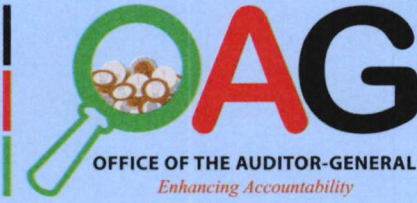
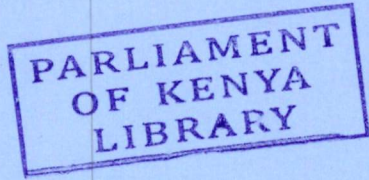


REPUBLIC OF KENYA



REPORT



OF

1047

THE AUDITOR-GENERAL

ON

161

COUNTY REVENUE FUND

FOR THE YEAR ENDED

30 JUNE, 2025

COUNTY GOVERNMENT OF ISIOLO

100



100

100



COUNTY REVENUE FUND

County Government of Isiolo

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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1. Acronyms and Definition of Key Terms

a. Acronyms

<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*

2. Key Entity Information and Management

a) Background information

Article 207 of the Constitution of Kenya provides for the establishment of the County Revenue Fund into which shall be paid all money raised or received by or on behalf of the County Government.

b) Key Management Team

The County Revenue Funds day-to-day management is under the following key organs:

No.	Designation	Name
1.	CECM Finance and Economic planning	Lucy Kagwiria Kaburu
2.	C.O Finance	Habiba J. Galgalo
3.	Ag. Director Accounting Services	Monica Nkirote

c) Fiduciary Management

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

No.	Designation	Name
1.	CECM Finance and Economic Planning	Lucy Kagwiria Kaburu
2.	Accounting Officer in charge of Finance	Habiba J. Galgalo
3.	Ag. Director Accounting Services	Monica Nkirote

d) Fiduciary Oversight Arrangements

The key fiduciary oversight bodies at the County for the period ended 30th June 2025 were;

Public Accounts Committee

County Assembly Public Accounts and Public Investment Committees

County Assembly of Isiolo County

County Budget and Economic Forum (CBEF)

e) County Headquarters

County Government of Isiolo,
P.O. Box 36-60300,
Isiolo, KENYA.

f) County Contacts

Telephone: (+254) 733 227530

E-mail: info@isiolo.go.ke

Website: www.isiolo.go.ke

g) County Bankers

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

h) Independent Auditor

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

i) Principal Legal Adviser

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

(b) County Attorney
P.O. Bo 36-60300,
Isiolo, Kenya.

3. Statement by the CECM Finance

"As the County Executive Committee Member for Finance, I am pleased to present the financial statement for the County Revenue Fund for the period ended 30th June 2025. This statement is intended to offer a comprehensive overview of the county's financial position, revenue performance, and expenditure trends."

Financing of the County Governments

The major source of budget financing is equitable share of revenue. Article 202 of the Constitution of Kenya provides that revenue raised nationally shall be shared equitably among the National Government and the County Governments. Each County Government's equitable share of revenue raised nationally, is determined yearly through the County Allocation of Revenue Act (CARA). The revenue sharing formula is developed by the Commission on Revenue Allocation and approved by Parliament in accordance with Article 217 of the Constitution.

The County also finances its operations through own generated revenues. These are revenues collected within the County. The key local revenue sources for Isiolo County included game park fees, business permits, land rates, business plan approval, advertising fees, cess and various other miscellaneous charges. The County continues to explore new and innovative ways of increasing its local revenue collections. The County is also intending to introduce automation in the collection in order to enhance efficiency in the collection.

Performance of the County Revenue Fund

Analysis of Revenues

The following is the summary of the County executive operation for the year 2024/2025.

Table 1: Detailed Analysis of Revenue Realization

Source of Revenue	Original Budget (Ksh)	Actual Cumulative Receipts (Ksh)	Level of Realization (%)
Equitable Share	4,923,506,896	4,923,506,896	100%
Local Own Sources	250,088,180	150,687,036	56%
Received conditional grants/additional allocations	944,829,298	173,224,652	18%
B/f	565,510,039	565,510,039	100%
Total	6,705,054,413	5,812,928,622	87%



.....
Lucy Kagwiria Kaburu
CECM Finance and Economic Planning
County Government of Isiolo

4. Management Discussion and Analysis

Operational Performance

The County's operations are structured in terms of departments which are headed by a County Executive Committee Member. During the year the public service department carried out a performance contracting workshop to enhance skills improvement for the County Chief officers, CECMs and other management staffs. Such workshops and induction trainings for the newly recruited staffs are all a part of enhancing a seamless service delivery and value congruence of all departments.

Financial performance

To enhance own-source revenue performance, the County has embarked on various reforms. In order to expand the tax revenue base, engaged in the upgrading infrastructure to improve tourism revenues, and strengthening management and regulation of parking charges. To improve on compliance, there are ongoing efforts to automate revenue collection, train and improve the terms of service for revenue collectors, and sensitize the public and private sector on County governments' revenue generation programmes.

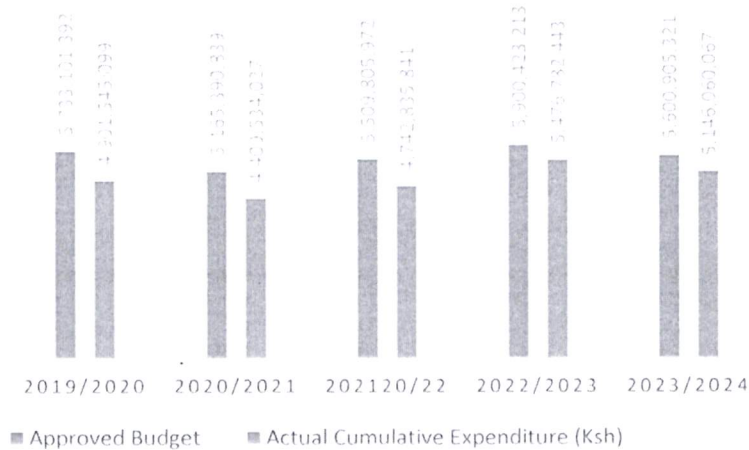
The following table illustrates the budgeted against Actual Cumulative Expenditure for the past five years.

Table 2: Budget Absorption Analysis

Financial year	Approved Budget (Ksh)	Actual Cumulative Expenditure (Ksh)	Budget Absorption (%)
2019/2020	5,733,101,392	4,901,545,099	85%
2020/2021	5,165,390,839	4,409,534,027	85%
2021/2022	5,509,805,972	4,742,835,841	86%
2022/2023	5,900,423,213	5,476,782,443	93%
2023/2024	5,600,905,321	5,146,060,067	92%

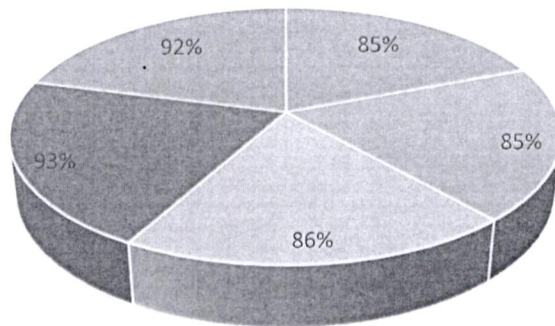
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BUDGETED AGAINST ACTUAL EXPENDITURES



The Chart below shows the Rate of Absorption from FY 2019/20 to 2023/24

Budget Absorption (%)



■ 2019/2020 ■ 2020/2021 ■ 2021/2022 ■ 2022/2023 ■ 2023/2024

From the above chart, both FY 2019/20 and 2020/21 had a budget absorption rate of 85%, that later slightly went up to 86% through to 93% in FY 2021/22 and 2022/23 respectively. This was as a result of the country and county easing back to normalcy from effects of Covid- 19 and thus registering a rate of 92 % in the FY 2023/2024.

5. Overview of the County Revenue Fund Operations

a) Background

Article 207 of the Constitution of Kenya provides for the establishment of a County Revenue Fund into which shall be paid all money raised or received by or on behalf of the County Government. As outlined under Section 109 of the Public Finance Management (PFM) Act, 2012 the County Treasury is responsible for administration of the County Revenue Fund. The County Revenue Fund is maintained as the County Exchequer Account at the Central Bank of Kenya.

b) Receipts into the County Revenue Fund

County Government revenue is received through the appointed County Receiver of Revenue by the County Executive Committee Member for finance to the County Treasury pursuant to Section 157 (1) of the PFM Act 2012. The revenue includes Exchequer releases, grants from development partners, proceeds from domestic and foreign borrowings, own source revenue, and other miscellaneous deposits in the County Revenue Fund Account.


c) Transfers from the County Revenue Fund

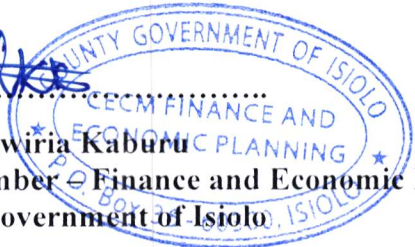
The withdrawal of funds from the County Revenue Fund is authorized by the County appropriation Act. The County Treasury is required to seek the Controller of Budget's approval for withdrawal of funds from the County Revenue Fund to the County Executive and County Assembly bank accounts pursuant to Section 109 (6) of the PFM Act 2012. These entities are responsible for the administration of their respective approved budgets.

d) Financial Reporting requirements

The Accounting Officer for the County Revenue Fund is required to prepare and submit the financial statements to the Auditor-General and a copy to the Controller of Budget, and the Commission on Revenue Allocation.

This statement therefore covers the operations of the County Exchequer Account for the financial year ended 30th June 2025.

.....

Lucy Kagwiria Kaburu
CEC Member for Finance and Economic Planning
County Government of Isiolo



6. Statement of Management Responsibility

Article 207 of the Constitution, Sections 109 and 167 of the Public Finance Management Act, 2012 requires a County Revenue Fund established by the Constitution, an Act of Parliament or county legislation to prepare financial statements for the Fund for each financial year in a form prescribed by the Public Sector Accounting Standards Board and submit to the Auditor General and a copy to the Commission on Revenue Allocation and the Controller of Budget.

The Accounting Officer at the County Treasury is responsible for the preparation and presentation of the County Revenue Fund financial statements, which give a true and fair view of the state of affairs of the Fund 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 Revenue Fund; (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 Revenue Fund; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Accounting Officer accepts responsibility for the County Revenue Fund'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 Accounting Officer is of the opinion that the County Revenue Fund's financial statements give a true and fair view of the state of the County Revenue Fund's transactions during the financial year ended *June 30, 2025*, and of its financial position as at that date.

The Accounting Officer further confirms the completeness of the accounting records maintained for the County Revenue Fund, 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 Accounting Officer confirms that the County Revenue Fund has complied fully with applicable Government Regulations and the terms of external financing covenants. Further, the Accounting Officer confirms that the County Revenue Fund'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 Revenue Fund's financial statements were approved and signed on 25th August, 2025

Signature



Habiba Galgalo Jirma
Chief Officer Finance /Accounting Officer
County Government of Isiolo

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON COUNTY REVENUE FUND FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF ISIOLO

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Revenue Fund - County Government of Isiolo set out on pages 1 to 17, which comprise of the statement of

financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of the County Revenue Fund - County Government of Isiolo as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the County Government Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The statement of financial position and the statement of changes in net assets reflect an opening accumulated deficit of Kshs.430,394,930 as at 1 July, 2024, which does not agree with the prior year's closing fund balance for the year of Kshs.29,821,091, resulting in an unexplained variance of Kshs.400,573,839.

In the circumstances, the accuracy of the financial statements could not be confirmed.

2. Unexplained Variance Between Reported Revenue and County Revenue Fund Transfers

The statement of financial performance and Notes 10 and 11 to the financial statements reflect total own source revenue from non-exchange and exchange transactions of Kshs.154,454,210 for the year. However, review of records revealed that an amount of Kshs.150,691,615 was transferred to the County Revenue Fund (CRF). This resulted in an unexplained variance of Kshs.3,762,595 between the reported revenue and the actual amounts banked in the CRF.

In the circumstances, the accuracy and completeness of the own source revenue balance of Kshs.154,454,210 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Revenue Fund - County Government of Isiolo 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

Late Exchequer Releases

The statement of financial performance and Note 6 to the financial statements, reflect exchequer releases totalling Kshs.5,315,430,193. Included in this balance is an amount of Kshs.994,523,306 received by the County Government Revenue Fund from The National Treasury in the second half of the month of June, 2025. This is contrary to Section 17(6) of the Public Finance Management Act, 2012 which states that The National Treasury shall, at the beginning of every quarter, and in any event not later than the fifteenth day from the commencement of the quarter, disburse monies to County Governments.

The late exchequer releases could have had an adverse effect on the implementation of the planned activities and projects by Management for the year ended 30 June, 2025.

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 Information

Management is responsible for the Other Information set out on page iii to x which comprise of Key Entity Information and Management, Statement by the CECM Finance, Management Discussion and Analysis, Overview of the County Revenue Fund Operations, and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Retention of Revenue Balances outside the County Revenue Fund

As disclosed in Note 19 to the financial statements, the County Revenue Fund reported revenue collection account balances amounting to Kshs.20,750,316. However, audit review revealed funds amounting to Kshs.3,767,175 of collections made during the year were still retained in various revenue collection accounts instead of being transferred to the County Revenue Fund (CRF) as required. This was contrary to Section 109(2) of the Public Finance Management Act, 2012, which requires that all monies raised or received by or on behalf of a County Government be paid into the County Revenue Fund.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance

were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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 Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit


My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected

to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 December, 2025

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

Description	Notes	FY 2024/2025
		Kshs.
Revenue from non-exchange transactions		
Exchequer releases	6	5,315,430,193
Transfers from other government agencies	7	194,525,102
Other grants	8	-
Return to CRF from County Entities	9	1,187,587
Non-Exchange Own Source Revenue	10	39,238,703
Revenue from exchange transactions		
Exchange Own Source Revenue	11	115,215,507
Total Revenue		5,665,597,092
Expenses		
Transfers to County Executive	12	4,323,469,237
Transfers to County Assembly	13	569,809,817
Other Transfers	14	338,155,934
Total Expenses		5,231,434,988
Surplus for the year		434,162,104



Name Habiba J. Galgalo

Chief Officer - Finance

Date: 25/08/2025



Name Monica Nkirote

Ag. Director Accounting Services

ICPAK Member No 23115

Date:25/08/2025

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

		<i>FY 2024/2025</i>
	Notes	Kshs
Cash flows from operating activities		
Receipts		
Exchequer releases		5,315,430,193
Transfers from other government agencies		194,525,102
Other grants		-
Return to CRF from County Entities		1,187,587
Own Source Revenue		150,687,036
Total receipts		5,661,829,918
Payments		
Transfers to County Executive (operating activities)		(4,323,469,237)
Transfers to County Assembly (operating activities)		(569,809,817)
Other transfers		(338,155,934)
Total Payments		(5,231,434,988)
Net cash flows from/(used in) operating activities		430,394,930
Cash flows from investing activities		-
Net cash flows from/ (used in) investing activities		-
Cash flows from financing activities		
Net cash flows from from/(used in) financing Activities		-
Net increase/(decrease) in cash & Cash equivalents		430,394,930
Cash and cash equivalents at 1 July	15	19,087,206
Cash and cash equivalents at 30 June	15	449,482,136

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

Description	Note	FY 2024/2025	Opening Statement
		Kshs	1st July 2024 Kshs
Assets			
Current Assets			
Cash and Cash equivalents	15	449,482,136	19,087,206
Receivables from Non-Exchange Transactions	16	3,767,174	-
Receivables from Exchange Transactions	17	-	-
Total Current Assets		453,249,310	19,087,206
Total Assets (A)		453,249,310	19,087,206
Liabilities			
Current Liabilities			
Accounts Payable	18	449,482,136	19,087,206
Total Current Liabilities		449,482,136	19,087,206
Total Liabilities (B)		449,482,136	19,087,206
Net Assets(A-B)		3,767,174	-
Represented by:			
Accumulated Surplus		3,767,174	(430,394,930)
Net Assets		3,767,174	(430,394,930)



Name Habiba J. Galgalo

Chief Officer - Finance

Date: 25/08/2025



Name Monica Nkirote

Ag. Director Accounting Services

ICPAK Member No 23115

Date: 25/08/2025

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

Description	Accumulated Surplus
As at July 1, 2024	(430,394,930)
Surplus/ deficit for the Period	434,162,104
Additions during the Period	-
As at June 30, 2025	3,767,174

4. Statement of Comparison of Budget Actual Amounts for the Year Ended 30th June, 2025.

Description	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Realization Difference	% of Realization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year*						
Receipts						
Exchequer releases	4,881,268,089	-	4,881,268,089	5,315,430,193	(434,162,104)	109%
Transfers from other government agencies	194,525,102	-	194,525,102	194,525,102	-	100%
Other grants	-	-	-	-	-	0%
Return to CRF from County Entities	1,187,587	-	1,187,587	1,187,587	-	100%
Own Source Revenue	250,088,180	-	250,088,180	154,454,210	95,633,970	62%
Total Revenue	5,327,068,958	-	5,327,068,958	5,665,597,092	(338,528,134)	106%
Payments						
Transfers to County Executive	4,419,103,207	-	4,419,103,207	4,323,469,237	95,633,970	98%
Transfers to County Assembly	569,809,817	-	569,809,817	569,809,817	-	100%
Other transfers	338,155,934	-	338,155,934	338,155,934	-	100%
Total Payments	5,327,068,958	-	5,327,068,958	5,231,434,988	95,633,970	98%
Surplus	-		-	434,162,104	(434,162,104)	

Budget Notes

- a) 62% realisation on own source revenue was due to lack of revenue automation and collection challenges

5. Notes to the Financial Statements

1. General Information

The County Revenue Fund is established by and derives its authority and accountability from Article 207 of the Constitution of Kenya 2010. The Fund is wholly owned by the County Government of Isiolo and is domiciled in Kenya. The Fund's principal activity is to control all the finances within the county government and all its operations.

2. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Accrual-Basis IPSAS financial reporting under the Accrual-Basis of accounting, as prescribed by the PSASB and Section 167 of the PFM Act 2012. The Financial Statements are presented in Kenya Shillings, which is the functional and reporting currency of the Fund, all values are rounded off to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented. The financial statements are prepared on accrual basis while the cashflow statement is prepared using the direct method.

These Financial Statements were authorized for issue by the accounting officer

Basis of preparation

Reporting entity

This report relates to the financial operations of the County Revenue Fund, which is domiciled at the County Treasury and has a bank account maintained at the Central Bank of Kenya.

Revenues

Revenues include funds deposited in the County Revenue Fund pursuant to Article 207 of the Constitution of Kenya and Section 109 of the PFM Act 2012.

Expenses

Expenses are based on the County Government Appropriation Act. The exchequer requests are received by County Treasury, which rationalizes the requests based on the available balance, consolidates the requests and forwards them to Controller of Budget (COB) for approval. Once the approval of COB is obtained, the funds are released to the County Assembly and County Executive operational accounts appropriately.

3. Adoption of New and Revised Standards**i) New and amended standards and interpretations in issue effective in the year ended 30 June 2025.**

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

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

Standard	Effective date and impact:
IPSAS 46 Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: <ul 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>
IPSAS 47- Revenue	<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 entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	<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.
IPSAS 49: Retirement Benefit Plans	<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.

Standard	Effective date and impact:
IPSAS 50: Exploration For & Evaluation of Mineral Resources	Applicable 1st January 2027 The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

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

4. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Revenue Transfers

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii. Revenue from exchange transactions

Own Source Revenue

b) Budget information

The original budget for FY 2024/25 was approved by the County Assembly on 2nd August 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded reduction appropriations of kshs.28,144,331.55 on the 2024/25 budget following the governing body's approval. The Entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements.

c) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

d) 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

e) Events after the reporting period

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

f) Currency

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

5. Significant judgments and sources of estimation uncertainty

The preparation of the Fund'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.

6. Exchequer releases

The following is an analysis by revenue type of the receipts collected in the County Revenue Fund:

Description	FY 2024/2025
	Kshs.
Equitable Share	5,315,430,193
Others (<i>Specify</i>)	-
Total	5,315,430,193

7. Transfers from other government agencies**

Description	FY 2024/2025
	Kshs.
Road Maintenance Levy	64,255,720
DANIDA Grant -Primary Health care in devolved context -Ministry of Health	6,532,500
(IDA) World Bank Credit-Financing locally Led climate programme (FFLoCA)l CCIS Grant State Department of	21,300,450
IDA (World Bank) loan for the Food Systems Resilience Project - FSRP)	70,127,132
IDA (World Bank) Loan for the Kenya Urban Support Project (KUSP) - Urban Institutional Grant (UIG)	32,309,300
Total	194,525,102

8. Other grants**

Description	FY 2024/2025
	Kshs.
Donor 1 (<i>Specify</i>)	-
Donor 2 (<i>Specify</i>)	-
Donor 3 (<i>Specify</i>)	-
Others (<i>Specify</i>)	-
Total	-

9. Return to CRF from County Entities

Description	FY 2024/2025
	Kshs
Recurrent Account (<i>County Executive</i>)	460,404
Development Account (<i>County Executive</i>)	726,368
Recurrent Account (<i>County Assembly</i>)	815
Total	1,187,587

10. Non-Exchange Own Source Revenue

Description	FY 2024/2025
	Kshs.
Cess	15,175,530
Land Rates	7,265,166
Single/Business Permits	13,900,537
Conservancy Administration	-
Administration Control Fees and Charges	-
Other Fines, Penalties, And Forfeiture Fees	-
Public Health Service Fees	2,372,756
Physical Planning and Development	524,714
Total	39,238,703

11. Exchange Own Source Revenue

Description	FY 2024/2025
	Kshs.
Property Rent	1,727,600
Parking Fees	111,263,104
Market Fees	1,450,493
Advertising	710,660
Hospital Fees	-
Hire of County Assets	63,650
Sale of assets	-
Park Fees	-
Total	115,215,507

12. Transfers to County Executive

Description	FY 2024/2025
	Kshs.
Recurrent Account	3,332,852,712
Development Account	990,616,525
Special Purpose Accounts	-
Total	4,323,469,237.00

13. Transfers to County Assembly

Description	FY 2024/2025
	Kshs.
Recurrent Account	499,809,818
Development Account	69,999,999
Special purpose accounts	-
Others (<i>Specify</i>)	-
Total	569,809,817

14. Other Transfers

Description	FY 2024/2025
	Kshs.
Road Maintenance Levy	64,255,720
Development of Youth Polytechnics-State Department of TVETS	2,175,000
DANIDA Grant -Primary Health care in devolved context -Ministry of Health	7,738,500
(IDA) World Bank Credit-Financing locally Led climate programme (FFLoCA) CCIS Grant State Department of	41,870,282
IDA (World Bank) loan for the Food Systems Resilience Project - FSRP)	75,127,132
FUND- Emmergency Fund	110,000,000
Grant - Community Health Promoters	4,680,000
IDA (World Bank) Loan for the Kenya Urban Support Project (KUSP) - Urban Institutional Grant (UIG)	32,309,300
Total	338,155,934

15. Cash and Cash equivalents

Description	FY 2024/2025	Opening Statement 1st July 2024
	Kshs.	Kshs.
County Exchequer Account - (CBK Account number 1000171715)	449,482,136	19,087,206
Total	449,482,136	19,087,206

16. Receivables from Non-Exchange Transactions

Description	FY 2024/2025	Opening Statement 1st July 2024
	Kshs	Kshs
Receivables	3,767,174	-
Other non-exchange debtors (<i>Specify</i>)	-	-
Less: impairment allowance	-	-
Net receivables	3,767,174	-

17. Receivables from Exchange Transactions

Description	FY 2024/2025	Opening Statement 1st July 2024
	Kshs	Kshs
Receivables from exchange transactions	-	-
Other debtors (exchange transactions)	-	-
Less: impairment allowance	-	-
Total	-	-

18. Accounts Payable

Description	FY 2024/2025	Opening Statement 1st July 2024
	Kshs	Kshs
Payables to County Executive	449,482,136	19,087,206
Payables to County Assembly	-	-
Other transfers	-	-
Total Accounts Payable	449,482,136	19,087,206

Notes to the financial statements

19. Disclosure of Balances in Revenue Collection Accounts

County Government Own source revenue is recognized in the financial statements when it has been swiped to CRF. Revenue collection account balances are disclosed as at the end of the reporting period as below.

Name Of Bank, Account No. & Currency	Amount in bank account currency*	Ex. rate (if in foreign currency)	FY 2024/2025	Opening Statement 1st July 2024
	Kshs	Kshs	Kshs	Kshs
Co-operative Bank, Acc No.01141437923000	4,581,805	1	4,581,805	61,941
National Bank, Acc No. 01040204720700	1,497,230	1	1,497,230	3,664,884
Consolidated Bank USD, Acc No.10112200000004	104,853	129	13,550,556	
Consolidated Bank Kes, Acc No.10111203000081	1,120,724	1	1,120,724	13,256,231
Cash at Hand			-	-
Total			20,750,316	16,983,056

6. Appendices

Appendix 1: Progress on follow up of Auditor’s Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
			(Resolved / Not Resolved)	(Put a date when you expect the issue to be resolved)
Basis for Opinion				
Emphasis of Matter				
1	Budgetary Control and Performance	The management have put in place mechanism to ensure absorption of budget	Not resolved awaiting senate sittings	Awaiting senate summon
Report on Lawfulness and Effectiveness in Use of Public Resources				
4.6	Delayed Disbursements of funds	The management has been engaging with the National Treasury to resolve this issue	Not resolved awaiting senate sittings	Awaiting senate summon
Report on Effectiveness of internal controls, Risk management and governance				
1	Proper internal controls	The management ensured effective internal controls	solved	



Habiba J. Galgalo

Chief Officer Finance

ICPAK Member No :12874

Date: 25/08/2025

County Government of Isiolo

County Revenue Fund

Annual Report and Financial Statements For the financial year ended 30th June 2025

Appendix 2. Analysis Of Receipts from The National Treasury Exchequer Releases

Period 2024/2025	quarter 1 (kshs.)	quarter 2 (kshs.)	quarter 3 (kshs.)	quarter 4 (kshs.)	total (kshs.)
Equitable Share	808,341,800	1,626,836,859	812,378,638	2,067,872,896	5,315,430,193
Level 5 Hospitals	-	-	-	-	-
DANIDA - Universal Healthcare in Devolved Units Programme	-	-	-	6,532,500	6,532,500
Grant- Fuel Levy	-	-	-	64,255,720	64,255,720
Grant - Urban Institutional Grant	-	-	-	32,309,300	32,309,300
Grant - Food System Resilience Project Account	-	-	-	70,127,132	70,127,132
Grant - Climate Change Fund	11,000,000	-	-	10,300,450	21,300,450
Total	819,341,800	1,626,836,859	812,378,638	2,251,397,998	5,509,955,295

Appendix 3. Analysis Of Receipts from Own Source Revenue per Quarter**(a) Non-Exchange own source revenue**

Period 2024/2025	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Cess	4,203,140	2,649,090	4,336,650	3,986,650	15,175,530
Land rate	1,193,237	1,245,524	2,413,419	2,412,986	7,265,166
Single/Business permits	643,705	491,610	6,889,184	5,876,039	13,900,537
Public health service fees	288,168	194,588	945,000	945,000	2,372,756
Physical planning and development	39,102	46,200	219,706	219,706	524,714
Conservancy administration	-	-	-	-	-
Administration control fees and charges	-	-	-	-	-
Park fees	-	-	-	-	-
Other fines, penalties, and forfeiture fees	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total	6,367,352	4,627,012	14,803,959	13,440,381	39,238,703

County Government of Isiolo
 County Revenue Fund
 Annual Report and Financial Statements For the financial year ended 30th June 2025

(b) Exchange own source revenue

Period 2024/2025	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Property rent	111,500	275,600	712,000	628,500	1,727,600
Parking fees	300,400	358,750	938,400	938,400	2,535,950
Market fees	301,193	259,300	445,000	445,000	1,450,493
Advertising	106,000	77,460	263,600	263,600	710,660
Hospital fees	11,666,252	15,714,043	15,361,437	22,144,831	64,886,563
Hire of County Assets	8,920	25,930	14,400	14,400	63,650
Administration control fees and charges	-	-	-	-	-
Park fees	51,144,056	25,284,334	17,659,519	14,659,519	108,747,428
Proceeds from sale of assets	-	-	-	-	-
Other fines, penalties, and forfeiture fees	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total	63,638,321	41,995,417	35,394,356	39,094,250	180,122,344

Appendix 4: Analysis of Transfers from the County Revenue Fund

Period -2024/2025	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
County Executive -Rec	423,653,215	1,114,308,229	729,555,832	1,403,491,370	3,671,008,646
County Executive -Dev	-	350,175,401	192,673,679	447,767,445	990,616,525
County Assembly -Rec	42,884,995	184,984,295	129,108,563	142,831,965	499,809,818
County Assembly -Dev	-	39,999,999	-	30,000,000	69,999,999
Special Purpose A/c (Specify)	-	-	-	-	-
Total	466,538,210	1,689,467,924	1,051,338,074	2,024,090,780	5,231,434,988