enhance maintenance of government buildings
Sector Priorities	Strategies
Increase access to portable water	Development of water infrastructure Strengthen water service management Water harvesting and flood control
Enhance access to sewerage services	Develop sewerage infrastructure
Enhance environmental conservation and management	Develop solid waste management infrastructure Enhance solid waste management capacity Afforestation and reforestation Climate change mitigation and adaptation Strengthen environmental management
Sector Priorities	Strategies
To improve access to quality ECD education	Develop ECDE infrastructure Enhance human resource capacity increase learning materials and equipment Implement School feeding initiative
To improve access to VTC education	Develop VTC infrastructure Enhance human resource capacity Increase learning materials and equipment Enhance capitation
Increase education support	Provision of bursaries Enhance education support
Sector Priorities	Strategies
Improve trade and industrial development	Develop trade and industrial infrastructure Enhance access to market opportunities Strengthen entrepreneurial capacity Promotion of Fair trade and consumer protection practices Promotion of investments Strengthening of Business Finance Services
Enhance tourism development	Improvement of tourism infrastructure Diversification of tourism products and services Marketing of Tourism products and Attractions
Strengthen cooperative movement	Strengthening of cooperative governance Strengthen cooperative extension services Promotion of financial service to cooperative societies
Sector Priorities	Strategies
Enhance access to social Protection	Enhance access to social protection facilities Strengthen SGBV response Enhance access to social protection services Strengthen policy framework
Strengthen sports development	Develop sports infrastructure Capacity building of stakeholders Promote sports Strengthen policy framework
Enhance preservation of culture and heritage	Develop culture and heritage infrastructure Conservation of cultural sites Promotion of culture and heritage
Enhance access to youth empowerment opportunities	Develop youth empowerment infrastructure

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Priorities	Strategies
To improve access to service delivery	Capacity enhancement Strengthen policy framework Develop infrastructure Enhance civic and public participation Strengthen human resource capacity Strengthen administrative services Strengthen county executive services Strengthen liaison linkages, partnerships and intergovernmental relations; Strengthen governance and policy framework Operationalize Governors service delivery unit Strengthen CPSB
To strengthen Disaster management	Enhance disaster management response Strengthen disaster risk management
Enhance access to ICT services	Improve ICT infrastructure ICT capacity building Digitization of county services County information and communication management
Legislation, representation and oversight	Develop infrastructure Improve records management and communication Strengthen CA service delivery
Strengthen public financial management	Increase own source revenue Strengthen internal control systems
To enhance Economic Planning and monitoring and evaluation	Strengthen county planning Strengthen monitoring, evaluation and reporting Strengthen county statistics and documentation

Below we present the progress made in attaining the objectives of the xxx CIDP (*specify period*) for xxx County.

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S/No	Project Name	Strategic Objective as per CIDP (present the objectives on a high and strategic level)	Targeted Outcome	Performance/Progress made up since inception from the latest CIDP	Remarks (Explain the reasons underperformance/Overperformance)
1	Kenyatta stadium Flagship	To provide an international sports facility to host local , regional, National and International sports events	Kenyatta stadium constructed	85%	To be Completed This Year
2	Kiptogot Kolongolo water project	Increase water supply	Kilometers of distribution network laid.	300	National Government, County Government and development partners
3	Sosio Teldet water project	Increase access to clean and safe water	Percentage of project works implemented	4000	National Government, County Government and development partners
4	Kapolet II W/S	Increase water supply	Percentage of project works implemented	3500	National Government, County Government and development partners
5	Kitale sewerage	Enhance liquid waste disposal	Percentage of works implemented	6500	National Government, County Government and development partners
6	Kiminini sewerage system	Enhanced sewage disposal	Percentage of works implemented	500	National Government, County Government and development partners
7	Integrated solid waste management site	To improve solid waste management in the County	Land acquired; Sanitary landfill constructed; Waste recycling plant constructed and equipped; Waste composting plant constructed.	250	CGTN, GOK and Development partners
8	Trans Nzoia Teaching and Referral hospital	To enhance specialized care	A Completed and equipped TTRH	2200	To be done this year

Progress on Attainment of Development Objectives from Annual Development Plan for FY 2025- *Customize as per specific county.*

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

Below we provide the progress on attaining the stated objectives:

(each department to have its own table or presented in a more suitable format to the county's operations)

N/B: Data and information provided here should be verifiable against the ADP

Table xx1: Programme performance

Program	Strategic Objective	Outcome	Output indicator	Achievement for the 2024/2025			Cumulative Achievement by end of FY 2024/2025			Remarks
				Target	Actual	Variance	Target	Actual	Variance	
1.Public Works, Roads & Transport	To enhance road and transport network	County Roads maintained and developed	No of Kilometers of County roads maintained	1200	846	354	1200	996	204	Delays in disbursement from KRB.
		Culvert, drainage channels and footbridges installed and constructed	No .of Culverts bridges, footbridges, Culvert and drainage channels installed and constructed	10	4	6	10	7	3	Delays in disbursement from KRB
3.Education and ICT	To improve access to quality vocational training	Vocational Centres Rehabilitated	No. of vocational Centres rehabilitated or built	5	2	3	5	4	1	
		Instructors employed	No. of Instructors employed	53	9	44	53	18	35	
		Capitation for VTCs established	No. of VTCs benefiting from the capitation	32	32	0	32	32	0	
	To Increase access to Quality ECD Education	Construction of ECDE classrooms	No. of classrooms constructed	60	27	33	60	50	10	
		ECDE Teachers employed and deployed	No of ECDE Teachers employed and deployed	200	43	157	200	66	134	
	To FEED ECDE	ECDE children feed with milk	No. of children	45,000	45,120	(120)	45,000	45,120	(120)	

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	children with schoolmilk									
		Elimu Bursary fund provided	No of Elimu bursary fund beneficiaries	32,000	20,292	9,708	30,000	30,717	229	
4. Trade and Industrialization	To promote development of small and medium enterprises	Markets infrastructure developed	% of completion of Kitale Business center	100%	69%	31%	100%	69%	31%	
			No. of new markets constructed;	1	1	0	1	1	0	
			No. of markets rehabilitated	2	2	0	2	2	0	
			No. of ongoing markets completed	1	1	0	1	1	0	
			No. of model kiosks constructed in the fresh produce markets	18	18	0	18	18	0	
		Regional economic integration initiative undertaken	No of Regional economic integration initiative undertaken	1	1	0	1	1	0	
		Trade fairs, exhibitions and conferences attended.	No of trade fairs, exhibitions and conferences attended	2	2	0	2	2	0	
		Enterprise training and development undertaken	No of Enterprise training and development undertaken	2	2	0	2	2	0	

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		Mapping of markets and trading Centers undertaken	No. of market and trading centers mapped	7	7	0	7	7	0	
		Working standards calibrated	No. of standards calibrated	46	46	0	46	46	0	
		Weighing and measuring equipment verified and Stamped	No. of weighing and measuring equipment verified and stamped	1800	1,800	0	1800	1,800	0	
		Complete Business Centrepremises	% completion	95%	95%	5%	95%	95%	5%	
		Cattle weigher purchased	No. of weigher purchased	3	3	0	3	3	0	
	To enhance efficient service delivery	Sector specific policies and legislation formulated	No of Sector specific policies and legislation formulated	1	1	0	1	1	0	
		Staff trained and capacity built	No. of staff trained	350	400	(50)	350	400	(50)	
5. Gender, Youth, Sports, Culture and Tourism	To enhance access to social protection services	Bahati home for the elderly	% completion of renovation	100%	80%	20%	100%	80%	20%	
	To promote and develop sports activities	Construction and modernization of Kenyatta stadium	Percentage completion	100	65%	35%	100%	65%	35%	
		Sports teams supported	No of sports teams	30	20	10	30	20	10	

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		financially	financially supported							
		Sports equipment procured and issued to teams	Number of teams issued with sports equipment	320	303	17	320	303	17	
6.Governance and Public service Management	To provide efficient, effective and accessible public services	Ultra-Modern Office County Complex Constructed	Percentage completion of office Complex	100%	95%	5%	100%	95%	5%	
		Sub County Administration offices constructed	No. of offices constructed	3	3	0	4	4	0	
		Legal & Attorney unit strengthened	No. of staff recruited and capacity build	4	4	0	4	4	0	
		Medical Cover insurance provided to all staff	No. of employees covered	3600	3600	0	3600	3600	0	
		Schemes of Service Developed	No. of schemes of service developed and operationalized	7	7	0	7	7	0	
		Records management modernized	Percentage of completion	30	30	0	30	30	0	
		Devolved units coordinated and supervised	No of devolved units well-coordinated and supervised	30	30	0	30	30	0	
7.County Public Service Board	Optimal staffing	More staffs to be recruited	No of staffs to recruit	450	391	59	450	391	59	
	To improve public service	Continuity in service Delivery	No. of Staffstotrain	600	480	120	600	4800	120	

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	Delivery									
		Staff recruited	Number of staff recruited and appointed	450	215	235	650	606	44	
		Staff Trained	No of officers trained.	300	78	222	300	160	140	
		Online job application system developed	No. of online applications systems developed	7	4	3	7	5	2	
	To enhance effective policy coordination, public service delivery and good governance	Members of staff Sensitized on values & principles of good governance articles 10 & 232 of CoK, 2010	No. of staff sensitized on values and principles of articles 10 and 232 of COK	3600	3600	0	3600	3600	0	
		Annual reports to County Assembly, H.E. the Governor prepared in accordance to CGA 2012	No. of Annual report prepared	1	1	0	1	1	0	
		New staff sensitized on code of conduct and ethics	No. of staff sensitized and adhered to the code of conduct and ethics	1000	1,000	0	1000	1000	0	
		Income, Assets and Liabilities declared	No. of staff sensitized on DIALS	3600	3600	0	3600	3600	0	
	To promote adherence to National Values and Principles of Public Service	Members of staff Sensitized on values & principles of good governance articles 10 & 232 of CoK, 2010	No. of staff sensitized on values and principles of articles 10 and 232 of COK	3600	3600	0	3600	3600	0	
		Annual reports to County Assembly, H.E. the Governor	No. of Annual report prepared	1	1	0	1	1	0	

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		prepared in accordance to CGA 2012								
8.Finance and Economic Planning	To strengthen public financial management systems	3 rd Generation CIDP formulated	Finalised CIDP	1	1	0	1	1	0	
		ADP 2023/24 Developed	Finalised ADP	1	1	0	1	1	0	
		10 year achievement report produced	10 year achievement report	1	1	0	1	1	0	
	To promote prudent, financial and fiscal management for county growth and stability	Local revenue collected	Amount of revenue	680,000,000	543,899,663	136,100,337	680,000,000	543,899,663	136,100,337	
		Budget circular released	No of circulars	1	1	0	1	1	0	
		Budget Review and Outlook paper submitted	No of CBROPs	1	1	0	1	1	0	
		County Fiscal strategy paper, submitted to CA	No of CFSPs	1	1	0	1	1	0	
		Appropriation and Finance Bills formulated and submitted	No of finance Bills	1	1	0	1	1	0	
		Quarterly and Annual financial reports produced	No of reports produced	5	5	0	5	5	0	
9.Agriculture, Irrigation, Livestock,	To increase agricultura	Area under coffee production	No of seedling procured and distributed	110,466	110,466	0	115,692	115,692	0	

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Fisheries and Cooperative Development	Increased crop production and productivity	Area under fruit trees Increased	No of seedlings procured and Distributed	20282	20282	0	20282	20282	0	
		Export vegetable promoted	No of Trainings carried out	315	315	0	399	399	0	
	To control crop pests	Reduced losses due to emerging pests and diseases	No of Traps Procured and installed	50	50	0	50	50	0	
			No of operational plant clinics	27	27	0	27	27	0	
	To promote soil and water conservation	Soil samples taken and analysed	No of soil samples taken and analysed	80	80	0	80	80	0	
		Soil conservation structures laid	Metres of soil conservation structures laid	33	33	0	33	33		
		Increased honey production	No of groups trained	5	5	0	5	5	0	

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	To increase fish production and productivity	Increased fish farmers	Number of fish farmers	17	17	0	17	17	0	
		Fingerlings procured.	No of tilapia mono-sex and cat- fish fingerlings procured, distributed and stocked	349,864	349,864	0	368,464	368,464	0	
		Fishponds rehabilitated/constructed.	No and square area of fish ponds	17	17	0	17	17	0	
		Fish hatchery established	Perimeter wall constructed	1	1	0	1	1	0	
		Fish value added and fishery products produced.	Tonnes of fish value products produced	3872	3872	0	3872	3872	0	
		Fish markets established /improved	No of fish markets established/improved	1	1	0	1	1	0	
		Fish quality inspections carried out from fish handlers and sites	No fish inspections carried out	1	1	0	1	1	0	
10.Lands, Housing, Physical Planning and Urban Development	To enhance land management	Local physical development plans developed	No.of plans developed	2	2	0	2	2	0	

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		Title Deed Processed	No of Title Processed	3000	1,680	1320	3000	1,680	1320	
		Land for establishment of various public utilities acquired and secured	No. of parcels	20	20	0	23	23	0	
	To develop urban infrastructure for enhanced service provision	Masinde Muliro business center constructed	No of business centres constructed	1	1	0	1	1	0	
11. Health and Sanitation	To Eliminate communicable conditions and reverse the rising burden of non-communicable conditions	Reduced incidence of NCD related conditions	Number of new patients screened and managed for NCDs in health facilities	13,000	13,535	335)	13,000	13,535	335)	
		Community Health Units trained and activated.	No of Community units trained	200	185	15	300	185	15	
		Pregnant mothers assessed during FANC visits	Percentage of Pregnant mothers assessed during FANC visits	100%			100%			
		Skilled deliveries and target postnatal care services provided	No of Skilled deliveries and target postnatal care services provided	23000	21,750	1250	23000	21,750	1250	

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	To promote universal health coverage	NATECARE provided	No of Vulnerable Indigents covered	18,000	17,500	500	18,000	17,500	500	
12. Water, Environment, Natural Resources and Climate Change	To increase access to portable water	Water pipeline laid	Km of water pipelinelaid	70	70	0	70	70	0	
		Boreholes drilled and equipped	No of boreholes drilled and equipped	16	16	0	16	16	0	
		Springs protected	No. of springs protected	36						
		Dams and pans rehabilitated	No. of dams and pansrehabilitated	1	1	0	1	1	0	

6. Environmental and Sustainability Reporting

a) Sustainability strategy and profile

The top management especially the accounting officer should refer to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

b) Environmental performance

Trans Nzoia is the home of two water towers therefore; it is important to conserve our environment. We also have seven gazetted forests, two national parks and large natural stone extraction sites. In a bid to ensure that we conserve our environment, the county has embarked to plant one million trees annually in order to ensure that we align to the national policy and achieve an increment of 5% tree cover. To reduce environmental degradation, we have embarked on the following policies: to reduce sand harvesting at the riverbanks in order to protect our streams, regulate quarrying activities, adopt better solid waste management systems and spearhead better agricultural practices such as conservation agriculture.

c) Employee welfare

Trans Nzoia County is a cosmopolitan county with diverse cultures therefore; its employment policy is one that embraces inclusivity, fairness and professionalism. It is one of the County that has a 50% ratio in its Executive. Employees are taken through induction that enables officers to understand the systems of governance and achieve service delivery. To ensure that we have right working space the County is in the process of constructing a modern state of the art headquarters that will be a one-stop shop for all services. The basis of progression is based on merit, scheme of service, organizational structure and employee professional development.

d) Marketplace practices-

The organisation should outline its efforts to:

i) Responsible competition practices

The County has made efforts to promote fair trade in the department of Trade and Industrialization whose mandate is to provide a fair and competitive trade environment, provision of market facilities, regulate trade activities. The department has invested heavily in order to ensure that small-scale traders have a conducive environment this is through reducing of the daily rate that mama mbogas remit to the county from 40 shillings to 20 shillings. The County is also in the process of reviving markets that will accommodate over five thousand traders.

ii) Responsible supply chain and supplier relations

The County through the supply chain management unit endeavours to adhere to the public procurement and disposal act 2015. At the beginning of each financial year, the County updates its supplier data bank through a prequalification process upon which most of the procurement is carried out. When procuring goods, services and works,

deliberate effort is made to observe reservations, proper procurement methods, equity and fairness. Upon delivery of the procured items, the County makes payments to suppliers on a schedule of procedures. Pending bills are also frequently paid to avoid backlog hence encouraging and motivating our suppliers to promptly supply goods and services whenever they are called upon.

iii) Responsible marketing and advertisement

The Department of Finance -Revenue Unit and department of Trade are charged with the responsibility of regulating and licensing of trade activities. In a bid to create awareness these departments from time to time advertise the regulations, new policies and directives that anchor in ensuring trader rights are upheld. All activities carried out observe the guidelines provided by the relevant authority in Kenya.

iv) Stewardship of goods and services

Consumer Rights and interests are upheld in this County. They include: regular checks and calibration of trader's weights and measures, enforcement of the anti-counterfeit policy (by the national government), and quality assurance by the Kenya bureau of standards.

v) Community Engagements

The County has a robust public participation policy that ensures that the community is involved in key decisions about projects and programs. Through this policy, communities are involved in identification of needy students for award of bursaries, issuance of business start-up kits through Nawiri fund and support to groups through the department of co-operatives. The County has also commenced the Kikao program whereby H.E the Governor engages with residents of a ward to get to know what development projects they prefer and how best they can engage. So far, eight vikaos have been held in the County

7. Management Discussion and Analysis

1. Introduction

This Management Discussion and Analysis (MD&A) provide an overview of the **operational and financial performance** of the **Trans Nzoia County Executive** over the last 3–5 years. It highlights major programs and projects undertaken, compliance with statutory requirements, key risks, financial obligations, and future development priorities. The section also places the County’s performance within the broader economic and sector context.

2. Key Programs, Projects and Investment Decisions

2.1 Infrastructure Development

- **Road rehabilitation and upgrading** across all sub-counties, including routine maintenance under the Roads Maintenance Levy Fund (RMLF).
- Expansion of **rural access roads** to enhance market connectivity.
- Ongoing construction of **county offices and administrative facilities** to improve service delivery.

Illustrative Table: Status of Infrastructure Projects

Project	Status	Timeline	Estimated Cost (KSh)
Road Rehabilitation Program	80% complete	2021–2024	1.2B
County Administrative Block	Ongoing	2022–2025	650M
Rural Access Roads	Continuous	Annual	300M

2.2 Health Sector Investments

- Expansion and equipping of facilities including **county referral hospital** upgrades.
- Recruitment of additional healthcare personnel to strengthen service delivery.
- Introduction of community-based health programs.

2.3 Agriculture and Food Security

- Investments in **seed distribution**, fertilizer subsidy programs, and farmer training.
- Rehabilitation of agricultural training centres and promotion of value-addition initiatives.
- Support to cooperatives to improve access to markets and credit.

2.4 Education and Youth Empowerment

- Expansion of **Early Childhood Development Education (ECDE)** infrastructure.
- Establishment of youth empowerment centres and vocational training enhancements.
- Bursaries and scholarships for vulnerable learners.

2.5 Water, Environment and Natural Resources

- Drilling and equipping of boreholes for improved water coverage.
- Strengthening environmental conservation programs including afforestation.
- Investment in solid waste management infrastructure.

3. Compliance with Statutory Requirements

Over the past 3–5 years, the County Executive has made significant progress toward compliance with legal and regulatory obligations, including:

Requirement	Compliance	Notes
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	Status	
Submission of Financial Statements	Fully compliant	Annual submissions made to OCOB & Auditor-General
Procurement Laws (PPADA, 2015)	Largely compliant	E-procurement rolled out; capacity gaps being addressed
Employment Regulations	Partially compliant	Some pending issues on payroll cleaning & staff rationalization
Public Finance Management Act, 2012	Substantially compliant	Budget cycle timelines observed; improvement needed in budget absorption

4. Financial Performance Summary (Last 3–5 Years)

4.1 Revenue Performance

- Moderate growth in **equitable share allocations** from the National Government.
- Improvement in **own-source revenue**, though still below potential due to compliance challenges and weak automation.
- Conditional grants mainly targeted at health and infrastructure.

4.2 Expenditure Performance

- Spending has largely focused on social sectors (health, education), infrastructure, and administration.
- Improved development expenditure absorption in the last two fiscal years.
- Recurrent expenditure remained high due to personnel costs.

4.3 Financial Position

- Significant investments in fixed assets.
- Improved liquidity but challenged by pending bills.

5. Major Risks Facing the County Executive

Risk Category	Description	Potential Impact	Mitigation Measures
Financial Risk	Unpredictable equitable share disbursements	Delays in project execution	Cash flow planning & revenue diversification
Governance Risk	Audit queries & weak internal controls	Reduced public trust	Strengthened internal audit & compliance monitoring
Operational Risk	Aging equipment, staffing gaps	Inefficiencies in service delivery	Equipment procurement & staff capacity building
Environmental Risk	Climate change impacts	Reduced agricultural output	Climate-smart agriculture programs
Social/Political Risk	Political interference, public unrest	Disruptions to development programs	Stakeholder engagement

6. Material Arrears and Outstanding Obligations

- **Pending bills** have remained a major financial challenge, especially for development projects and supplier payments.
- Efforts are underway to verify and settle eligible pending bills through the County Pending Bills Committee.
- No material arrears in statutory deductions (PAYE, NHIF, NSSF) except occasional delays due to cash-flow constraints.

7. Review of the Economy and Sector

7.1 National Economic Context

- Moderate economic growth driven by agriculture, services, and manufacturing.
- Inflationary pressures affecting cost of materials and project implementation.
- National fiscal constraints impacting timely disbursement of funds to counties.

7.2 County Economic and Sector Context

- Economy dominated by **agriculture**, contributing significantly to livelihoods and local revenue.
- Growth opportunities in **agribusiness, value addition, and tourism**.
- Ongoing sector reforms in health, land management, and water services.

8. Future Developments and Outlook

- Expansion of digital systems to improve revenue collection, HR management, and service delivery.
- Increased investment in climate resilience projects.
- Completion of ongoing infrastructure projects and scaling up of road maintenance.
- Strengthening partnerships with private sector, NGOs, and development partners.
- Strategic focus on youth employment, innovation, and technology-driven service delivery.

9. Other Relevant Information

- Enhanced community participation in planning and budgeting through public forums.
- Improved monitoring and evaluation framework for tracking project performance.
- Continued commitment to transparency, accountability, and prudent financial management.

10. Conclusion

The County Executive has made notable progress in improving service delivery, strengthening financial management, and implementing development programs. Despite challenges such as delayed disbursements, pending bills, and operational risks, the County remains committed to achieving sustainable development and enhancing citizen welfare.

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8. Statement of Management Responsibilities

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

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

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

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

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

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

Approval of the financial statements

The County Trans Nzoia County Executive financial statements were approved and signed by the CEC member for finance on 5th December, 2025.


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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying transitional IPSAS financial statements of County Executive of Trans Nzoia set out on pages 1 to 58, which comprise of the statement of financial position as at 30 June, 2025, and the statement of 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of County Executive of Trans Nzoia as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis including the transitional provisions permitted under IPSAS 33 and comply with the County Government Act, 2012, the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

Basis for Qualified Opinion

1. Variances in Transfers to Other Government Entities

The statement of financial performance reflects transfers to other government entities amount of Kshs.1,759,936,966 as disclosed in Note 9 to the financial statements. Review of bank statements to which payments were transferred during the year revealed deposits amount of Kshs1,716,964,194 resulting in an unreconciled variance of Kshs.42,972,772

In the circumstances, the accuracy and completeness of transfers to other government entities amount of Kshs.1,759,936,966 could not be confirmed.

2. Variances in Trade and Other Payables Balance

The statement of financial position reflects trade and other payables balance of Kshs.2,569,999,530 as disclosed in Note 17 to the financial statements. Re-computation of the pending payable balances resulted in a total of Kshs.2,668,124,747 resulting in an unexplained variance of Kshs.98,154,217. Further, review of the ageing analysis revealed long outstanding payable balance of Kshs.450,118,576 which had remained outstanding for more than two (2) years. No explanation was provided by Management on steps being undertaken to settle the payables.

In the circumstances, the accuracy and completeness of trade and other payables balance of Kshs.2,569,999,530 could not be confirmed.

3. Unsupported Deposits and Retentions

The statement of financial position reflects refundable deposits and prepayments balance of Kshs.38,643,463 as disclosed in Note 18 to the financial statements. However, Management did not provide the supporting schedules, the detailed ageing analysis and movement schedules.

In the circumstances, the accuracy and completeness of the refundable deposits and prepayments balance of Kshs.38,643,463 could not be confirmed.

4. Inaccuracies in the Statement of Cash Flows

The statement of cash flows reflects purchase of property, plant and equipment amounting to Kshs.1,176,458,773 which differed with Kshs.1,321,157,511 recorded in the asset movement schedule as disclosed under Note 16 to the financial statements resulting in an unreconciled variance of Kshs.144,698,738. Further, the statement of cash flows reflects net cash flows from operating activities of Kshs.1,943,554,144 which differed with cash generated from operations amounting to Kshs.1,943,910,636 disclosed in Note 19 to the financial statements resulting in an unreconciled variance of Kshs.356,492.

In the circumstances, the accuracy and completeness of the statement of cash flows could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual receipts of Kshs.10,455,020,040 and Kshs.9,271,085,823 respectively resulting in under-funding of Kshs.1,183,934,217 or 11% of the budget.

The under-funding may have negatively affected the County Executive's ability to meet its financial obligations and deliver services to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness

of Internal Controls, Risk Management and Governance. Review of the status during audit of the County Executive in 2024/2025 revealed unresolved matters as shown in **Appendix 1**.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Appoint Entity Steering Committee for Migration to Accrual Reporting

During the year, Management was required to transition from cash to accrual financial reporting and was expected to put in place a transition committee. However, there was no evidence that the committee was established contrary to requirements of Paragraph 2.1.1 of The National Treasury and Economic Planning circular No.03/2025 dated 14 April, 2025 which requires that each Accounting Officer of an implementing public entity (both National and County Governments) establish a cash-to-accrual transition committee at entity level.

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

2. Non-Compliance with One Third Basic Salary Rule

Review of the staff payroll revealed that two hundred and twelve (212) employees were paid net salaries that were below one-third of their basic salaries. This was contrary to the provisions of Section 19(3) of Employment Act, 2007 which require the total amount of all deductions that may be made by an employer from the wages of his employee at any one time not to exceed two-thirds of such wages.

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

3. Non-compliance with Employment Requirements for Persons with Disability

Review of the master staff register revealed that out of a total of three thousand, six hundred and sixty-nine (3,669) employees, only fifty-one (51) employees, representing one percent (1%), were persons with disabilities. This was contrary to the provisions of Section 21(2)(a) of the Persons with Disabilities Act, 2025 which requires employers with twenty (20) or more employees to ensure that at least 5% of their workforce consists of persons with disabilities.

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

4. Non- Establishment of the Trans-Nzoia County Alcoholic Drinks Control Fund

Review of own source revenue system generated reports, revealed that the county Management had realized total revenue of Kshs.543,894,663 out of which an amount of Kshs.8,651,000 was received from liquor revenue stream. However, despite the gazettelement of Trans-Nzoia County Alcoholic Drinks Control Act, 2018, the County Executive failed to establish the County Alcoholic Drinks Control Fund contrary to section 7(1) of the Trans-Nzoia County Alcoholic Drinks Control Act,2018 which provides that there is established a fund to be known as the County Alcoholic Drinks Control Fund.

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

5. Non-Remittance of Public Procurement Capacity Building Levy

Review of documents revealed that Management did not deduct and remit the public procurement capacity building levy. This was contrary to Paragraph 3(1) of Legal Notice 206 of the Levy Order 2023 which provides that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes.

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

6. Lack of Climate Change Fund Steering Committee

Review of documents provided for audit revealed that the County Executive Management had not appointed a Trans Nzoia County Climate Change Fund Steering Committee. This was contrary to Section 18 of Trans Nzoia County Climate Change Fund Act, 2021 which states that the functions of the County Climate Change Fund Steering Committee shall

include to— (a) oversee implementation of county climate change activities financed by the Fund.

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

7. Poor Road Maintenance at Miteitei -Virginia Road -Kwanza/Keiyo Ward

During the year under review, the County Executive made payments totalling Kshs.5,254,730 to a local contractor for the routine maintenance of Miteitei -Virginia in Kwanza /Keiyo Ward. The Company was awarded the contract on 14 February, 2025. However, the Management failed to obtain the original performance bond for work not fully or well executed contrary to Section 142(1) of the Public Procurement and Asset Disposal Act, 2015. The work measurement sheet on the road works to be done was not provided hence it was difficult to estimate the volume of gravel required and the length, the width and the depth of the road to be done.

Physical inspection conducted on 13 June, 2025 revealed the following unsatisfactory matters contrary to the detailed bill of quantities used for the implementation of the routine maintenance works for Miteitei-Virginia road.

The bill of quantities provided for gravel wearing course excavation, free haul, spread and compacting on a 6m width. However, physical inspection revealed that only 3.5m (width) for the entire stretch was done translating. Therefore, there was unaccounted for 2.5m width of the entire road which was not done hence leading to a possible loss of Kshs.1,942,500. Further, the bills of quantities provided for the planting of 1000 trees at a total sum of Kshs.120,000. However, physical inspection revealed that no trees were planted. The road cambers, side drains and mitre drains for easy drainage system were not done.

In the circumstances, the value for money on the expenditure incurred on the road maintenance works totaling Kshs.5,254,730 could not be confirmed.

8. Poor Road Maintenance Kisawahi - Chekui - Mima Junction Road

During the year under review, the County Executive made payments totaling to Kshs.3,591,000 to a local Contractor for the routine maintenance of Kisawahi -Chekui - Mima Junction in Kinyoro Ward. The company was awarded the contract on 3 January,2025.

Physical inspection conducted on 16 June, 2025 revealed that, although the bills of quantities provided for gravel wearing coarse extraction, free haul, spread and compact at the width of 6m, only 3.5m width for the entire stretch was done. Therefore, there was unaccounted 2.5 width of the entire road hence resulting to possible financial loss of Kshs.1,051,200. Further, the bills of quantities provided for the planting of 250 trees of total of Kshs.75,000 but no trees were planted. The road cambers, side drains, spot checks and mitre drains for easy drainage were not done.

In the circumstances, the value for money on the expenditure incurred on the road maintenance works totaling to Kshs.3,591,000 could not be confirmed.

9. Delayed Completion of Kenyatta Stadium Rehabilitation and Modernization Phase 1A

Review of procurement documents provided for audit revealed that the Department of Gender contracted for proposed rehabilitation and modernization of Kenyatta stadium phase 1A-Kitale at a cost of Kshs.657,305,895 on 1 February, 2023 for a period of six hundred and forty (640) days. The amount already paid to the contractor as at 30 June, 2025 was Kshs.425,307,880 (65%). The provided performance bond expired on 31 January, 2025 and had not been renewed as at the time of audit.

The rehabilitation and modernization works are still ongoing despite the expiry of the contract period. No evidence of request for variation or extension of the contract period was provided for audit.

Physical inspection on 12 June, 2025 revealed that works were ongoing. However, there was a dispute on the boundary beacons which was yet to be resolved and unauthorized occupation had taken place.

In the circumstances, the value for money on expenditure incurred on the rehabilitation and modernization of the stadium project has not yet been realized.

10. Stalled Construction of Multi-Story Business Complex

As reported in the previous years, the County Executive awarded a contract for proposed construction of multi-story business complex at a contract sum of Kshs.874,280,383 to a local contractor on 25 June, 2018 for a contract period of seven hundred and thirty-one (731) days and expected completion date of 10 June, 2021. The project's completion has delayed for over four (4) years from the initial expected date of completion. The contractor had requested for extension of contract period seven times but no approvals were granted. Further, a memorandum of understanding on the co-funding between the Municipality and Ministry of Trade, and ownership documents in the form of land title deeds or allotment letters were not provided for audit review.

Physical inspection carried out on 17 June, 2025 revealed that the contractor was not on site and enquiry from the clerk of works indicated that the project had stalled at 92% since August, 2024. The total amount of money paid to date according to summary of payment including the most recent certificate paid on 4 February, 2025 was Kshs.818,183,930.

In the circumstances, the value for money on the expenditure incurred on the project could not be confirmed.

11. Delayed Completion of Construction of County Aggregation and Industrial Park at Namandala

Review of records revealed that the County Executive awarded the tender for the construction of the County Aggregation and Industrial Park at Namandala at a contract sum of Kshs.499,166,766 during the financial year 2023/2024. The contract commenced on 1 September, 2023 with expected completion date of 1 March, 2025. The contractor

has been paid a total of Kshs.164,420,562 to date. However, examination of the tender and project files revealed that there was no land title deed for the 100-acre piece of land at Namandala in Kwanza Sub-County.

Further, a physical inspection carried out on 17 June, 2025 revealed that the project had stalled and the contractor was not on site, however management confirmation dated 5 December, 2025 indicated that the contractor was back on site and that the incomplete works were ongoing.

In the circumstances, the value for money on the expenditure incurred on the project and the ownership of the land could not be confirmed.

12. Stalled Construction of Operating Theatre at Matunda Sub-County Hospital

Review of records revealed that a local contractor was awarded the contract to construct an operating theater at Matunda Sub County Hospital at a contract sum of Kshs.7,995,030 on 2 April, 2024 by the time of audit, the contractor had been paid a total of Kshs.4,587,620 or 57% of the contract sum. Physical inspection carried out on 18 June, 2025 revealed that the construction was incomplete and works had stalled. Further, the contractor was not on site and no explanation has been given for the delay in completing the project.

In the circumstances, the value for money on the expenditure incurred on the project could not be confirmed.

13. Unutilized Alakara Health Facility

Review of documents revealed that a local contractor was awarded the contract to construct a maternity wing at Alakara health facility at a contract sum of Kshs.2,949,996 which was completed in June, 2024. However, physical inspection carried out on 18 June, 2025 revealed that the facility remained unutilized, one (1) year after completion. The facility was not fenced and there is risk of vandalism where two (2) water sinks outside the facility and nine (9) curtain rods had been vandalized. No proper explanation was provided by the Management as to why the maternity wing has remained unutilized since completion.

In the circumstances, the value for money on the expenditure incurred on the project could not be confirmed.

14. Stalled Construction of Wamalwa Kijana Teaching and Referral Hospital

As previously reported under, the County Government awarded the contract to construct the Trans Nzoia Teaching and Referral Hospital to a construction firm at a contract sum of Kshs.1,602,528,713. The contract was to be implemented in two (2) phases, with estimated completion period of Phase 1 – fifty-two (52) weeks and Phase 2 – sixty-two (62) weeks. The 350-bed facility was aimed at providing specialized medical to the public.

According to the records provided for audit review, Phase 1 of the project was completed on 23 July, 2016.

Phase 2 of the project commenced on 15 December, 2018 with projected completion date of 30 September, 2020. However, as at 30 June, 2025, the project was incomplete and was approximated at 70% completion level even though Kshs.1,640,000,000 (Approx. 102% of the contract amount) had been paid. The contractor was not on site and had abandoned the project without attending to the snag list of pending works. Further, the Hospital was in use with partial completion certificate. The Management has been undertaking piecemeal construction of the Hospital in various departments and a total of Kshs.9,659,016 was utilized in the financial year 2024/2025.

In the circumstances, the value for money on the expenditure of Kshs.1,640,000,000 incurred on the project could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Inefficiencies in Revenue Automation System

1.1 Incomplete Installation of the System

Review of records revealed that Management entered into a contract with a vendor on 21 December, 2023 for the provision of delivery, development, installation, deployment, testing and maintenance of a fully automated and integrated County revenue collection and debt management system at a contract sum of Kshs.26,968,080 with an annual recurring cost of Ksh.7,756,640.

Review of the revenue collection management system revealed that, though the contract sum was fully paid, the unstructured modules such as agricultural cess, royalties and public health had not been configured and automated in line with the contract agreement hence possibility of loss of revenue from the modules and payment for undelivered works

or services. Further, it was established, that there were delays in configuration and automation of the revenue streams such as approval of building plans, building approval fees, house rent, land rates hence possibility of non -optimization of revenue collection hence leading to under collection of revenues during the year.

In addition, the system was not linked to the IFMIS system, instead excel manual preparation of the revenue streams collection is used in posting of data to IFMIS.

In the circumstances, effectiveness of internal controls on the system could not be confirmed

1.2 Lack of Back-End Visibility

The County Management did not have access or visibility into back-end processes, stored data or database contents except as the vendor permitted. The Management could not independently query or verify back-end records nor could it audit user actions inside the database.

1.3 Absence of Change Management and System Control

During the audit, it was established that the vendor introduces system changes without notifying or obtaining formal approval from the County Management. The County did not have view of changes without access to database logs. There was no evidence of a formal change control, testing of changes, or documented approvals prior to production or deployment. No formal change management process, policy or review procedures were in place.

1.4 Lack of Independent Review and Sign-off of System and Database Logs

During the audit it was established that while system and database logs were generated and captured within the revenue collection system, they were not subjected to independent County Management review, validation, or formal sign-off. Logs remained under vendor administration, and the County Management did not actively analyse or verify them. In addition, there was no established log review policy, defined schedule, or documented retention procedures. As a result, although the logs exist, they provided no assurance, since potential anomalies or unauthorized actions may remain undetected.

This failure to demonstrate effective monitoring and maintain verifiable audit trails risks breaching legal and regulatory obligations, as such logs serve as critical evidence of transactional integrity.

1.5 Lack of Approved Business Continuity Policy and Disaster Recovery Plan

The County Government operated without an approved and formally adopted Business Continuity Policy and ICT Disaster Recovery Plan (DRP). The document provided as the County's DRP was found to be inconsistent, contradictory, and unreliable. Specifically, the document's front page bore a copyright year of 2019, while the last page contained two (2) official stamps, one "Checked by ICT Manager" and the other "Authorized by the Chief Officer – Governance," both dated 2018. The existence of contradictory dates indicates that the document was neither formally approved nor properly version-controlled.

In the circumstances, the effectiveness of the internal controls on the system could not be confirmed. Further, the County continues to operate without a valid, tested or approved Business Continuity and Disaster Recovery framework, leaving its critical ICT infrastructure and service delivery processes exposed to paralysis in the event of system failures, cyber incidents, or physical disasters.

2. Lack of a Data Centre and Physical and Environmental Controls Over Core ICT Infrastructure.

The County Government did not operate or maintain a Data Centre (DC) for hosting its core ICT infrastructure. Consequently, physical, and environmental control tests could not be conducted as required, since no designated or controlled facility existed to safeguard critical ICT equipment, including servers, networking devices, and data storage units that support the County's financial and administrative systems.

Despite the County's acquisition of essential ICT assets for system operations, these were found to be hosted in unsecured, non-compliant environments lacking basic safeguards such as fire suppression systems, controlled access, humidity and temperature regulation, backup power, CCTV surveillance, or disaster recovery mechanisms.

In the circumstances, the County continues to operate without a valid, tested or approved Business Continuity and Disaster Recovery framework, leaving its critical ICT infrastructure and service delivery processes exposed to paralysis in the event of system failures, cyber incidents, or physical disasters.

3. Inadequate Controls on Collection of Revenue from Cess

During the year under review, the County Government generated an amount of Kshs.55,962,288 from Cess revenue stream under the Department of Trade, Commerce and Industry. However, Management failed to provide records to account for revenue collected from sand, ballast and murrum. Further, it was established that collection of revenue for pick-ups and tractors were not effectively enforced despite these vehicles being the major carriers of the products. Random spot checks made in different Cess points, revealed that there were numerous pick-ups and tractors transporting materials without paying for the required permits.

In the circumstances, the effectiveness of the internal controls on collection of revenue from cess employed by Management could not be confirmed.

4. Inadequate Controls on Collection of Revenue from Parking Fees

Review of revenue records and revenue system data revealed that the County collected an amount of Kshs.59,641,650 from street parking under Department of Finance. However, physical inspection conducted on 19 June, 2025 revealed that the parking slots were not labelled or well demarcated, the parking slots were not numbered and there was poor planning of the town specifically on parking slots. Further, Management did not maintain a register of the parking slots available within the Municipality, which gives an indication of the in-effectiveness of collection of revenue from both street parking and bus parking.

In the circumstances, the effectiveness of the internal controls on collection of revenue from parking fees employed by Management could not be confirmed.

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

Responsibilities of the Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

18 December, 2025

Appendix 1 – Unresolved Prior Year Matters

	Financial Year	Audit Issue
1	2023/2024	Unsupported Cash and Cash Equivalents
2	2023/2024	Inaccuracies in Exchequer Releases
3	2023/2024	Inaccuracies in Compensation of Employees
4	2023/2024	Unsupported Acquisition of Assets
5	2023/2024	Irregular Termination of the County Revenue Collection System
6	2023/2024	Non-Compliance with the Law on Fiscal Responsibility
7	2023/2024	Irregular Hiring of Temporary Employees
8	2023/2024	Non-Remittance of Statutory Dues
9	2023/2024	Irregular Recruitment of New Staff
10	2023/2024	Non-Compliance with One-Third Rule of Basic Salary
11	2023/2024	Non-Compliance with Regional Diversity Requirements
12	2023/2024	Non-Compliance with the Persons with Disabilities Requirements
13	2023/2024	Non-Compliance with Effective Citizen Participation in Budgeting
14	2023/2024	Irregular Award of Legal Services
15	2023/2024	Nugatory Expenditure on Interest Payments
16	2023/2024	Incomplete Construction of the County's Headquarters
17	2023/2024	Delayed Completion of Construction of County Aggregation and Industrial Park at Namandala
18	2023/2024	Irregularities in the Construction of Mitume Fresh Produce Market
19	2023/2024	Delayed Completion of the Construction of a Multi-Storey Business Complex
20	2023/2024	Slow implementation of Rehabilitation and Modernization of Kenyatta Stadium in Kitale
21	2023/2024	Stalled Construction of Trans Nzoia Teaching and Referral Hospital (Renamed Kijana Wamalwa Teaching and Referral Hospital)
22	2023/2024	Poor Implementation of the Matumbei - Kimothoni Water Project in Matumbei Ward
23	2023/2024	Construction of Early Childhood Development Education (ECDE) Classrooms
24	2023/2024	Poor Implementation of the Pipeline Extension at Kokwo - Khalwenge Water Project
25	2023/2024	Poor Implementation of Pipeline Extension and Stalled Borehole at Mitume Usafi Estate
26	2023/2024	Inefficiencies in the New County Revenue Software Collection System
27	2023/2024	Lack of Management Response to Internal Audit Reports

**Trans Nzoia County Executive
Annual Report and Financial Statements for the year ended 30 June 2025.**

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

	Notes	30 June 2025
		Kshs
Revenue from non-exchange transactions		
Transfers from CRF	6	9,271,085,823
Total		9,271,085,823
Expenses		
Employee costs	7	3,681,578,314
Use of goods and services	8	1,149,942,500
Transfers to other Government Entities	9	1,759,936,966
Depreciation and amortization expense	10	77,283,260
Other Grants and Subsidies	11	1,022,471,771
Social Benefits	13	28,376,175
Total expenses		7,719,588,986
Surplus for the year		1,552,496,837
Net Surplus		1,552,496,837

The Financial Statements set out on pages 1 to 6 were signed by:



Emmanuel Wafula Masungo
Chief Officer
Department of Finance
ICPAK M/No 19966



Benard Lidaywa Madegwa
Director Accounting Services
Department of Finance,
ICPAK M/No 17944

**Trans Nzoia County Executive
Annual Report and Financial Statements for the year ended 30 June 2025.**

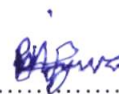
11. Statement of Financial Position as at 30 June 2025

	Notes	Period ended 30 June 2025	Opening Statement 1 st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	13	108,203,922	120,193,069
Receivables from Exchange Transactions	15(a)	408,600	1,209,000
Total Current Assets		108,612,522	121,402,069
Non-Current Assets			
Receivables from Exchange Transactions	15(b)	1,209,000	-
Property, Plant and Equipment	16	1,244,570,250	-
Total Non- Current Assets		1,245,779,250	-
Total Assets (A)		1,354,391,772	121,402,069
Liabilities			
Current Liabilities			
Trade and Other Payables	17	2,569,999,530	2,895,447,811
Refundable Deposits and Prepayments	18	38,643,463	30,218,318
Total Current Liabilities		2,608,642,993	2,925,666,129
Non-Current Liabilities			
Non-Current Employee Benefit Obligation	-	-	-
Total Non- Current Liabilities		-	-
Total Liabilities (B)		2,608,642,993	2,925,666,129
Net Assets(A-B)		(1,254,251,221)	(2,804,264,060)
Represented By:			
Accumulated Surplus		(1,254,251,221)	(2,804,264,060)
Capital Fund		-	-
Net Assets		(1,254,251,221)	(2,804,264,060)

The financial statements set out on pages 2 to 3 were signed by:



Emmanuel Wafula Masungo
Chief Officer
Department of Finance
ICPAK M/No 19966



.....
Benard Lidaywa Madegwa
Director Accounting Services
Department of Finance,
ICPAK M/No 17944

**Trans Nzoia County Executive
Annual Report and Financial Statements for the year ended 30 June 2025.**

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

	Accumulated Surplus	Reserves	Capital Fund	Total
As at 30th June 2024 (cash basis)	91,183,751	-	-	91,183,751
Adjustments:				
Recognition of assets	-	-	-	-
Recognition of liabilities	(2,895,447,811)	-	-	(2,895,447,811)
As at July 1, 2024	(2,804,264,060)	-	-	(2,804,264,060)
As at July 1, 2024	(2,804,264,060)	-	-	(2,804,264,060)
Return to CRF	(2,483,997)	-	-	(2,483,997)
Surplus/ deficit for the year	1,552,496,837	-	-	1,552,496,837
Additions during the period	-	-	-	-
As at June 30, 2025	(1,254,251,220)	-	-	(1,254,251,220)

**Trans Nzoia County Executive
Annual Report and Financial Statements for the year ended 30 June 2025.**

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

	Notes	30 June 2025 Kshs
Cash flows from operating activities		
Receipts		
Transfers from CRF	6	9,271,085,823
Total receipts		9,271,085,823
Payments		
Employee costs	7	3,513,808,452
Use of goods and services	8	1,047,298,438
Transfers to other Government Entities	9	1,759,936,966
Other Grants and Subsidies	11	978,111,648
Social Benefits	13	28,376,175
Total payments		7,327,531,679
Net cash flows from/ (used in) operating activities		1,943,554,144
Prior Year Adjustments		
Cash issued from accounts Receivable -Imprests		(408,600)
Cash Payments for Accounts Payables		(776,191,921)
		(776,600,521)
Cash flows from/ (used in) operating activities		1,166,953,144
Cash flows from investing activities		
Purchase of PPE	16	(1,176,458,773)
Net cash flows from/(used in) investing activities		(1,176,458,773)
Cash flows from financing activities		
Returns to CRF	12	(2,483,997)
Net cash flows from financing Activities		(2,483,997)
Net increase/(decrease) in cash & Cash equivalents		(11,989,147)
Cash and cash equivalents at 1 July	14	120,193,069
Cash and cash equivalents at 30 June	14	108,203,922

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

Recurrent and Development Budgets Combined

Revenue/expense item	Original budget	Adjustments	Final budget	Actual on comparable basis	Budget utilization difference	% of utilization
	A	B	C=(a+b)	D	E=(c-d)	F=d/c *100
Revenues						
Transfers from CRF	8,717,920,305	(66,740,003)	8,651,180,302	7,511,148,857	1,140,031,445	87%
Transfers other Govt Entities	1,803,839,738	-	1,803,839,738	1,759,936,966	43,902,772	98%
Total revenues	10,521,760,043	(66,740,003)	10,455,020,040	9,271,085,823	1,183,934,217	89%
Expenses						
Employee costs	3,775,219,893	42,982,574	3,818,202,467	3,513,808,452	304,394,015	92%
Use of goods and services	1,153,179,325	-	1,153,179,325	1,047,298,438	105,880,887	91%
Transfers other Govt Entities	1,865,083,092	16,908	1,865,100,000	1,759,936,966	105,163,034	94%
Other Grants and Subsidies	1,024,712,449	-	1,024,712,449	978,111,648	46,600,801	95%
Social Benefits	29,000,000	-	29,000,000	28,376,175	623,825	98%
Total	7,847,194,759	42,999,482	7,890,194,241	7,327,531,679	562,662,562	93%
Capital items						-
Purchase of PPE	1,458,565,284	-93,739,489	1,364,825,799	1,176,458,773	188,367,026	86%
Trade and other Payables	1,216,000,000	(16,00,000)	1,200,000,000	776,191,921	423,808,079	65%
Total expense Development	2,674,565,284	-109,739,485	2,564,825,799	1,952,650,694	612,175,105	76%
Total Expenses	10,521,760,043	-66,740,003	10,455,020,040	9,280,182,373	1,174,837,667	89%
Surplus/Deficit				(9,096,550)	9,096,550	

**Trans Nzoia County Executive
Annual Report and Financial Statements for the year ended 30 June 2025**

Reconciliation table

	Operating	Financing	Investing	Total
Actual amounts on comparable basis presented in the budget and actual comparative statement	(9,096,550)	-	-	(9,096,550)
Employees Costs reporting difference	-	-	-	-
Use of Goods and Services reporting difference	-	-	-	-
Transfers to other Government entities reporting difference	-	-	-	-
Other grants and subsidies reporting difference	-	-	-	-
Acquisitions of PPE classification difference	1,176,458,773	-	1,176,458,773	1,176,458,773
Trade and other Payables classification difference	776,191,921	-	-	776,191,921
Depreciation charge classification difference	-	-	-	-
Accounts Receivable	-	-	-	-
Actual in the statement of cashflows	1,943,554,144	-	1,176,458,773	1,943,554,144

15. Notes to the Financial Statements

1. General Information

xxx Trans Nzoia County Executive is established by and derives its authority and accountability from The Constitution of Kenya 2010. The Trans Nzoia County Executive is domiciled in Kenya and its principal activities are Trans Nzoia County Executive

2. Statement of Compliance and Basis of Preparation

Statement of compliance

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

Guiding note during the transition period:

The financial statements have been prepared in accordance with the PFM Act 2012 and the Trans Nzoia County Executive has taken advantage of the transitional provisions under IPSAS 33 and therefore these 1st/ 2nd/ 3rd/ year's financial statements are transitional financial statements and the following elements of the financial statements have not been recognised as the Trans Nzoia County Executive has taken advantage of the transition provisions outlined in IPSAS 33.

These financial statements were authorised for issue by the accounting officer on 5/12/2025

Basis of Preparation

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

Reporting period

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

**Trans Nzoia County Executive
Annual Reports and Financial Statements for the year ended 30 June 2025.**

Notes to the financial statements

Critical accounting judgements

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

Recognition of revenue

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

Recognition of non-exchange expenses and liabilities

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

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

Purpose and nature of financial instruments

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

Climate change obligations

Kenya's current National Determined Contribution (NDC) to deliver on the goals of the Paris Agreement sets a headline target of a 32 per cent emission reduction by 2030 relative to the business-as-usual scenario of 143 MtCO₂eq. Entities commitment to climate change action does not constitute a present obligation on the balance sheet but are disclosed separately.

**Trans Nzoia County Executive
Annual Reports and Financial Statements for the year ended 30 June 2025.**

Physical assets

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

**Trans Nzoia County Executive
Annual Reports and Financial Statements for the year ended 30 June 2025.**

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact:
IPSAS 43	<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 Trans Nzoia County Executive. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Trans Nzoia County Executive if relevant</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the Trans Nzoia County Executive if relevant</i></p>
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><i>State the expected impact of the standard to the Trans Nzoia County Executive if relevant</i></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"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement 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><i>State the expected impact of the standard to the Trans Nzoia County Executive if relevant</i></p>

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

**Trans Nzoia County Executive
Annual Reports and Financial Statements for the year ended 30 June 2025.**

Standard	Effective date and impact:
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i> 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 Trans Nzoia County Executive 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. <i>State the expected impact of the standard to the Trans Nzoia County Executive if relevant</i></p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i> 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. <i>State the expected impact of the standard to the Trans Nzoia County Executive if relevant</i></p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. <i>State the expected impact of the standard to the Trans Nzoia County Executive if relevant</i></p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol 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 Trans Nzoia County Executive'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><i>State the expected impact of the standard to the Trans Nzoia County Executive if relevant</i></p>

iii) Early adoption of standards

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

Notes to the Financial Statements (Continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Trans Nzoia County Executive and can be measured reliably. Recurrent grants are recognized in the statement of financial performance. Development/Capital grants are recognized in the statement of financial performance after meeting revenue recognition criteria. Conditional grants are recognized as revenue upon fulfilment of the set conditions.

ii) Revenue from exchange transactions

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Trans Nzoia County Executive's right to receive payments is established.

Rental income

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

b) Budget information

The original budget for FY 2024/25 was approved by the County Assembly on 27th June 2024. Subsequent revisions or additional appropriations were made to the approved budget 12th March 2025 in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Trans Nzoia County Executive upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Trans Nzoia County Executive recorded additional appropriations of *Budget* on the 2024/25 budget following the governing body's approval. The Trans Nzoia County Executive's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements.

Notes to the Financial Statements (Continued)

Budget information (continued)

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

e) Investment property

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

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Trans Nzoia County Executive 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

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Notes to the Financial Statements (Continued)

e) Right of use asset

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

f) Tangible Natural Resources

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

Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Trans Nzoia County Executive. 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 Trans Nzoia County Executive 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 Trans Nzoia County Executive will obtain ownership

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of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Notes to the Financial Statements (Continued)

g) Intangible assets

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

h) Research and development costs

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

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

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

i) Financial instruments

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

Notes to the Financial Statements (Continued)

i. Financial assets

Classification of financial assets

The Trans Nzoia County Executive classifies its financial assets as subsequently measured at amortized cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the Trans Nzoia County Executive'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 Trans Nzoia County Executive 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 Trans Nzoia County Executive classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

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

Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

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

Trade and other receivables

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

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the Trans Nzoia County Executive 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 Trans Nzoia County Executive 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 Trans Nzoia County Executive recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Note xx.

ii. Financial liabilities

Classification

The Trans Nzoia County Executive classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through surplus or deficit

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Notes to the Financial Statements (Continued)

j) Inventories

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

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

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

k) Provisions

Provisions are recognized when the Trans Nzoia County Executive 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 Trans Nzoia County Executive expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

l) Contingent liabilities

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

Notes to the Financial Statements (Continued)

m) Contingent assets

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

n) Nature and purpose of reserves

The Trans Nzoia County Executive creates and maintains reserves in terms of specific requirements.

o) Changes in accounting policies and estimates

The Trans Nzoia County Executive recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

p) Employee benefits

Retirement benefit plans

The *Trans Nzoia County Executive* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Trans Nzoia County Executive pays fixed contributions into a separate Trans Nzoia County Executive (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

q) Foreign currency transactions

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

Trans Nzoia County Executive
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Notes to the Financial Statements (Continued)

r) Borrowing costs

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

s) Related parties

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

t) Service concession arrangements.

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

u) Cash and cash equivalents

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

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

Notes to the Financial Statements (Continued)

v) Comparative figures

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

w) Subsequent events

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

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Trans Nzoia County Executive'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 Trans Nzoia County Executive based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Trans Nzoia County Executive. Such changes are reflected in the assumptions when they occur.

Useful lives and residual value

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

- a) The technical feasibility of completing the asset so that the asset will be available for use or sale;
- b) condition of the asset based on the assessment of experts employed by the Trans Nzoia County Executive.
- c) condition of the asset based on the assessment of experts employed by the Trans Nzoia County Executive.
- d) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- e) The nature of the processes in which the asset is deployed.
- f) Availability of funding to replace the asset.
- g) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xx. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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

**Trans Nzoia County Executive
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Notes to the Financial Statements (Continued)

6. Transfers from CRF

Nature of Transfer	Amount recognized to Statement of financial performance.	Amount deferred under deferred income.	Total transfers for Period ended June 2025
	Kshs	Kshs	Kshs
Transfer to County Executive- Recurrent A/C	5,258,762,500	-	5,258,762,500
Transfer to County Executive- Development	2,224,975,593	-	2,224,975,593
Transfer to County Assembly- Recurrent A/C	660,512,273	-	660,512,273
Transfer to County Assembly- Development	147,081,731	-	147,081,731
Special purpose transfers-DANIDA	11,199,514	-	11,199,514
Special purpose transfers- KISSIP	670,210,456	-	670,210,456
Special purpose transfers-NAVCDP	97,637,549	-	97,637,549
Special purpose transfers-FLOCCA	83,930,000	-	83,930,000
Special purpose transfers-CAIP	84,466,907	-	84,466,907
Special purpose transfers- Municipality	32,309,300	-	32,309,300
Total	9,271,085,823	-	9,271,085,823

7. Employee Costs

Description	Period ended 30th June 2025
	Kshs
Basic salaries of permanent employees	3,162,228,661
Basic wages of temporary employees	-
Personal allowances – Part of salary	-
Pension and other social security contributions	-
Employer contributions to compulsory national social security schemes	59,585,316
Employer contributions to compulsory national health insurance schemes	109,390,240
Other social benefit schemes	-
Other personnel costs- Provident Fund (Lap fund & Lap Trust)	350,374,097
Employee costs	3,681,578,314

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8. Use of Goods and Services

Description	Period ended 30th June 2024
	Kshs
Utilities, supplies and services	135,249,681
Communication, supplies and services	1,932,570
Domestic travel and subsistence	52,193,133
Foreign travel and subsistence	1,011,000
Printing, advertising, and information supplies & services	2,139,165
Rentals of produced assets	1,677,500
Training expenses	18,479,704
Hospitality supplies and services	31,461,427
Insurance costs	200,972,068
Specialized materials and services	443,553,578
Other operating expenses including bank Charges	179,718,039
Office and general supplies and services	5,031,700
Fuel Oil and Lubricants	57,035,282
Routine maintenance – vehicles and other transport equipment	15,128,917
Routine maintenance – other assets	4,358,736
Total	1,149,942,500

9. Transfers to Other Government Entities

Description	Period ended 30 June 2025
	Kshs
Transfers to other County Government entities	
Transfers to County Assembly-Development	147,081,731
Transfers to County Assembly-Recurrent	660,512,273
Transfer to FLOCCA	158,795,443
Transfers to DANIDA	11,199,514
Transfer to NAVCDP	97,637,549
Transfer to KISSIP	670,210,456
Transfer to TRANS-WASCO	14,500,000
Total	1,759,936,966

10. Depreciation and Amortization Expense

Description	Period ended 30th June 2025
	Kshs
Property, plant and equipment-Depreciation	77,283,260
Total	77,283,260

**Trans Nzoia County Executive
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Notes to the Financial Statements (Continued)

11. Other Grants and Subsidies

Description	Period ended 30 th June 2025
	Kshs
Scholarships and other educational benefits	104,451,795
Other Creditors-Others	361,862,652
Grants to small businesses, cooperatives, and self employed	7,279,800
Other Current Transfers	263,300,662
Other Capital Grants and Transfers	284,576,862
Total Grants and Subsidies	1,021,471,771

12. Return to CRF

Description	Period ended 30 th June 2025
	Kshs
Recurrent Account (County Executive)	1,424,609
Development Account (County Executive)	1,058,045
Recurrent Account (County Assembly)	1,343
Total	2,483,997

13. Social Benefits

Description	Period ended 30 th June 2025
	Kshs
Transfers to the elderly- Ukombozi	28,376,175
Total social benefit expenses	28,376,175

14. Cash and Cash Equivalents

Description	Period ended 30 th June 2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Recurrent Account	965,070	1,409,609
Development Account	34,236,494	3,558,045
Deposits Account	38,643,141	30,217,996
Special Purpose Accounts	34,213,123	84,920,538
Other operating commercial accounts (Specify)	146,094	86,881
Total	108,203,922	120,193,069

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Notes to the Financial Statements (Continued)

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

		Period ended 30 June 2025	Opening Statement 1 st July 2024
Financial Institution	Account number	Kshs	Kshs
Recurrent Accounts			
Trans-Nzoia County Recurrent	1000171154	965,070	1,409,609
T/Nzoia Community Health	1000743247	-	-
		965,070	1,409,609
Development Accounts			
T/Nzoia County Development	1000171081	1,690,149	1,058,045
CBK-T/Nzoia CAIP	1000726393	32,546,345	2,500,000
		34,236,494	3,558,045
Deposits Accounts			
CBK-T/Nzoia County Deposit	10000284749	38,643,141	30,217,996
		38,643,141	30,217,996
Special Purpose Accounts			
T/Nzoia County SPA-DANIDA	10000739667	210,519	239,979
Tran/Nzoia County SPA -KDSP	1000380958	32,498,523	82,296,696
T/Nzoia SPA-Village Polytechnic	1000369426	856,226	856,226
T/Nzoia County SPA-Covid 19	1000454687	647,854	647,854
T/Nzoia SPA-road Fuel Levy	1000284738	-	879,783
		34,213,123	84,920,538
Other Commercial A/C			
T/Nzoia County Stalled Project	0330263870915	14,327	14,327
T/Nzoia County Imprest account	0330660875558	126,812	28,828
Trans Nzoia County Retention	0402234113002	322	322
T/Nzoia -Ukombozi Account	0402416974001	4,633	43,404
		146,094	86,881
		108,203,922	120,193,069

15. Receivables from Exchange Transactions

Description	Period ended 30 th June 2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Total receivables		
Total receivables	-	-
a) Current receivables – Imprests	408,600	1,209,000
b) Non-current receivables	1,209,000	
Total Receivables (a + b)	1,617,600	1,209,000

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i) Ageing analysis for Receivables

Description	Period ended 30 th June 2025		Opening Statement 1 st July 2024	
	Kshs		Kshs	
	Current FY	% of the total	Opening Balance	% of the total
Less than 1 year	408,600	47%	1,209,000	100 %
Between 1- 2 years	1,209,000	53%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	1,617,600	100%	1,209,000	100 %

ii) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment allowance	2024-2025
	Kshs
At the beginning of the year	1,209,000
Additional Imprests during the year	408,600
Recovered during the year	-
Written off during the year	-
At the end of the year	1,617,600

Trans Nzoia County Executive
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Notes to the Financial Statements (Continued)

16. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Infrastructure assets	Furniture & fittings	Plant Machinery and Equipment	Computers & ICT Equipment	Work in progress	Total
Depreciation Rate		2%	10%	7.5%	12.5%	10%	33.3%	0%	
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Balance as 1 July 2024	-	-	-	-	-	-	-	-	-
Additions	3,500,000	284,081,659	27,361,540	757,105,539	1,021,800	12,902,156	32,025,877	203,854,940	1,321,157,511
Disposals	-	-	-	-	-	-	-	-	-
As At 30 June 2025	3,500,000	284,081,659	27,361,540	757,105,539	1,021,800	12,902,156	32,025,877	203,854,940	1,321,157,511
Depreciation Charge	-	5,681,633	2,736,154	56,782,915	127,725	1,290,216	10,664,617	-	77,283,260
Depreciation for the period	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
As At 30 June 2025	3,500,000	278,400,076	24,625,386	700,322,624	894,075	11,611,940	21,361,260	203,854,940	1,244,570,251
Net Book Values									
Bal as at 1 July 2025	3,500,000	278,400,076	24,625,386	700,322,624	894,075	11,611,940	21,361,260	203,854,940	1,244,570,251

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Notes to the Financial Statements (Continued)

17. Trade and Other Payables

Description	Period ended	Opening
	30 June 2025	Statement
	Kshs	1 st July 2024
	Kshs	Kshs
Opening Accounts Payables B/F	2,769,495,594	-
Add: Trade and Other Payables at the end of period	450,743,640	-
	3,220,239,234	2,769,495,594
Pending Bills paid during the period	(748,391,921)	-
Outstanding Trade & other Payables during the period	2,471,847,313	-
Opening Balances of Employees benefits	125,952,217	-
Add: Employees benefits payables at the end of period	-	-
Outstanding Employee benefits paid during the period	(27,800,000)	-
Outstanding Employee benefits	98,152,217	125,952,217
Third- Party payments		
Other Payables	-	-
Total Trade and other Payables	2,569,999,530	2,895,447,811

18. A Refundable Deposits and Prepayments

Description	Period ended	Opening
	30 June 2025	Statement
	Kshs	1 st July 2024
	Kshs	Kshs
Customer deposits	38,643,141	30,217,996
Other deposits	322	322
Total deposits	38,643,463	30,218,318

18. b Ageing analysis for Deposit

Description	Period ended 30 th June 2025		Opening Statement	
	Current FY	% of the total	1 st July 2024	% of the total
	Kshs		Kshs	
Less than 6 Months	9,060,058	24%	14,968,817	49%
Between 6 Months - 1 years	14,614,266	39%	15,249,501	51%
Between 1-2 years	14,249,817	39%	-	0
Total (a+b)	37,924,141	100%	30,218,318	100%

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Notes to the Financial Statements (Continued)

19. Cash Generated from Operations

Surplus for the year before tax	1,552,496,837
Adjusted for:	
Depreciation	77,283,260
Non-cash grants received	(-)
Contributed assets	(-)
Impairment	-
Gains and losses on disposal of assets	(-)
Contribution to provisions	-
Contribution to impairment allowance	-
Working capital adjustments	
Increase in inventory	(-)
Increase in receivables	(408,600)
Increase in deferred income	(2,483,997)
Increase in payables	(365,470,408)
Increase in Refundable deposit	(8,425,145)
Net cash flow from operating activities	1,943,910,636

20. Financial Risk Management

The Trans Nzoia County Executive's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Trans Nzoia County Executive's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Trans Nzoia County Executive does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The Trans Nzoia County Executive's financial risk management objectives and policies are detailed below:

i) Credit risk

The Trans Nzoia County Executive has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the

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statement of financial position are net of allowances for doubtful receivables, estimated by the Trans Nzoia County Executive'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 Trans Nzoia County Executive's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2025				
Receivables from exchange transactions	1,617,600	1,617,600	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	108,203,922	108,203,922	-	-
Total	109,821,522	109,821,522	-	-

(NB: The totals column should tie to the individual elements of credit risk disclosed in the Trans Nzoia County Executive's statement of financial position)

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Notes to the Financial Statements (Continued)

Financial Risk Management

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

ii) Liquidity risk management

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

The table below represents cash flows payable by the Trans Nzoia County Executive 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	-	-	2,471,847,313	2,471,847,313
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	98,152,217	98,152,217
Total	-	-	2,569,999,530	2,569,999,530

Notes to the Financial Statements (Continued)

Financial Risk Management

iii) Market risk

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

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

a) Foreign currency risk

The *Trans Nzoia County Executive* has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The *Trans Nzoia County Executive* manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

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Notes to the Financial Statements (Continued)

Financial Risk Management

The carrying amount of the *Trans Nzoia County Executive's* foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Current FY

	In Kshs	Other currencies	Total
	Kshs		Kshs
As at 30 June 2025			
Financial Assets			
Investments	-	-	-
Cash	108,203,922	-	108,203,922
Debtors	1,617,600	-	1,617,600
Total Financial Assets	109,821,522	-	109,821,522
Financial Liabilities			
Trade and Other Payables	2,569,999,530	-	2,569,999,530
Borrowings	-	-	-
Total Financial Liabilities	2,569,999,530	-	2,569,999,530
Net Foreign Currency Asset/(Liability)	-	-	-

Financial Risk Management

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

	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
2025			
Euro	10%	-	-
USD	10%	-	-
20xx-1			
Euro	10%	-	-
USD	10%	-	-

Notes to the Financial Statements (Continued)

b) Interest rate risk

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

Financial Risk Management

Sensitivity analysis

The Trans Nzoia County Executive analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (20xx: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (20xx – KShs xxx)

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

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

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

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Notes to the Financial Statements (Continued)

Financial Risk Management

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2025				
Financial Assets				
Quoted Equity Investments	-	-	-	-
Non- Financial Assets				
Investment Property	-	-	-	-
Land and Buildings	-	-	-	-
	-	-	-	-

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

iv) Capital Risk Management

The objective of the Trans Nzoia County Executive's capital risk management is to safeguard the Trans Nzoia County Executive's ability to continue as a going concern. The Trans Nzoia County Executive capital structure comprises of the following funds:

	2024-2025	Opening Statement 1 st July 2025
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	-	-
Capital Reserve	-	-
Total Funds	-	-
Total Borrowings	-	-
Less: Cash And Bank Balances	(108,203,922)	(120193,069)
Net Debt/(Excess Cash and Cash Equivalents)	(108,203,922)	(120193,069)
Gearing	%	%

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Notes to the Financial Statements (Continued)

21. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the *Trans Nzoia County Executive* include those parties who have ability to exercise control or exercise sig

nificant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

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

Other related parties include:

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

	<i>Insert Current FY</i>
	Kshs
Transactions with related parties	
a) Sales to related parties	
Others (specify) e.g. interest and bank charges	-
Total	-
B) purchases from related parties	
Purchases of electricity from KPLC	83,728,868.50
Purchase of water from govt service providers	23,336,246.10
Rent expenses paid to govt agencies	-
Training and conference fees paid to govt. Agencies	14,392,104.00
Others (specify)	-
Total	121,457,218.60
b) Grants /transfers from the government	
Grants from national govt	137,789,191
Grants from county government	-
Donations in kind	-
Total	137,789,191
c) Expenses incurred on behalf of related party	
Payments of salaries and wages for County employees	3,681,578,314
Payments for goods and services for County	1,149,942,500
Total	

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	<i>Insert Current FY</i>
	Kshs
d) Key management compensation	
Compensation to key management	3,681,578,314
Total	5,090,767,224

22. Segment Information

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an Trans Nzoia County Executive to present segmental information of each geographic region or department to enable users understand the Trans Nzoia County Executive's performance and allocation of resources to different segments)

23. Contingent Assets and Contingent Liabilities

Contingent Assets

	<i>2024/2025</i>
	Kshs
Contingent Assets	
Insurance Reimbursements	-
Assets Arising from Determination Of Court Cases	-
Reimbursable Indemnities and Guarantees	-
Receivables From Other Government Entities	-
Others (Specify)	-
Total	-

(Give details)

Contingent Liabilities

	<i>2024/2025</i>
	Kshs
Contingent Liabilities	-
Court Case 18 against the Trans Nzoia County Executive	43,542,693
Bank Guarantees in Favour of Subsidiary	-
Contingent Liabilities arising from Contracts Including PPPs	-
Others (Specify)	-
Total	43,542,693

(Give details)

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Court Case against the Trans Nzoia County Executive

No	Name of Beneficiary	Details	Department	Economic No	Amount
1	Teti & Company Advocates	Receiving instructions to draft the referenced County Urban area Mgt Bill2023	County Attorney	42790131	2,320,000
2	Mark Peter M. Khisa Co Advocate	Legal Service of Civil Case no CMELC, No 66 of 2024	County Attorney	42790211	2,726,000
3	Mark Peter M. Khisa Co Advocate	Legal Service of Civil Case no E001 OF 2024 of 2018 Justice & Peace centre	County Attorney	42790210	2,726,000
4	Mukele Moni & Co Advocates	Legal Service of Civil Case no 5 of 2018 Justice and Peace centre	County Attorney	42790219	3,182,000
5	Mukele Moni & Co Advocates	Legal fee- Levies Mutori and 32 others	County Attorney	42790221	3,182,000
6	Kemunto Moenga & Co Advocates	Legal fee-Regularization of Un-authorization of Development bill 2023	County Attorney	42790227	2,958,000
7	Kemunto Moenga & Co Advocates	Legal fee- Country Revenue Service Board bill	County Attorney	42790228	2,958,000
8	Z.K. Yego Advocate	CGTN Workers union VS County Secretary and two others judicial review no 4 of 2019	County Attorney	42790661	4,060,000
9	Kemunto Moenga & Co Advocates	Legal fee in connection with Trans Nzoia County Housing Bill 2023	County Attorney	42790228 42790214	777,200
10	Teti & Company Advocates	Legal Services with Regard to Kitale CMELCNO 138 OF 2023	County Attorney	42790213	2,320,000
11	Kidiavai & Co Advocates	Legal service with regard to Kitale CMELC NO 120 OF 2021	County Attorney	42790101	500,000
12	Sifuna & Sifuna Co Advocates	Civil Application in the employment and Labour relations Court in Nakuru case no 169 of 2015	County Attorney	42790205	820,289
13	Sifuna & Sifuna Co Advocates	Legal fee in Respect of Ruling for Taxation on 39 th Sept 2019	County Attorney	42790208	1,521,700
14	Sifuna & Sifuna Co Advocates	Legal fee in Respect of Ruling for Taxation on 39 th Sept 2019	County Attorney		457,504
15	Brian Otieno & Co Advocates	Legal fee in respect of Civil case no HCJRMISC 1 of 2023	County Attorney	42790133	4,466,000
16	Busiega Mwanga & Co. Advocates	Constitutional Petion no 004 of 2023 -Tuan Farm ltd CGTZ of Trans Nzoia & 123	County Attorney	42790129	2,950,000
17	Busiega Mwanga & Co. Advocates	Constitutional Petition no 009 of 2023 Steve Shikuku vs the CGTZ	County Attorney	42791017	2,718,000
18	Z.K. Yego Advocate	Legal fee	County Attorney	42790665	2,900,000
	Total				43,542,693

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24. Capital Commitments

Capital Commitments	2024/2025
	Kshs
Authorised for	-
Authorised and contracted for	-
Total	-

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)

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Notes to the Financial Statements (Continued)

25. Program for Results (PforR) Disclosure

This disclosure note is for entities implementing Programs for Results (PforR). Implementing entities are required to make disclosures in accordance with their respective financing agreements. The disclosure should capture the program's goal and expenditures designated in the expenditure framework.

Name of PforR: NAVCDP			Name of Financing Partners: IDA and GOK			
Expenditure Details*	Opening Cumulative for 2023/2024		2024/2025		Total Cumulative	
	Budget	Actual	Budget	Actual	Budget	Actual
Program code NAVCDP	132,807,271		151,515,152			
2640503	5,000,000		5,000,000			
2640499						
Sub-total	137,807,271		156,515,152			
Program code-KELCOM						
Sub-program						
Sub-program	35,500,000			82,637,549		
Sub-total				15,000,000		
Total	Xx	xx	xx	97,637,549	xx	Xx

Expenditure Details - Provide the details per your expenditure framework requirements. (Program, sub-program, and or economic Item)*

26. Events after the Reporting Period

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

27. Ultimate And Holding Trans Nzoia County Executive

The Trans Nzoia County Executive ultimate parent is the Government of Kenya.

28. Currency

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

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16. Appendix

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

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

Ref: No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe
1.	<p>1. Unsupported Cash and Cash Equivalents The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.120,193,069 and as disclosed in Note 10 to the financial statements. However, the balances were not supported with certificates of bank balances. Further, the Trans Nzoia County Community Health Promoters bank account reflects Nil balance which was not supported with cashbooks, bank reconciliation statements, bank statements and board of survey reports. In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.120,193,069 could not be confirmed</p>	<p>The certificates of balances for the thirteen bank accounts with balances totaling Kshs.120,193,069 were availed to the auditors during the audit exercise. The Trans Nzoia County Community Health Promoters bank account cashbook, bank reconciliation statements, bank statements and board of survey reports were availed to the auditors. Appendix 1(a) Certificates of Bank Balances 1(b) Health Promoters Cashbook, Certificate of bank balance, Bank Reconciliation and the account was opened on 6th May 2024 letter attached</p>	Resolved	
2.	<p>2. Inaccuracies in Exchequer Releases The statement of receipts and payments reflects Exchequer releases amounting to Kshs.8,621,915,309 as disclosed in Note 1 to the financial statements. Included in the amount is Kshs.470,522,927 reported in the statement of receipts and disbursements for Receiver of Revenue - County Government of Trans Nzoia which reflects own source revenue amount of Kshs.470,522,927. However, review of revenue collections revealed that thirty (30) revenue streams had not been included in the respective revenue collection modules in the newly installed E-Rev automated revenue system. This was as a result of lack of a seamless change over from the previous Zizi system to the new E-Rev system. In the circumstances, the accuracy and completeness of own source revenue collected totaling Kshs.470,522,927 could not be confirmed.</p>	<p>It should be noted that the previous system operators (ZIZI) ceased operations indefinitely without providing data and information to facilitate configuration to the new system E-REV.This led to adoption of Zero-based mapping and configuration of the revenue streams. The county has 10 revenue streams and 59 sub streams. At the time of Audit, 29 sub revenue streams had been automated and thirty were still on-going. The process has since been completed. Appendix 2 - Own Source Revenue Report</p>	Resolved	
3	<p>Inaccuracies in Compensation of Employees The statement of receipts and payments reflects compensation of employees amounting to Kshs.3,197,121,378 as disclosed in Note 2 to the financial statements. However, review of monthly payroll summaries revealed that payment of salaries amounting to</p>	<p>Once a new employee is employed and signs all the necessary documents, they expect payment with effect from the date of reporting. For an employee to be paid through IPPD system, they must be issued by a payroll</p>	Resolved	

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	<p>Kshs.11,010,887 were made outside the Integrated Payroll and Personnel Database (IPPD) contrary to The National Treasury guidelines. In the circumstances, the accuracy and completeness of the compensation of employees' amount of Kshs.11,010,887 could not be confirmed.</p>	<p>number that is to be issued centrally by the National Government. As observed during the audit of the financial year 2023/2024 the County Executive made some salary payments through manual system in the month of July, August and September 2023 because the newly employed officers had not acquired payroll numbers due to: 1). Reactivation of their numbers from previous employers. 2) Waiting for activation of their payroll numbers 3). Occasioned by threats especially health workers unions As detailed in the below table Appendix 3(a) Correspondence to DPM on activation of payroll numbers 3(b) Copies of payment voucher Currently there is no payment outside the IPPD</p>		
4	<p>Unsupported Acquisition of Assets The statement of receipts and payments reflects acquisition of assets amounting to Kshs.985,908,443 as disclosed in Note 8 to the financial statements. The amount includes an amount of Kshs.17,281,841 being final payment to a contractor brought forward from previous years as a pending bill in respect of a contract for the upgrading of Kiminini Township roads. The contract which was signed on 13 January, 2021 was funded by the Kenya Roads Board at a contract sum of Kshs.42,884,504. However, the payment was not supported with a certificate of measured works showing how the amounts in the summary of statement for payment on accounts was arrived at. In the circumstances, the accuracy and completeness of the acquisition of assets amount of Kshs.17,281,841 could not be confirmed.</p>	<p>Certificate of Measured Works The measurement sheet indicates the quantities of work measured and completed, was availed. It certifies that the works were completed as per the contract specifications. Appendix 4 Certificate of Measured Works Status The respective procurement documentation, including requisitions, tender advertisements, appointment letters for the tender opening and evaluation committee members, as well as priced Bills of Quantities and measurement sheets, were duly provided for review vide our response Reference No. CGTN/ROADS/AUDIT/VOL.1/03 dated 2nd October, 2024 (copy attached for ease of reference) during the Management Review response stage. This documentation substantiates the expenditure incurred,</p>	Resolved	

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		demonstrating compliance with procurement protocols and verification of the expenditure amount as accurate.		
5	<p>Emphasis of Matter Budgetary Control and Performance The statement of comparison of budget and actual amounts reflects a final receipts budget and actual on comparable basis of Kshs.10,185,156,069 and of Kshs.8,621,913,309 resulting in under-funding of Kshs.1,563,240,760 or 15% of the budget. However, the County Executive spent an amount of Kshs.8,748,084,293 against actual receipts amount of Kshs.8,621,915,309 resulting in over-utilization of Kshs.126,168,984 of the actual receipts. The under-funding affected the planned activities and may have impacted negatively on service delivery to the public.</p>	The Under-Expenditure was a result of under-funding from the exchequer releases by the National Treasury. In the financial year 2023-2024, the County was under-funded of Equitable share, Revenue Shortfall/under collection of and development partners' failure to release money for budgeted projects. The under-funding affected the planned county project implementation	resolved	
6	<p>Pending Accounts Payables Note 1 on Other Disclosures to the financial statements reflects pending accounts payables balance of Kshs.1,371,609,319, comprised of Kshs.641,244,901 for construction of buildings and civil works, Kshs.507,881,305 on supply of goods and Kshs.222,483,113 on services which were not paid during the year under review but were carried forward to 2024/2025 financial year. Failure to settle bills during the year in which they relate distorts the financial statements for that year and adversely affects the provisions for the subsequent year to which they have to be charged.</p>	<p>The pending accounts payable were as result of delayed disbursement of the equitable share by the National Treasury, short fall of Own source Revenue collection and the development partners failure to release money for the budgeted projects. At close of the financial year, pending accounts payables were Kshs1,371,609,319 out of which in the FY 2024/2025 we provided for Kshs. 599,985,791 that has since been paid. In the supplementary budget underway we have provided for Kshs.100 million to further reduce the pending bills leaving the balance of Kshs.661 million that will be considered as a first charge in the 2025/2026 budget. Appendix 5(i) Budget FY 2024/2025 (ii) Pending accounts payable settlement returns (iii) Pending accounts payable payment plan (iv) CBK bank statement Extract</p>		
7	<p>Irregular Termination of the County Revenue Collection System Review of documents revealed that Management terminated the</p>	The county issued a 30-day termination notice in line with the contract terms and requested a	unresolved	

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	<p>contract for the ZIZI revenue collection system in January 2024 less than five (5) years from the date of signing the contract on 15 March 2021. The contract was valid for a period of five (5) years from the contract date. Subsequently, a new company was contracted to provide revenue collection services using a new software called E-Rev. However, the County Government did not provide a written termination letter together with the handover report for audit.</p> <p>Further, it was observed that the previous vendor ceased operations with the County without handing over data and other relevant information belonging to the County contrary to Clause 15.2 of the agreement which states that on expiry or termination of this agreement each party shall immediately return to the other all the property or materials containing confidential information belonging to the other.</p> <p>In the circumstances, management was in breach of the terms contract.</p>	<p>formal handing over report as stipulated in the contract agreement.</p> <p>The previous vendor failed to return essential data, breaching Clause 15.2 of the agreement. The County has requested the withheld data in compliance with the Data Privacy Act and the matter is in court.</p> <p>Appendix 7 (a) Termination letter (evidence of delivery) (b) Correspondence to recover data/court</p>		
8	<p>Non-Compliance with the Law on Fiscal Responsibility on Wage Bills</p> <p>The statement of receipts and payments reflects compensation of employees' amount of Kshs.3,197,121,378 which accounts for approximately 37% of the total revenue of Kshs.8,621,915,309. This was contrary to the provisions of Regulation 25(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which states that the County Government expenditure on wages and benefits for public officers should not exceed 35% of the County's total revenue.</p> <p>In the circumstances, management was in breach of the law.</p>	<p>The compensation of Employees figure of Kshs. 3,197,121,378 is 34.9 % of the total approved budget of Kshs. 10,185,156,069 less County Assembly budget of Kshs.1,045,710,889 budgeted funds for the County Executive of Kshs.9,139,445,180. Therefore, the wage bill is within the statutory limit as per the PFM Regulations.</p> <p>The County is compliant with County Government Act Regulations Sec.25(1) (a, b & c)</p> <p>Appendix 8 County Government Act Regulations Sec.25 (1)</p>	Resolved	
9.	<p>Irregular Hiring of Temporary Employees</p> <p>Review of the personnel records revealed that the County Executive hired a total of five hundred and seventy-five (575) casuals in various departments. However, the casuals were engaged for a continuous period of more than twelve (12) months. Further, the recruitment of casuals was not supported with approval by the County Public Service Board. This was contrary to Section 37(3) of the Employment Act, 2007 and Part B16 of the County Public Human Resource Manual, 2013 which require that casual workers shall be engaged only on urgent</p>	<ol style="list-style-type: none"> 1. All the casuals/ temporary has been mainstreamed into the staff County establishments 2. All Casuals have been issued with Personal Numbers 3. Correspondence with CPSB to confirm terms of terms of engagement. 	resolved	

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	<p>short-term tasks with the approval of the County Public Service Board and that they shall not be engaged for more than three (3) months.</p> <p>In the circumstances, management was in breach of the law.</p>			
10.	<p>Non-Remittance of Statutory Dues</p> <p>Analysis of the payroll data revealed statutory deductions were withheld from that staff salaries in form of Pay As You Earn (PAYE) amounting to Kshs.530,700,799, National Social Security Fund (NSSF) amounting to Kshs.343,282,390 and National Hospital Insurance Fund (NHIF) amount of Kshs.49,661,383, all totaling Kshs.923,644,572. However no evidence was provided for audit confirmation to show that the deductions were remitted to relevant authorities as required. Failure to remit statutory deductions on time contravenes the Income Tax Act, National Hospital Insurance Fund Act and the National Social Security Fund Act which may result in fines and penalties.</p> <p>In the circumstances, management was in breach of the law.</p>	<p>The payment for the statutory deductions was provided during the audit exercise as tabulated in the table below.</p>	Resolved	
11	<p>Irregular Recruitment of New Staff</p> <p>Review of staff records revealed that the County Public Service Board recruited a total of two hundred and fifty-eight (258) officers into various positions in the County. However, there was no evidence of vacancy declaration for the positions while Management did not provide an approved staff establishment to guide on the number of staff and the cadres the entity is authorized to have. This was contrary to Section B.5 (2) of the County Public Service Human Resource Manual 2013 which requires that all vacancies must be declared including the number of vacancies and whether the vacancies are within the authorized establishment.</p>	<p>The approved staff establishment and documentation in support of the existence of vacancy declared are available.</p>	Resolved	
12	<p>Non-Compliance with One-Third Rule of Basic Salary</p> <p>Review of monthly payroll records revealed that various employees of the County Executive received net salaries, which were less than a third of their respective basic salaries while others received negative salaries. This was contrary to Section 19(3) of the Employment Act, 2007 which states that an employer is permitted to make deductions from an employee's salary provided the employee takes home not less than one-third of basic salary.</p> <p>In the circumstance, Management was in breach of the law.</p>	<p>Why some of the employees are earning net pay less than a third of basic salary. The observations made on third rule compliance failure is attributed to the following issues:</p> <p>Retirement Employees on the last month of their retirement in most cases do not earn full salaries thus their net pay salaries fall below 1/3 of their basic salaries.</p> <p>HELB Loan Deductions Majority of our employees were given HELB</p>	Resolved	

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		<p>loans which are Government liability.</p> <p>Fine surcharges Deductions Employees who have previously had disciplinary issues and are henceforth surcharged are automatically deducted hence the same affecting their net pay.</p> <p>Interdictions/Suspension Employees on interdiction/suspension receive half of their salaries hence the reason why their net pay is below 1/3 of basic salary.</p> <p>Deployment and transfers. Staff working in Municipality areas earns more house allowance compared to those working in rural areas and also, we have extraneous duty allowance paid to executive offices and health facilities staff.</p>		
13	<p>Non-Compliance with Regional Diversity Requirement Review of the Integrated Personnel and Payroll Database (IPPD) and other human resource records revealed that out of 3,686 employees, 1,958 or 53% were from the dominant community. Further, out of the two hundred and fifty-eight (258) new employees, one hundred and sixty-one (161) or 62% were from the dominant community. This was contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which provides that all public establishment shall seek to represent the diversity of the people of Kenya in the employment of staff and no public establishment shall have more than one-third of its staff from the same ethnic community.</p>	<p>The County Government Act 2012. Part VII (section 65(I)(e) provides for the at least 30% of vacant post at entry level are filled by candidates who are not from the dominant ethnic community in the county 62% is within the recommended level.</p> <p>The records held by the National Cohesion indicate that the county has consistently complied with this requirement of the National Cohesion and Integration Act.</p> <p>Appendix 11 (a) County Government Act 2012. Part VII (section 65(I)(e) (b) County Recognition Award.</p> <p>Status Trans Nzoia County is a cosmopolitan county and it was awarded for adhering to the Ethnicity diversification, attached is the award certificate</p>	Resolved	
14	<p>Non-Compliance with Law on Persons with Disabilities Reservations Review of the payroll records revealed that only fifty-one (51) employees out of 3,686 total employees of the County were categorized as persons with disabilities. They constituted 1.4% of</p>	<p>The County Public Service Board has included persons with disability in every recruitment for those that qualify. Every advertisement has always encouraged persons</p>	Resolved	

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	<p>the total employees. This was contrary to Section 13 of the Persons with Disabilities Act, 2013 which provides a reservation of five percent (5%) of all casual, emergency and contractual positions in employment in the public and private sectors for persons with disabilities.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>with disability to apply. Hence, achieving the requirements of Section 13 of the Persons with Disabilities Act, 2013 is gradual and shall be fully complied with time. Moreover, some employees with the disability have not declared.</p> <p>Appendix 12 Job Advertisement</p>		
15	<p>Non-Compliance with Effective Citizen Participation in Budgeting</p> <p>In the financial year under review, the County Government budgeted to spend Kshs.8,019,306,556 on both recurrent and development expenditures. However, there was no evidence of public participation in various stages for both budgeting and implementation. Further, there was no evidence to confirm that there was public participation in the development of the Annual Development Plans (ADP), the Finance Act, Budget Policy Statement (BPS) and County Fiscal Strategy Paper and Quarterly Reports. This was contrary to Section 91(C) of the County Governments Act, 2012 which provides that the County Government shall facilitate the establishment of structures for citizen including budget preparation and validation fora.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>The County's public participation in budget making process is all-inclusive. The public participation exercise was done across all the 25-wards in the County.</p> <p>Appendix 13(a)Ward Public participation attendance lists</p>	Resolved	
16	<p>Irregular Award of Legal Services</p> <p>Review of legal records revealed that the Office of the County Attorney engaged law firms through direct tendering to handle twenty-four (24) cases in the financial year 2023/2024. Out of the thirty-six (36) prequalified law firms, only seven (7) were contracted to handle these cases while the rest were not considered. This was contrary to Section 103(1) of the Public Procurement and Asset Disposal Act, 2015 which provides conditions under which direct procurement method may be used.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>The selection of legal firms from the prequalified list is based on a firm's area of specialty, competency or in a bid to achieve gender parity. This explains why some prequalified firms were not engaged by the County.</p> <p>At the moment most of the prequalified firms were taken through online request for quotation procurement process and which mainly allows an identified number of firms bid for specific case online within a short period. This has greatly resolved the issue.</p> <p>Most of the cases against Trans Nzoia County are lands related, employment and commercial.</p>	Resolved	
17	<p>Nugatory Expenditure on Interest Payments</p>	<p>Reasons for the delay in the settlement of the</p>	Unresolved	

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	<p>Review of legal records revealed that the County Government was ordered by the court to pay a sum of Kshs.3,322,533 and accrued rent of Kshs.150,950 to a plaintiff who had filed a suit claiming for rent for office space occupied by the Department for Gender on 25 May, 2021. However, due to delays in settling the payment, the amount had increased by Ksh.943,241 resulting in additional expenditure in accrued interest which would have been avoided had the County Executive settled the amount as ordered.</p> <p>In the circumstances, Management failed to observe prudent management of public resources leading to avoidable wastage of public resources.</p>	<p>outstanding amounts was due to seeking/exploiting other out of Court or other dispute resolution mechanism due to financial constraints, court procedural delays, as well as negotiations with the merchant. While these factors may have contributed to the delay, the County Government has prioritized this in the budget for timely payment to avoid the accruing interest and additional financial burden.</p>		
18	<p>Poor Implementation of the School Feeding Program</p> <p>Review of contract records revealed that the County Executive awarded a local supplier tender for the supply of 200ml long life milk for the school-feeding program to all ECDE centers in the County at a contract amount of Kshs.63,875,000 on 28 February 2024. The supplier was required to supply a total of 1,750,000 packets of milk but only supplied 185,451 packets of milk all valued at Kshs.6,768,962 which is equivalent to 10% of the expected packets and the program was then stopped due to the supplier's inability to supply the whole consignment. There was no evidence that the contract had been terminated or action taken against the supplier by Management by invoking or demanding payment of Kshs.6,387,500 or 10% of the contract price from the bank that guaranteed the supplier due to non-performance of the contract.</p> <p>In the circumstances, the objective of providing children with milk to maintain them in the classroom could not be achieved.</p>	<p>As stated in the audit query, the supplier was paid for the milk supplied only. The management could not demand a refund of the payment of Kshs.6,378,500 or 10% of the contract price since the merchant had made supply of 185,451 packets of the milk equivalent to the amount paid.</p> <p>The contract was subsequently, terminated due to the non-performance and lack of capacity of the supplier. Appendix 16 (a) Termination Letter</p> <p>The contract was awarded to the new supplier m/s new KCC with the capacity to supply the milk for school feeding program. Currently, the ECDE centers have steady supply.</p> <p>Appendix 16 (b) New Contract Agreement</p>	Resolved	
19	<p>Incomplete Construction of the County's Headquarters</p> <p>The County Executive awarded a local contractor, a contract to construct the Trans Nzoia County Headquarters at a contract sum of Kshs.498,835,545 on 29 June, 2023 for a period of fifty-six (56) weeks. As previously reported, the tender evaluation committee did not conduct due diligence to confirm the qualifications of the contractor contrary to Section 83(1) of the Public Procurement and Asset Disposal Act, 2015.</p> <p>Physical verification carried out on 9 September, 2024 revealed that a sign board costing Kshs.250,000 was not erected in the construction site as indicated in the Bill of Quantities. The project</p>	<p>Due Diligence</p> <p>The due diligence report was availed but was not considered during the audit exercise. However, the report is available for audit review.</p> <p>The Sign Board</p> <p>The due diligence report availed to the auditors</p> <p>The sign board has now been erected. There was an attempt to steal it but is now erected at strategic place. The delay of the erecting it was caused by the risk of it being vandalized.</p>	Resolved	

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	<p>had reached sixth floor and construction on the helipad was on-going and was approximately 63% complete. However, the certificates of completion and handing over minutes were not provided for audit. In the circumstances, value for money on the expenditure incurred on the project could not be confirmed.</p>	<p>Appendix 17 (a) Due Diligence Report (b) Photo of the Sign Board</p>	
20	<p>Incomplete Construction of Tom Mboya Mother and Child Hospital The County Executive awarded a contract for the construction of Mother and Child Hospital at Tom Mboya Dispensary, Kitale Town at a contract sum of Kshs.101,613,650 with the commencement date being 26 April, 2023 and completion period being 252 days (9 months). The expected contract completion date was 13 February, 2024. The progress works reports of May, 2024 indicated that the construction was 76% complete. Physical verification of the project done in September, 2024 confirmed that the project was not yet complete despite the expected completion date of 13 February, 2024 having elapsed without any approved extension. Further, the contractor was not on site while, entrance gate and sentry work, painting (road marking paint), landscaping, stormwater drain channel, a ten (10) cubic meter capacity elevated water tank, secondary storage water tanks, water distribution, sewerage, soil drainage systems, sanitary fittings and electric power supply works had not been done. In the circumstances, the value for money on the expenditure incurred on the project could not be confirmed.</p>	<p>Extension Period The project was projected to be practically complete on 13th February 2024. Approval for extension was sought by the contractor for a period of 3 months ending 30th October 2024 and was granted vide a letter dated 16th May 2024. This was informed by the need for the additional works for the project. The contractor sought another extension for a period of 4 months ending on 25th February 2025 which was granted vide a letter dated 30th October 2024. This was informed by the delay in subcontracting agencies Kenya power and lighting, installation of oxygen piping and need for importation of the elevator system. Contractor was not on site The contractor was not on site to allow another contractor undertake installation of oxygen piping hence affecting other site operations. The contractor subsequently resumed work and completed the works. Appendix 18(a) Extension letters 18(b) Site Minutes 18(c) Certificate of practical completion. Status The Project was completed by 20th February 2025 and handed over in readiness for the operationalization attached Certificate of practical completion.</p>	Resolved
21	<p>Delayed Complete Construction of the External Ancillary Works at Tom Mboya Mother and Child Hospital</p>	<p>Trans Nzoia County Executive Awarded a contract to M/S Session Blue Construction</p>	Resolved

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	<p>Review of contract records revealed that the County Executive awarded a contract for the construction of external ancillary works at Tom Mboya Mother and Child Hospital in Trans Nzoia at a contract sum of Kshs.41,322,418. The commencement date was 20 June, 2023 and completion period was thirty-six (36) weeks or nine (9) months. As at the time of audit in September, 2024 the contractor had been paid a total of Kshs.32,730,332.</p> <p>Physical verification of the project in September, 2024 revealed that the works were not complete and the contractor was not on site. Further, there was no evidence that the contractor had been held liable for the delay as specified in the special conditions of the contract.</p> <p>In the circumstances, value for money on the expenditure incurred on the project could not be confirmed.</p>	<p>limited for the proposed external ancillary works at Tom Mboya Mother and child Hospital in Trans Nzoia vide Contract no 1288331-2022/2023 at a contract sum of Kshs 41,322,418.50.</p> <p>The contractor was not on site</p> <ul style="list-style-type: none"> • To allow another contractor undertake installation of oxygen piping hence affecting other site operations. • The relocation of the sewer lines by the TRANSWASCO • Adverse weather conditions that hindered scheduled activities. <p>Appendix 19(a) Minutes 19(b) Certificate of practical completion.</p> <p>Status The Project was completed by 20th February 2025 and handed over in readiness for the operationalization attached Certificate of practical completion.</p>		
22	<p>Delayed Completion of Construction of County Aggregation and Industrial Park Namandala</p> <p>Review of contract records revealed that the County Executive awarded tender for the construction of the County Aggregation and Industrial Park at Namandala in Kwanza Sub-County at a contract sum of Kshs.499,166,766 during the year. By the end of the year, the contractor had been paid a total of Kshs.264,253,915. However, examination of the tender and project files revealed that there was no land title deed for the 100- acre parcel of land at Namandala in Kwanza Sub-County.</p> <p>Further, physical verification carried out on 10 September, 2024 revealed that the project was incomplete with materials on site but no contractor on site.</p> <p>In the circumstances, value for money on the expenditure incurred on the project and the ownership of the land could not be confirmed.</p>	<p>The land on which CAIP is being constructed is part of the 100 acres of land that was ceded to the Export Processing Zone Authority (EPZA) by the Agriculture Development Corporation. It is EPZA that granted permission for the land to be used for the implementation of the project in view of the project objective being in harmony with EPZA mandate.</p> <p>The contractor was not on site due to the cashflow challenges and supplementary budget is underway where the county has provided for some funds for CAIP.</p> <p>Appendix 20 Supplementary Budget forwarding letter to the County Assembly</p>	Unresolved	

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23	<p>Irregularities in the Construction of Mitume Fresh Produce Market</p> <p>Review of records revealed that the County Executive through the Department of Trade, Commerce and Industry awarded a contract on 27 April, 2023 for the construction of Mitume fresh produce market at a contract sum of Kshs.4,799,000 through request for quotations in the 2022-2023 financial year. However, no title deed or allotment letter for the land on which the fresh produce market was built was not provided for audit.</p> <p>Further, physical inspection of the project conducted on 12 September, 2024 revealed that the stalls had no ventilations hence not fit for storage of the market produce while only one coat of paint that was applied had worn off while the toilets had their taps and sinks vandalized. In addition, the market shade had not been handed over and was not in use.</p> <p>In the circumstances, value for money on the expenditure incurred on the project could not be confirmed.</p>	<p>Lack of land ownership documents.</p> <p>The land on which the market was constructed is public land. On the parcel sits Mitume Dispensary. The land was inherited from the defunct Kitale Municipal Council.</p> <p>Appendix 21 Correspondence to the healthy facility to process ownership</p> <p>Constructed stalls at the market had no ventilations</p> <p>The stalls were constructed to provide accommodation for traders dealing in non-perishable goods, and service providers including hair dressers, barbers and cyber bureaus. The ventilation provided on the stalls are adequate in facilitating such a business activity.</p> <p>Only one coat of paint had been applied on the stall walls and had worn off</p> <p>The Supply applied paint as directed by the Bills of Quantities.</p> <p>The toilet was in a bad state, taps and sinks had been vandalized</p> <p>The losses incurred were during the intervening period between the completion of the project and taking over by the department. To address continuous losses, the department in collaboration with the stakeholders operationalized the market on 12th August, 2024.</p>	Unresolved	
24	<p>Delayed Completion of the Construction of a Multi-Storey Business Complex</p> <p>Review of contracts records revealed that the County Executive through the Department of Trade and Industrialization awarded a contract for the construction of a multi-storey business complex in Kitale town at a contract sum of Kshs.874,280,383 during the 2017/2018 financial year. The multi-year project contract was signed on 25 June, 2018 with a contract period of seven hundred and thirty-one (731) days and the expected completion date of 10 June, 2021. However, the following anomalies were noted;</p>	<p>i. There is a project implementation committee that was appointed by the chief officer and the project meeting are available subject to review.</p> <p>ii. The land on which the market was constructed is public land. The land was inherited from the defunct Kitale Municipal Council.</p> <p>The department did not allocate resources since it had allocated for County Aggregated</p>	Unresolved	

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	<p>i. The contractor has requested seven (7) times for extension of the contract period through the consultant and project, but there was no evidence of subsequent approvals and site meeting minutes conducted by project implementation team.</p> <p>ii. The Memorandum of Understanding on the co-funding between the Municipality, and the Department of Trade and Lands were not provided for audit.</p> <p>iii. No ownership documents for the land the business complex was built in the form of land title deed was provided for audit.</p> <p>iv. Physical inspection carried out on 10 September, 2024 revealed that the contractor was not on site and the project had stalled at 92% completion level.</p> <p>In the circumstances, value for money on the expenditure incurred on the project could not be confirmed.</p>	<p>Industrial Park which exhausted the departmental budget leaving non-substantial amount as it has reached the departmental budget ceiling, however in this financial year the department will allocate some resources for the completion during supplementary budget one.</p> <p>Appendix 22(a) Co-funding Agreement (b) Correspondence on ownership Documents</p>		
25	<p>Slow implementation of Rehabilitation and Modernization of Kenyatta Stadium in Kitale</p> <p>Review of contract records revealed that the County Executive contracted a firm for the rehabilitation and modernization of Kenyatta Stadium Phase 1A in Kitale at a contract sum of Kshs.657,305,895 on 31 January, 2023 for seven hundred and fifty- eight (758) days until 28 February, 2025. Physical inspection carried out in of September, 2024 revealed that the project construction works were ongoing and 84% of the contract period had been utilized. The contractor had been paid a total of Kshs.326,497,930 which is equivalent to 49.6% of the contract amount of Kshs.235,451,629 was paid in the during the current year. The construction of the stadium was behind schedule. This was further compounded by boundaries dispute which had delayed the construction of the fence.</p> <p>In the circumstances, the project supervision and monitoring were lacking which may affect project quality, project completion and hence value for money may not be obtained.</p>	<p>The project delayed due the court cases and boundary dispute.</p> <p>Measures we taken to resolve the disputes and the project is on course at 68% complete.</p> <p>Appendix 23 (a) Court Case (b) Extension Letter</p>	resolved	
26	<p>Stalled Construction of Trans Nzoia Teaching and Referral Hospital</p> <p>As previously reported County Government planned to construct the proposed Trans Nzoia Teaching and Referral Hospital at a contract sum of Kshs.1,602,528,713. The contract awarded to a construction firm was to be implemented in two (2) phases, with estimated</p>	<p>The client realized the delay in completion of the project and appointed a project implementation committee (PIC). The PIC advised that since all project management was in the hands of the consultant (Blink Studios Limited), it was prudent that a technical team</p>	unresolved	

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	<p>completion period of Phase 1 – 52 weeks and Phase 2 – 62 weeks. The 350-bed facility was aimed at providing specialized medical services to the public. According to the records provided for audit review, Phase 1 of the project was completed on 23 July, 2016. Phase 2 of the project commenced on 15 December, 2018 with projected completion date of 30 September, 2020. However, physical inspection in September, 2024, the project was incomplete and was approximated at 90% complete even though Kshs.1,577,689,119 (Approx. 98% of the contract amount) had been paid. The contractor was not on site implying that the project could have stalled. Further, the audit confirmed that the Hospital was in use without a certificate of occupation from public health hence endangering the lives of patients. In the circumstances, value for money on the expenditure amount of Kshs.1,577,689,119 incurred on the project could not be confirmed.</p>	<p>(PIC) supervise the Contractors. This led to a joint snagging of the project and project hand over to the client on 4th August 2023. Due to the technicalities in the contract documents, the client is reviewing them for further action as they move towards utilizing the facility for the intended specialized services. Attached please find the snagging list of the pending works and handing over documents. Appendix 24(a) Appointment of Project Implementation Committee (b) Joint Snagging List of the pending works (c) Handing over report (d) Occupation Certificate</p>		
27	<p>Construction of Early Childhood Development Education (ECDE) Classrooms Review of contract records revealed that the County Executive through the Department of Education constructed various Early Childhood Development Education (ECDE) classrooms in primary schools of each ward. However, physical inspection carried out on 10 September, 2024 on six (6) sampled classrooms revealed that although the classrooms were complete, they were not in use. Further, the classrooms lacked emergency exits contrary to the requirement of criteria 6 of the first Schedule of Early Childhood Education Act, 2021. In the circumstances, value for money on the expenditure incurred on the project could not be confirmed.</p>	<p>All the ECDE classrooms are all in use. Our ECDE centers have lockable door and windows which open outwards. The low-height five-windows per ECDE classroom of three feet from floor finish without grills serve as exits in case of an emergency.</p>	Resolved	
28	<p>Poor Implementation of Pipeline Extension and Stalled Borehole at Mitume Usafi Estate Review of contract records revealed that the contract for pipeline extension at Mitume Usafi Estate in Tuwan Ward was awarded to a local firm at a contract sum of Kshs.2,499,916. Physical inspection of the project in September, 2024 revealed that the pipelines did not equally distribute water to the residents with some areas not having access to the water from the project at all. Further, it was noted that the water from the project was available on a rationing basis with the residents receiving water for only a few days in a week. The water pressure at the designated water kiosk was</p>	<p>The project was complete and operational until the commencement of the Kenya Informal Settlement improvement Project II (KISIP II) being implemented by the County Government of Trans Nzoia through the Department of Lands, Housing, Physical Planning and Urban Development mandated to upgrade infrastructure in informal settlement areas. At the time of the audit, pipes had been damaged during upgrading of roads to</p>	Unresolved	

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	<p>very low and only available for one (1) to two (2) hours during the day</p> <p>In addition, the audit noted the presence of a stalled adjacent project for the drilling and equipping of a borehole at Mitume Usafi Estate. The project was undertaken in the 2022/2023 financial year. However, the project file was not provided for audit review and therefore, it was not possible to determine who the contractor was, the project cost, project duration or the nature of works that were to be undertaken. Physical verification revealed that the project had stalled and was not in use. Information from the residents indicated that the drilling was done and testing pumping carried. However, the contractor experienced challenges while installing the pump and had since abandoned the project while the solar panels installed were blown off and vandalized.</p> <p>In the circumstances, value for money on the expenditure incurred on the project could not be confirmed.</p>	<p>bitumen standard in Mitume, Tuwan Ward leading to breakages and leakages. A multi-agency site meeting involving the Departments of Lands, Water, National Government officers, the water service provider (TRANSWASCO) and the contractor resolved to have the damaged areas repaired and rehabilitated. In the meeting TRANSWASCO management was tasked to submit report on the pipes repaired and rehabilitated to the CECM water.</p> <p>Since then, the area has normal and consistent water supply thereby effectively addressing the issue of rationing.</p> <p>The adjacent project mentioned relates to the contract awarded to Kenbet Enterprises Limited in the Financial year 2022/2023 for the drilling and equipping of a borehole at Usafi in Tuwan Ward at the cost of Kshs.3,196,000. The contractor completed the works as per the design and specification. The project file was not availed to auditors in good time and therefore not considered in the report. The said file is available for review.</p> <p>Mitume is an informal settlement area with recorded high crime rates. The Project was raided by unknown people and vandalized in the month of August 2024 who made away with six solar panels. The remaining solar panels are in custody of the committee. Attempts to steal the pump were unsuccessful and, in the process, the pump disengaged and fell into the borehole. Consequently, the matter was reported to relevant authorities and investigations are ongoing.</p> <p>Measures taken</p> <p>Formation of a Sustainability Water Management Committee for ownership and security of the borehole.</p>		
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		Plans are underway to rehabilitate and restore the borehole to usage. Sensitization of the community on conservation and ownership of the project Appendix 27(a) TRANSWASCO Report (b) Project File with completion certificate and report (c) Area Chief incident Report (d) Occurrence Book (OB) Number (e) Sensitization meeting minutes		
29	Inefficiencies in the New County Revenue Software Collection System During the year, Management entered into an agreement with a vendor for the supply, delivery, development, installation, deployment, testing and maintenance of a fully automated and integrated county revenue collection and debt management system at a contract sum of Kshs.26,968,080. However, Management did not provide contract agreements between County Government and two (2) commercial banks for audit. Further, in January, 2024 no revenue was collected as a result of lack of seamless change over from old to new revenue system. In the circumstances, the effectiveness of the internal controls and reliability of the new system could not be confirmed.	Bank arrangements with commercial Banks on revenue collected was made through authorization and bank account opening letters issued by the CECM for Finance and Economic Planning with instruction on receiving and remittance of the County revenue. The account opening between the County Government and the two commercial banks have been presented to the auditors for review. Appendix 28(a) authorization and bank account opening letters with Equity Bank (b) authorization and bank account opening letters commercial Bank System change-over did not affect the revenue collection in January 2024 as the county was able to collect Kshs. 47,247,774 as per the attached revenue report. Appendix 28(c) January 2024 Revenue collection report		
30	Lack of Risk Management Policy During the year under review, the County Executive did not have a Risk Management Policy or strategy in place. This was contrary to Regulation 158 of the Public Finance Management (County Governments) Regulations, 2015 which provides that the Accounting Officer shall ensure that the County Government entity develops risk management strategies, which include fraud prevention mechanism and risk management and internal control that builds robust business operations.	The risk management framework was availed to the auditors. However, it was not considered in the report. Appendix 29 Risk Management Framework	Resolved	

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	In the circumstances, Management may not identify individual risks, significance areas, likelihood of occurrence of identified risks and the appropriate control measures.			
31	<p>Lack of Fixed Assets Register</p> <p>The summary of non-current assets register at Annex 6 reflects non-current assets balance of Kshs.14,973,306,886 which includes buildings and structures; transport equipment; office equipment, furniture and fittings; machinery and equipment; and infrastructure assets. However, the summary was not supported with a fixed asset register showing each asset category and individual assets with such details as serial number, chassis number, engine number, registration number, date of purchase, cost, location and tagging number.</p> <p>In the circumstances, the effectiveness of the internal controls on fixed assets could not be confirmed.</p>	<p>The Fixed Asset register showing each asset category and individual assets with the details of the asset were availed to the auditors for audit review. However, the asset register was not considered in the report.</p> <p>Appendix 30 Asset Register</p>	Resolved	
32	<p>Unrecorded Purchases of Land</p> <p>The Department of Lands, Housing and Physical Planning acquired nine (9) parcels of land costing Kshs.17,925,000 during the year under review. However, the acquired parcels were not recorded as the Department did not have a fixed asset register which contains information such as the Land Reference Number (LR Number), acquisition costs, opening balances at the start of the year, disposals and the closing balances at the end of the year. Further, no title deeds for the parcels of land were provided for audit and therefore, could not confirm ownership.</p> <p>In the circumstances, the effectiveness of the internal controls and ownership of the parcels of land could not be confirmed.</p>	<p>The department has updated the Fixed Asset Register and recorded the acquired parcels of land in the fixed asset register with all the details. The department is in the process of transferring the ownership of the acquired parcels. However, the copies of the vendors ownership documents were presented to the auditors for audit review. However, the departments Fixed asset register was not considered in the report.</p> <p>Appendix 31(a) Fixed Asset Register 31b) Ownership documents</p>	Resolved	
33	<p>Lack of Management Responses to Internal Audit Reports</p> <p>Review of Audit Committee minutes and the audit reports submitted to various Department in the County Executive revealed that the internal auditor issued reports to the departments but there no management responses. No explanation was provided for the failure of Management to respond to various reports issued by the internal auditor</p> <p>In the circumstances, the effectiveness of the internal audit function could not be confirmed.</p>	<p>We acknowledge the auditor's findings. I have since taken administrative action to ensure that the internal audit response forms Part of the performance evaluation criteria.</p> <p>Appendix 32 Performance Contract</p> <p>Status: Internal Audit reports have been sent to the concerned departments awaiting the management response and implementation matrix</p>	Resolved	

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Guidance Notes:

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



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Accounting Officer

Date

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Appendix II: Projects implemented by *(The Trans Nzoia County Executive)*

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting	Consolidated in these financial statements

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)

Project	Total project	Total expended to date	Completion % to date	Budget	Actual	Sources of funds

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Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/ Others	Total Amount - KES		Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
							Deferred Income	Receivables	Others must be specific	

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Appendix VI: Reporting of Climate Relevant Expenditures

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

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Appendix VII: Disaster Expenditure Reporting Template

Column I Programme	Column II Sub-programme	Column III Disaster Type	Column IV Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Column V Expenditure item	Column VI Amount (Kshs.)	Column VII Comments

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Appendix VIII: Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) F/Y 2023/2024	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) F/Y 2024/2025
Land	167,107,529	3,500,000	-	-	170,607,529
Buildings and structures	3,796,597,886	284,081,659	-	-	4,080,679,545
Transport equipment	502,781,162	27,361,540	-	-	530,142,702
Office equipment, furniture and fittings	264,927,689	1,021,800	-	-	265,949,489
ICT Equipment	114,544,946	32,025,877	-	-	146,570,823
Machinery and Equipment	1,478,909,636	12,902,156	-	-	1,491,811,792
Biological assets	323,624,180	-	-	-	323,624,180
Infrastructure Assets- Roads, Rails	7,943,580,384	757,105,539	-	-	8,700,685,923
Heritage and cultural assets	-	-	-	-	-
Intangible assets	381,233,481	-	-	-	381,233,481
Work in Progress	-	203,854,940	-	-	203,854,940
Total	14,973,306,887	1,321,157,511	-	-	16,294,464,398