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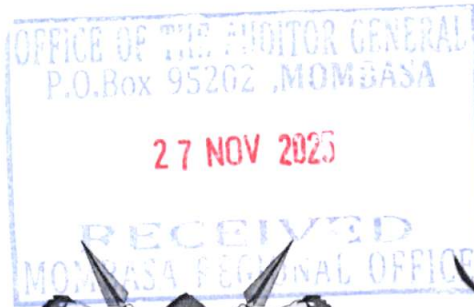
THE AUDITOR-GENERAL

ON

COUNTY EXECUTIVE OF TAITA TAVETA

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





Issued on 30th September 2025



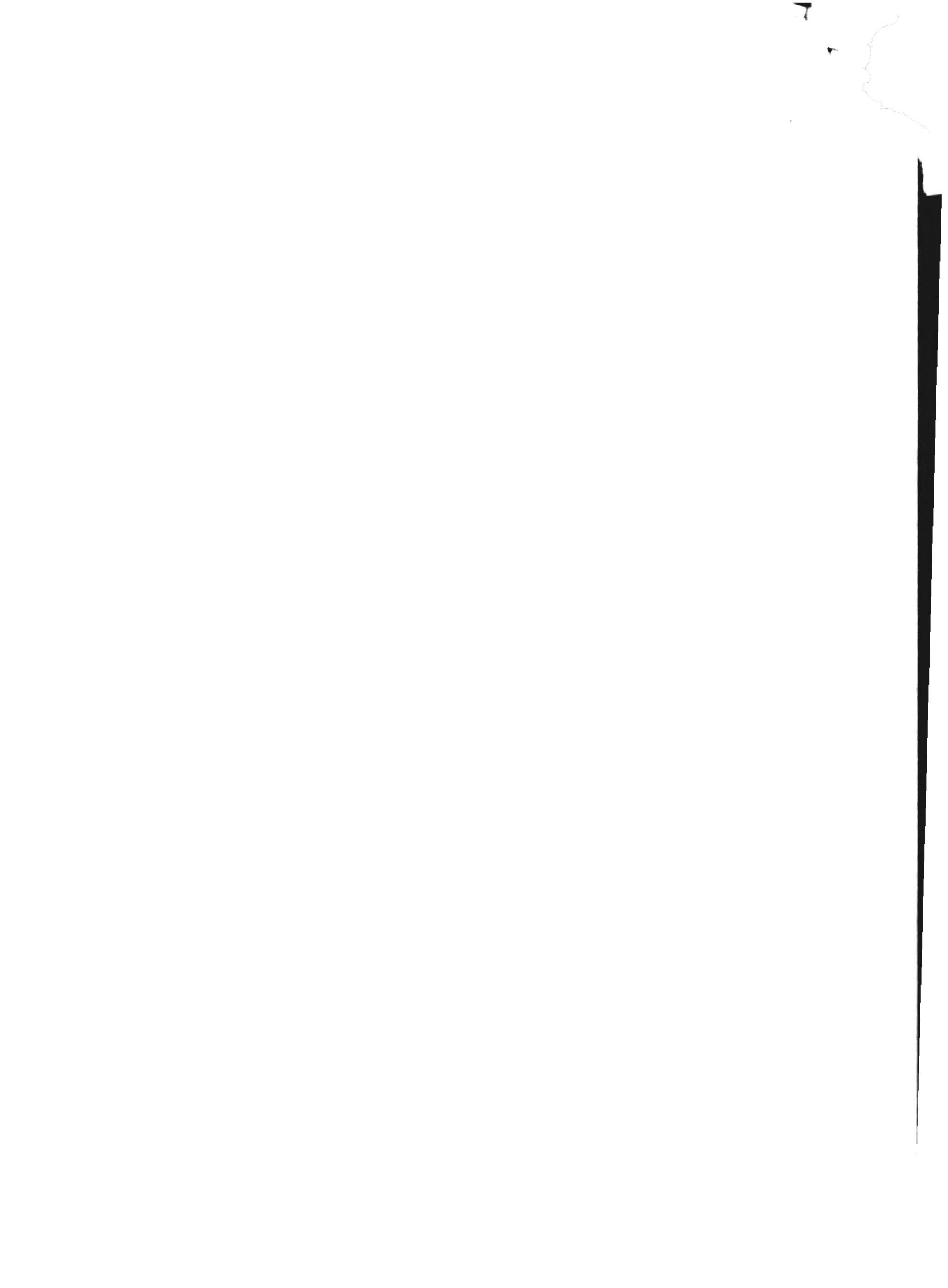
TAITA TAVETA COUNTY EXECUTIVE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2025

**Transitional IPSAS Financial Statements Under International Public Sector Accounting Standards
(IPSAS)**



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County Executive of Taita Taveta
Annual Report and Financial Statements for the year ended June 30, 2025.

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County Executive of Taita Taveta
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

Example

Fiduciary Management *The key management personnel who had financial responsibility*

County Executive of Taita Taveta
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2. Key Entity Information and Management

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 and Irrigation	Overseeing County Agriculture, animal husbandry and Fish farming
3	Education, Libraries, VTCs and ICT	Management of County Educational Sector i.e ECDs & Youth
4	Health Services	Overseeing County Health Services
5	Lands, Physical Planning Housing, Mining and Energy	Overseeing the use of spatial and urban plans to guide development at the county
6	Youth, Sports, Gender, Culture and Social Services	Promotion and development of sports, Mobilization & Empowerment of Youth
7	Water, Environment, Sanitation, Climate Change and Natural Resources	Increasing access to portable water in rural areas and urban centres:
8	Devolution, Public Service and Administration	Managing Staff Welfare, Coordination of service provision at the sub-counties, Towns.
9	Trade, Tourism, Cooperative Development and Industrialization	Promotion of Business Development services & Enhance weight
10	Public Works, Transport and Infrastructure	Improve the county transport system & provision of Urban Infrastructure
11	County Public Service Board	County Human resource management

b) Key Management team

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

S/No	DESIGNATION	NAME
1	Governor	Andrew Mwadime
2	Deputy Governor	Christine S. Kilalo
3	County Secretary and Head of Public Service	Friday Mwafuga
4	County Attorney	John Mwang'ombe
5	Finance and Economic Planning	CPA Elijah Mwazo
6	Education, Libraries, VTCs and ICT	Dr. Panuel Mwaeke
7	Health Services	Christine S. Kilalo
8	Lands, Physical Planning Housing, Mining and Energy	Christine Zighe
9	Youth, Sports, Gender, Culture and Social Services	Shedrack M. Mutungi
10	Water, Environment, Sanitation, Climate Change and	Grantone S. Mwandawiro
11	Devolution, Public Service and Administration	Gloria Wawuda
12	Trade, Tourism, Cooperative Development and	Getrude Shuwe
13	Public Works, Transport and Infrastructure	Arch. Martin Tairo
14	Agriculture, Livestock, Fisheries and Irrigation	CPA Dawson Katuu

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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	CPA Elijah Mwazo
2	Chief Officer-Financial Services	CPA Fredrick Nganga
3	Chief Officer -Planning & Resource Mobilization	CPA Laban Mbelenga Kinyai
4	CCO-Environment, Climate Change and Natural Resources	Mr. Leonard Mwamulamba Kiute
5	CCO-Water and Sanitation	Mr. Reuben Mwashuke Kitololo
6	CCO-Education, Libraries, VTCs and ICT	Ms. Lonyce Wakesho Mwakio
7	CCO-Health Services	Ms. Violet Mkamburi
8	CCO-Lands, Physical Planning Housing, Mining and Energy	Mr. Jimmy Megrori
9	CCO-Youth, Sports, Gender, Culture and Social Services	Ms. Elizabeth Mbinga
10	CCO-Special Programme and Service Delivery	Mr. Harrison Mkala Mwamkonu
11	CCO-Devolution, Public Service and Administration	Mr. Paul Maneno Sindeu
12	CCO-Trade, Tourism, Cooperative Devt and Industrialization	CPA Nashon Chovu Nyali
13	CCO-Public Works, Roads, Transport and Infrastructure	Ms. Rina Joseph Ndamu Mwanake
14	CCO-Agriculture and Irrigation	Mr. Stephen Mcharo Mwalugha
15	CCO- Livestock, Veterinary & Fisheries	Mr. Habib Mohamed Mruttu
16	Director Accounting Services	Ms. Joyce Mwachia, CPA (K)
17	Director Supply Chain Management	Mr. Amos Nyamawi
18	Director Revenue Services	Ms. Nancy Mwacharo, CPA (K)

County Executive of Taita Taveta
Annual Report and Financial Statements for the year ended June 30, 2025.

d) Fiduciary Oversight Arrangements

The key fiduciary oversight bodies at the County for the financial year ended 30th June ,2025 were:

1. County Assembly of Taita Taveta;
2. Senate Committees
3. Development partner oversight bodies
4. County Audit Committee
5. County Budget and Economic Forum (CBEF)
6. Controller of Budget
7. Office of the Auditor General

e) County Executive Headquarters

Office of the Governor
Mwatate Town, Off Voi – Taveta Highway,
P.O. Box 106680304
Wundanyi, Kenya

f) County Executive Contacts

Telephone: 0788186436/0718988717
Email: info@taitataveta.go.ke
Website: www.taitataveta.go.ke

g) County Executive Bankers

1. Central Bank of Kenya

Haile Selassie Avenue
P.O. Box 60000
City Square 00200
NAIROBI, KENYA

2. Other Commercial Banks

Kenya Commercial Bank

Wundanyi Branch
Along Posta Road
P.O. Box 1067-80304
WUNDANYI, KENYA

Equity Bank

Voi Branch
Along Posta Road
P.O. Box 1067-80304
WUNDANYI, KENYA

Co-op Bank

Voi Branch
Along Posta Road
P.O. Box 1067-80304
WUNDANYI, KENYA

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DTB Bank
Voi Branch
Along Posta Road
P.O. Box 1067-80304
WUNDANYI, KENYA

h) Independent Auditors

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

The County Attorney General
Office of the Governor
Mwatate Town, Off Voi – Taveta Highway,
P.O. Box 106680304
Wundanyi, Kenya

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3. Governance Statement

County Government of Taita Taveta is established as per Section 176 of the Constitution of Kenya. 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 enlisted in tabulation below is the membership of the cabinet/County Executive Governance Structures.

S/No	NAME	DESIGNATION/ DEPARTMENT
1	Andrew Mwadime	Governor
2	Christine S. Kilalo	Deputy Governor
3	Friday Mwafuga	County Secretary and Head of Public Service
4	CPA Elijah Mwazo	Finance and Economic Planning
5	Dr. Paniel Mwaeke	Education, Libraries, VTCs and ICT
6	Christine S. Kilalo	Health Services
7	Christine Zighe	Lands, Physical Planning Housing, Mining and Energy
8	Shedrack M. Mutungi	Youth, Sports, Gender, Culture and Social Services
9	Grantone S. Mwandawiro	Water, Environment, Sanitation, Climate Change and
10	Gloria Wawuda	Devolution, Public Service and Administration
11	Getrude Shuwe	Trade, Tourism, Cooperative Development and
12	Arch. Martin Tairo Maseghe	Public Works, Transport and Infrastructure
13	CPA Dawson Katuu Mzenge	Agriculture, Livestock, Fisheries and Irrigation

Communication with all Stakeholders

The County government usually engages with its stakeholders on matters requiring public participation like budget making process through organising structured public participation forums throughout the county. All government documents are published in the county websites as per the requirement of the Law for the public to view and give their opinions as regard to public documents. The County is committed to ensuring that all its stakeholders are provided with full and timely information about its programmes and performance. They are also given an opportunity to give feedback. In this regard, the County held an Annual consultative meeting (Sub County Barazas) and public participation on budget in all sub counties, where the different stakeholders were invited for information sharing. This communication is important in ensuring that stakeholder expectations are aligned to the County's service delivery charter.



**Figure 1: Voi Bunge la Wananchi
Engagement With the County Assembly and the Senate**

The County government bills tabled by the County executive committee becomes law once approved by the county assembly and published in the Kenya gazette. The County executive members have a mandate to appear before all relevant committees of the two houses (County Assembly and the Senate) once summoned by the house leadership while deliberating government business.

Risk management

The risk management architecture comprises the County policies, processes, organizational structure, control and operational systems which identify, measures, monitor, report and control risks. The Risk management policy framework process will assist County authorities and management recognize the risks it is facing, perform risk assessment, and develop strategies to mitigate risks using resources available to them. Risk management governance is the County's approach to risk management. County internal Audit committee plays a great role in dealing with governance issues in the County. Pursuant to PFM Act 2012 section 155(3)(d) on institutional Risk management policy framework (IRMPF). The role of internal audit is to provide independent and objective assurance to the County Audit, Governance and Risk management committee on the effectiveness of risk management process put in place by the county and recommend appropriate risk mitigation measures.

Audit Committee

The County Government has an independent Audit Committee which was constituted in 2023 to comply with the PFM (County Government) regulations (2015) on the formation of audit committees for all Counties. Its mandate is to advise the County Government on institutional risk management and compliance. The committee held Two (4) meetings in FY 2024/2025. The committee members during FY 2024/25 were:

No	Name	Position
1	Hon. FCPA Thomas Ludindi mwadeghu	Chairperson
2	Mr. Anthony Mwachofi Mwanyuma	Member
3	Miss. Holiness Nyambura Mwawali	Member
4	Miss. Diana Nadzua Mwacharo	Member
5	Mr. John Mwakio Mwang'ombe	Member
6	Mr. Silas Njongwa	Member
7	CPA Andrew Soghia	Secretary

Table 5: Audit Committee members

County Executive of Taita Taveta
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Compliance With Laws and Regulations

The County government confirms that throughout the FY2024/2025 its complied with all statutory and regulatory requirements and that all public funds were managed in accordance with the principles of good corporate governance. Each year an external legal audit is conduct which confirms that the institution had complied with all relevant laws, regulations and requirements.

**County Executive of Taita Taveta
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4. Foreword by CECM Finance and Economic Planning.

It is my pleasure to present the County Executive of Taita Taveta financial statements for the financial year ended 30th June, 2025. The financial statements have been prepared in accordance with the provisions of the Public Financial Management Act, 2012 cap 163 which requires the county treasury to prepare annual financial statements at the end of each financial year. The financial statements present the financial performance of the County Government over the past 12 months.

The promulgation of the Constitution of Kenya, 2010 under Chapter 11 ushered Kenya into a new system of governance, replacing the centralized system with a devolved system of governance. The devolved system of governance consists of the National Government and 47 County Governments, Taita Taveta included. Functions and powers exercised by County Executive of Taita Taveta are as articulated in section 5 and 6 of the County Government Act 2012 respectively.

Financing of the County Governments

The County Government gets its financing from the Equitable share from National Government, Conditional grants from Donors & Development Partners and its own Source Revenue collected from various revenue streams. 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.

Budget Performance Against Actual Amounts

During the period ended 30th June 2025, the County Executive had total projected revenues of KShs 7,552,431,465 consisting of; KShs 7,350,176,953 as Transfers from Exchequer and KShs 202,254,512 as Non-refundable special purpose accounts such as National Agri Value Chain amongst others. A graphical representation of the revenue budget is as shown below:

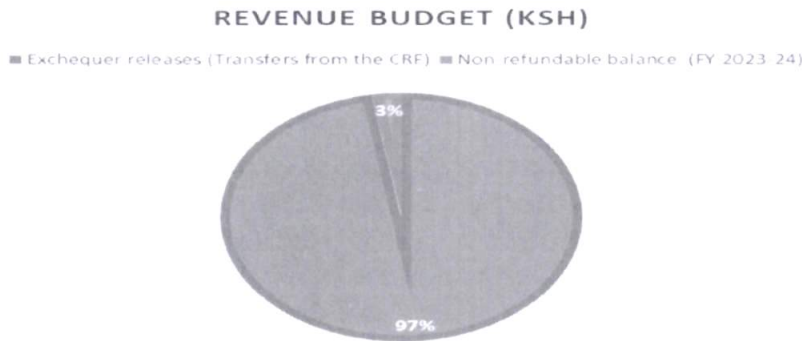


Figure 1: Taita Taveta County revenue sources in FY 2024/2025

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Out of the projected revenue, the County was able to transfer from CRF **KShs 5,878,795,379** in actual revenues, representing 80% performance.

The table below shows an analysis of revenue performance during the year ended 30th June 2025.

Revenue Classification	Revenue Budget (KShs)	Actual (KShs)	Realisation (%)
Exchequer releases (Transfers from the CRF)	7,350,176,953	5,878,795,379	80%
Non-refundable balance (FY 2023-24)	202,254,512	202,254,512	100%
Total	7,552,431,465	6,081,049,891	81%

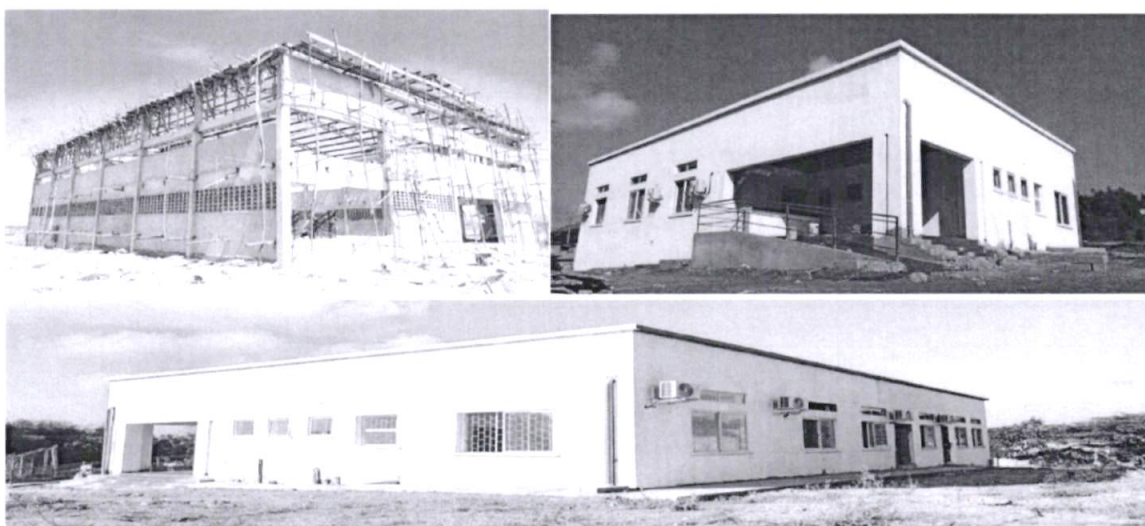
Table 1: Revenue performance in FY 2024/2025

County Physical Progress.

Financial Year 2024/2025 has been an action-packed year with lots of activities and programs being undertaken in various areas of our County. The County has continued to struggle with insufficient cash flows, late disbursement of funds, increased commodities pricing amongst other challenges.

Despite all these challenges, the county made great strides in terms of development such as including Kiloghwa-Kisenghenyi-Lolondau and Kwa Hebron-Mwalachi Water Projects (Wundanyi), Riata Kubwa Water Project and The Mahoo Storm Water Management initiative (Taveta) are progressing well. The water initiatives aim to contribute towards boosting water security and help communities adapt to the effects of climate change, one of them being water scarcity. Desilting of a twin drainage canal at Mboghoni ward to prevent flooding during rainy season, issuance of Bursaries and Scholarships to Secondary Schools and College going students, among others.

County Government Flagship projects completed in FY 2024/2025



Some of the key ongoing development projects in FY 2024/2025 included the Rice Milling Plant and Cancer center in Taveta and Voi Sub County respectively.

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Value-for-Money Achievements

Through improved procurement practices, digitization, and public participation, the County has reduced project delivery costs, increased efficiency in service delivery, and enhanced transparency.

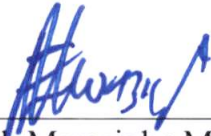
Risk Management Strategies

The County Executive has applied the following strategies: Institutionalization of internal audit and risk assurance units, Establishment of County Disaster Risk Management Policy, Regular budget monitoring and quarterly financial reporting, Strengthening stakeholder feedback mechanisms through public forums and digital platforms.

Conclusion

I take this opportunity to thank H.E. the Governor and the Deputy Governor for their support. I would also want to thank my colleagues, the County Executive Committee Members in charge of other departments who we have worked hand in hand to ensure that Taita Taveta County achieves its mission.

I also wish to thank all staff in the County Government for their continued commitment and dedication through hard work in delivering services to the people of Taita Taveta County.



CPA Elijah Mwazighe Mwazo
CECM Finance and Economic Planning
COUNTY GOVERNMENT OF TAITA TAVETA

5. Statement of Performance against Predetermined Objectives

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each County Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

Strategic development objectives

The County's 2018-2024 CIDP has identified 5 key strategic development objectives. Broadly, these objectives have been identified through a participatory process that reviewed the development priorities of the Governor's Manifesto, the National Governments, SDGs and the MTP III.

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

The key development objectives in the County Integrated Development Plan (CIDP) 2018-2023 are to:

1. Increase access to clean, quality, affordable and potable water for all households, schools and health facilities. **(WATER)**
2. Ensure quality education through development of ECDE and Library services, equipping of schools and enhanced bursaries allocation **(EDUCATION)**
3. Provide quality infrastructure including improved roads network, ICT, quality housing, Land management and adoption of alternative sources of energy. **(INFRASTRUCTURE)**
4. Invest in quality, accessible and affordable health care services including provision of prerequisite equipment, drugs and health personnel. **(HEALTH)**
5. Improve Food and Nutrition Security and community resilience through provision of adequate extension services, farm inputs, and water for irrigation and livestock throughout the County. **(FOOD SECURITY)**
6. Empower Youth, women, and vulnerable members of the community through establishment of small-scale cooperatives, talents identification and nurturing and improved access to cheap and affordable credit. **(COMMUNITY EMPOWERMENT).**

Progress on attainment of Strategic development objectives

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:

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Department	Objective	Outcome	Indicator	Performance
Health Services	To Provide curative and rehabilitative services at all health service delivery units	Effective and efficient curative and rehabilitative health care services to the county citizens	-Increase in number of facilities offering curative and rehabilitative health care services -% increase of access to specialised diagnostic services -% increase in availability of tracer drugs	10% increase in number clients accessing diagnostic services 60% availability of tracer drugs at all health facilities
	To provide preventive & promotive health interventions across the county	Effective and efficient preventive and promotive health interventions within the county	-Increased No. of eligible HIV clients on ARV's -No. of targeted pregnant women provided with LLITN's -No of weekly reports for disease surveillance -Number of dialogue and action days conducted at community level with CHVs -No. of children 6-11 months supplemented with Vitamin A	6656 clients were put on ARVs 8000 women provided with LLITNs 98% reporting for notifiable disease 420 dialogue and health action days conducted at community level with CHVs 35768 children supplemented with Vitamin A
	To improve the planning, management and coordination of health services in the County	Effective and efficient Coordination of Health services in the County	-Increased number for HR -Increased number of ambulances and utility vehicles -Number of facilities renovated	Recruitment of 355 new HRH Procurement of 3 new ambulances and 2 utility vehicles Facelifting and renovation of MCRH, Taveta Hospital, Wesu SCH and Mwatate SCH

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	To improve Reproductive maternal neonatal child health (RMNCH) services	Increased access to RMNCH services	-No. of integrated outreaches conducted -No. of children fully immunized -No of women attending at least 4 ANC visits -No of women delivering at our health facilities	208 integrated outreaches conducted 8239 children fully immunized 5926 women attending 4 ANC visits 7451 women delivered in our health facilities
Public Works, Roads, Transport & Infrastructure	To develop and maintain roads and storm water drainage to global standards	Increased efficient transportation of people, goods and services	Length in Kms of roads graveled and maintained	-In FY 2023/2024 we increased memorable and passable roads by 60% with a total of 540.3Kms roads graded and 28.25 Kms graveled. - 5 roads formed and expanded.
	To develop and maintain street and security lighting infrastructure	Increased public safety and security and business opportunity	% increase in trade % reduction of crime	-All the County streetlights were maintained. -5 streetlights masts erected through the Support of Slum Upgrading Program. -Crime rates reduced in Market centers by 30%.
	Establishment of Fire Service Stations to all Sub Counties	Increased capacity to respond to fire incidences in the County	.No of fire stations and equipment procured/rehabilitated	-Main fire station under construction at Voi Town. -1 Fire Engine refurbished
Water and Sanitation	To increase access to clean, quality and portable water	Increased access to clean water	% of households with access to clean water	60% of households currently have access to clean and potable water
			Proportion of water reservoirs chlorinated	80% of all water reservoirs were chlorinated
	To increase the level sanitation	Improved waste disposal and management	Number of waste management hubs developed/dumpsite rehabilitated	The dumpsite at chakaleri was rehabilitated Taka Taka ni mali initiative was launched.

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Youth and Sports	To improve sporting infrastructure	Improved sporting infrastructure	Number of sports facilities constructed/rehabilitated	-Moi stadium in Voi and Wundanyi stadium are under construction -Mwatunge Stadium graded and levelled
Food Security/Agriculture	Improve Food and Nutrition Security and community resilience through provision of adequate extension services, farm inputs, water for irrigation and livestock throughout the County.	Improved food and nutrition security	No. of farmers trained	11,000 farmers trained through field days, on farm demonstrations, farm visits among other extension approaches
	Enhanced extension services	Livestock technologies disseminated to farmers for improved productivity	No. of field-days held No. of shows held and international shows participation. No. of farmers reached through exhibition and shows and on-farm demonstrations	Livestock extension services enhanced through; One county show held and livestock technologies disseminated to 3000 farmers. 130 exhibitors attended the show. 35 livestock farmers exhibited in Mombasa show for farming technologies dissemination and networking. one officers attended Nairobi Internal trade fair. 14 fielddays held in Mata,mboghoni,Chala, ,Bomani,MahooWerugha,Bura,Wundanyi Mbale ,Mbololo,wusi Kishamba. 1560 farm families trained through farm visits 8 dairy farmer groups, 4 dairy cooperatives, one bee keeper cooperative strained

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	Promotion of livestock breeding programmes	Enhanced breeding and multiplication of quality breeding stock	No. of breeding and multiplication centres operationalized	Bachuma Livestock multiplication centre in operation. 130 heads of Boran and Sahiwal cattle, 270 Galla breeding goats and 13 Dorper breeding sheep raised.
	Enhance market access and value addition of livestock and livestock products	Increased access to market through development of livestock market infrastructures organized producer organization and value addition.	No. of producer organization trained and put into operation	One cooperative –Tagho dairy Cooperative operationalized into commercial milk bulking and cooling centre in Wundanyi ward. Livestock trade and market information disseminated. 15 ranching companies with share holding of 6000 members linked to local and regional market
	Support enabling environment for livestock investment and production	Strength institutions through review of policies and bills	No. of policies and bills developed	Effective and efficient service delivery through development and review of appropriate livestock policies and bills. Ranching and Grazing policy developed
	Improve Food and Nutrition Security and community resilience through provision of adequate extension services, farm inputs, water for irrigation and livestock throughout the County.	Improved livestock breeds for enhanced food security	No of livestock inseminated and calves born	1800 cattle inseminated using subsidized semen 720 calves of improved breeds born 1 AI Centre operationalized and maintained (Wundanyi)
		To reduce incidences of livestock diseases	No of livestock vaccinated against vaccine-preventable diseases	22, 622 vaccinated against vaccine-preventable diseases 52 passive surveillance visits done

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		for increased productivity		
		Improved access to extension services	No of field days/farm visits/inspection visits done	27 leather premises inspected and licensed 132 flayers trained and licensed 1,800 farmers trained on livestock improved practices
Education	Ensure quality education through development of ECDE and Library services, equipping of schools and enhanced bursaries allocation	Increased access to early childhood education, secondary, tertiary and university education	Increase in number of ecde teachers employed and ecde centres offering early childhood education. Number of schools that are benefiting from mobile library services Number of children given bursaries	- teachers recruited and posted in various ecde centers in the county. -Twenty-three schools benefiting from mobile library services. -Four hundred children (secondary, tertiary and university) benefited from county education fund scholarship and bursaries program

It is worthy to note that the County Government is in continuous talks with strategic partners and also revamping its local revenue collection to facilitate in progressive implementation of 2018-2025 CIDP

6. Environmental and Sustainability Reporting

The County Executive of Taita Taveta exists to transform lives. This is our purpose; the driving force behind everything we do. It is what guides us to deliver our strategy, which is founded on five (5) pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

a. Sustainability strategy and profile

The County Executive of Taita Taveta has continued to structure its programs towards development projects and activities that depicts high sense of value for money and goes a long way in alleviating the residents suffering and improving their ease of doing business. In the year under review the County Executive commissioned a number of water projects, opened up access roads to remote villages and continued with the construction of social halls in various wards as a strategy for improving decentralization of services through public participation forums at the grassroots.

The County Executive has also been in the forefront in engaging donors, potential investors and other strategic partners through Memorandum of Understandings and Agreements on various programs geared towards improving the living standards of the County Residents. Some notable donors include USAID, NDMA, Kenya Red Cross, World Bank and European Union.

To improve on the ease of doing business and security of our markets and residential areas, the County Government continued to maintain its several street lights, drainage and sewerage systems across the County. The County Government has embarked on market infrastructure development within the financial year, with the construction and rehabilitation of markets within the county i.e Mwatate market, Wundanyi market and Kese market.

b. Environmental performance

To promote sustainable land use and environmental conservation the County Government undertook various capacity building and provision of materials geared towards environmental protection and sustainable land use.

Some of these activities include, but not limited to promotion of farm water harvesting structures such as terraces, running tree planting campaigns during rainy seasons, distribution of organic manure, excavation of water pans and desisting of canals in Taveta Sub County. This has greatly contributed in creation of a conducive environment to its residents and increased agricultural productivity through

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irrigation and control of flood waters. As a strategy in protecting our environment and riparian lands the County Government has developed Taita Taveta Sand Harvesting Act, 2020 to guide in the exploitation of sand as a resource in the construction sector.

c. Employee welfare

The County Government revamped its efforts in improving the welfare of its employees as a key ingredient to employee motivation and satisfactory work performance. Some of these activities includes the provision of Comprehensive Medical Cover to all its cadre of staff.

The County also recruited additional staff through a competitive process by the County Public Service Board for the understaffed departments of Health Services, Education and Libraries, Revenue Directorate and Public Service and Administration. Through the process casual staff were replaced with long term contracts hence a boost on staff job security.

The County always strive to adhere to the Employment Act, 2007, Salaries and Remuneration Commission circulars and Human Resource manuals in the engagement and management of staff. Also, the County continued to undertake staff appraisals and is usually a key tool before any promotion is undertaken.

d. Market place practices-

To entrench the spirit of competition in its activities, the County Government during the year under review embraced E-Procurement when sourcing of goods and services. The system enhances openness and transparency as tenders were advertised on the local dailies and also posted on the IFMIS portal hosted at The National Treasury. The same were opened, evaluated, awarded, inspected and received through the system hence sealing loopholes of any collusion that could have occurred.

The County Treasury through its Procurement Directorate trained all the suppliers, contracts and cyber operators' through-out the County to build their capacity on online bidding and submission of tenders. Also, the County strived to settle its pending bills as evidenced by creation of a budget line in Finance Department to offset the long outstanding debts.

As a strategy in promoting the growth of its markets, efforts were made to ensure that hawkers were directed to the available slots in the urban markets and all advertisements were registered and licensed by the County Government before undertaking their activities.

Furthermore, the County Government through the Department of Health Services inspected all hotels, eateries and other food outlets in order to safeguard the wellbeing and interests of its residents. This

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exercise was boosted by recruitment and deployment of additional Public Health officers to various sub-counties.

e. Community Engagements-

The County Government through its various Departments and in collaboration with other stakeholders has been engaging in various community initiatives that have helped improved people's living standards. Several public participation exercises were conducted to collect views and contributions from the County residents on issues such proposed projects, progress reports, budgets, etc having a bearing on service delivery.

During the year under review several specialized medical camps, such as cancer screening, orthopaedic medical camps, were held in various parts of the County. This included a blood donation drive in partnership with Kenya Red Cross Society and The Kenya National Blood Transfusion Service (KNBTS) that was aimed at boosting the capacity of the County and the region in meeting blood demands in case of an emergency.

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7. Management Discussion and Analysis

The Management Discussion and Analysis (MD&A) provides an overview of the operational and financial performance of the organization during the financial period ended 30th June 2025. This report highlights key strategic initiatives, major risks, compliance status, economic environment, and forward-looking plans, offering stakeholders a clear view of both current achievements and future direction.

a.) Key Programs, Projects, and Investment Decisions

During the period, the county undertook several strategic projects and investment initiatives aimed at improving operational efficiency, promoting sustainability, and expanding market reach. All the prioritized programs were aligned with the County Integrated Development Plan (CIDP II), Medium-Term Expenditure Framework (MTEF), and Vision 2030. The county has focused on infrastructure development, healthcare, agriculture, water access, and youth empowerment programs amongst others. The following key projects were implemented:

b.) Compliance with Statutory Requirements

The County remained compliant with all key statutory frameworks and regulatory obligations such as the Public Finance Management (PFM) Act, 2012, the County Governments Act, 2012, and other relevant legislation.

Requirement	Compliance Status
Submission of Financial Statements	Submitted to Auditor-General on schedule
Public Procurement and Disposal Act	All procurement followed PPADA 2015 regulations
Revenue Reporting to CRA and COB	Done quarterly as required
Audit Committee Functioning	Active and met quarterly to review audit issues
Tax Compliance	All Tax filed and remitted on time to the KRA.

c.) Major Risks Facing the Organization

Management continuously monitors both internal and external risks that may affect service delivery and development performance. Key risks and mitigation measures are summarized below.

Risk Category	Description	Mitigation Measures
Delayed Exchequer Issues	Affects project timelines and staff payments	strengthening own-source revenue
Drought and Climate Change	Impact on agriculture and water access in arid areas	Investment in climate-smart agriculture and boreholes
Revenue Leakages	Manual systems hinder revenue collection efficiency	Ongoing revenue digitization and automation
Skills Gap in Key Sectors	Shortage of technical staff in health, Lands	Ongoing recruitment and training

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d.) Material Arrears in Statutory and Other Financial Obligations

The County maintains a strict internal monitoring mechanism to ensure compliance with all financial and statutory obligations. The Governor constituted a 5-member committee to verify all the pending bills. The appointment of pending bills verification committee is pursuant to the gazette notice no. 12046 of 2024 dated 19th September, 2024, pursuant to the Controller of Budget’s circular Reference no. COB/COG/002NOL. 3 (55) dated the 19th June, 2019 and the Terms of Reference of the committee as per the Office of the Auditor-General circular dated the 27th June, 2019. County Treasury and the Pending Bills Committee have prioritized settlement of verified obligations to avoid accumulation.

e.) Future Developments

Key priority areas for the FY 2024/2025 include:

Agriculture, Livestock and Fisheries	
Irrigation Infrastructure Expansion	Rehabilitation and development of irrigation schemes in Mwatate and Taveta sub-counties.
Value Addition Initiatives	Establishment of Agro-processing units for bananas, avocados, and livestock products
Water, Environment and Natural Resources	
Water Supply Projects	Drilling and equipping of boreholes in water-scarce areas like Kasigau and Mata wards.
Small Dams and Pans Construction	To increase rainwater harvesting and storage capacity.
Climate Change Adaptation	Tree planting campaigns, environmental awareness, and ecosystem conservation.
Health Services	
Health Facility Upgrades	Upgrading of Wundanyi and Mwatate Sub- County hospitals to improve maternal and child health services.
Community Health Programs	Strengthening community health units and mobile medical outreach services.
Supply of Equipment	Provision of diagnostic and therapeutic equipment to local health centers.
Education and Vocational Training	
Infrastructure Development	Construction and renovation of ECDE classrooms and vocational training centers (VTCs).
Bursary Allocation	Continued support for needy students in secondary schools, colleges, and universities.
Digital Learning Integration	Equipping VTCs with ICT tools and resources for modern technical training.
Infrastructure, Public Works and Transport	

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Road Network Improvement	Graveling and murraming of access roads in rural areas to enhance connectivity.
Bridge Construction	Construction of footbridges in flood-prone areas for community accessibility.
Street Lighting	Installation of solar street lights in major towns and markets for security and night-time economic activity.
Trade, Tourism and Industrialization	
Tourism Promotion	Development of eco-tourism sites such as Lake Jipe and Tsavo heritage corridors.
Market Infrastructure	Construction and improvement of modern market stalls in Voi, Taveta, and Wundanyi.
Support to SMEs	Provision of affordable credit, training, and licensing reforms to boost entrepreneurship.
Youth, Gender and Social Services	
Empowerment Programs	Capacity-building and funding of youth and women groups through the County Enterprise Fund.
Sports Development	Construction of sports fields and talent nurturing centers.
Gender-Based Violence (GBV) Interventions	Awareness campaigns and support services for survivors.
ICT and E-Government	
ICT Infrastructure	Expansion of internet connectivity in public institutions.
Automation of County Services	Continued digitization of revenue collection and service delivery platforms

These strategic areas are intended to foster inclusive growth, job creation, and sustainable development across the county.

f.) Conclusion

Despite macroeconomic challenges, Taita Taveta County made significant strides in improving service delivery, enhancing infrastructure, and strengthening accountability. Management remains committed to prudent financial management, stakeholder engagement, and accelerating socio-economic transformation in all wards.

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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 Entity 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 financial statements, which give a true and fair view of the state of affairs of the County Executive 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 (vi) Making accounting estimates that are reasonable in the circumstances.

The CEC member for finance/The Clerk 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/The Clerk is of the opinion that the County Executive's/Assembly 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.

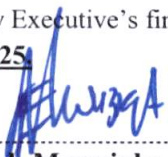
The CEC member for finance further confirms the completeness of the accounting records maintained for the County Executive which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

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 Executive's financial statements were approved and signed by the CEC member for finance on 28th August, 2025.



CPA Elijah Mwazighe Mwazo
CECM Finance & Economic Planning
County Government of Taita Taveta

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REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF TAITA TAVETA 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 Taita Taveta set out on pages 1 to 55, 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 the statement of comparison of budget and actual amounts for the year then ended and a summary of

significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of County Executive of Taita Taveta 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 Governments 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. Unsupported Cash and Cash Equivalents

The statement of financial position and as disclosed in Note 21 to the financial statements reflects cash and cash equivalents balance of Kshs.197,278,782. However, four (4) cashbooks; Taita Taveta Eu Ideas Banana Process, Taita Taveta County Education Imprest Account, Agriculture Sector Development Support Project-Coop and KCSAP. were not provided for audit review and were indicated as closed. However, no evidence was provided in support of the closure of the bank accounts.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.197,278,782 could not be confirmed.

2. Unsupported Work in Progress

The statement of financial position and as disclosed in Note 26 to the financial statements reflects property, plant and equipment balance of Kshs.1,222,110,730. The balance includes work in progress amount of Kshs.112,584,538. However, the project status report provided reflected the total work certified balance of Kshs.301,618,411 resulting to an unexplained variance of Kshs.189,033,873. Further, physical verification of a sample of projects revealed incomplete projects with total work certified balance of Kshs184,916,451.

In the circumstances, the accuracy and completeness of the Works in progress balance of Kshs.112,584,538 could not be confirmed.

3. Unsupported Trade and Other Payables

The statement of financial position and as disclosed in Note 32 to the financial statements reflects trade and other payables balance of Kshs.2,226,102,979. However, the ageing analysis of trade and other payables was not provided for audit review.

In the circumstances, the accuracy of the trade and other payables balance of Kshs.2,226,102,979 could not be confirmed.

4. Inaccuracies in Transfer from County Government

The statement of financial performance and as disclosed in Note 11 reflects transfers from County Government balance of Kshs.818,594,423. However, the amount

transferred in respect of Tavevo Water and Sanitation and Tavevo Water and Sanitation Co. Ltd (WSTF) amount of Kshs.610,805,126 and Kshs.7,000,000 differed with the amount reflected in the entity's financial statements of Kshs.118,125,322 and Kshs.2,543,850 respectively. The variances of Kshs.492,679,804 and Kshs.4,456,150 in respect of Tavevo Water and Sanitation and Tavevo Water and Sanitation Co. Ltd (WSTF) was not explained or reconciled.

In the circumstances, the accuracy and completeness of transfers from County Government of Kshs.816,294,423 could not be confirmed.

5. Unsupported Fuel, Oil and Lubricants

The statement of financial performance and Note 10 to the financial statements reflects use of goods and services of Kshs.1,351,075,350. The expenditure includes fuel, oil and lubricants amount of Kshs.74,635,474, which further includes an amount of Kshs.1,600,000 for the supply of fuel and lubricants. Records in support of the expenditure revealed that the County Government through Voi Municipality engaged two (2) private motor vehicles for official Voi Municipality works. However, procurement records for the hire of the vehicles from the two firms was not provided for audit verification.

In the circumstances, the accuracy and occurrence of the fuel, oil and lubricants of amount of Kshs.1,600,000 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 Taita Taveta 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 reflected total revenue budget of Kshs.7,552,431,465 against actual realization of Kshs.6,082,507,237 resulting in under-funding of Kshs.1,469,924,228 or 19% of the budgeted receipts. Similarly, the Management spent an amount of Kshs.5,885,189,041 against actual receipts of Kshs.6,082,507,237 resulting to an under-utilization of Kshs.197,318,196 or 3 % of the receipts.

The under-funding and under-utilization may have affected the planned activities and impacted negatively on service delivery to the residents of Taita Taveta County. 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's Audit Matters

In the priors' audit reports, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Fund in 2024/2025 revealed that the following twenty (20) issues as per **Appendix I** remained unresolved as at 30 June, 2025.

Other Information

The Management is responsible for the Other Information set out on page iii to xxvi which comprise of Key Entity Information and Management, Governance Statement, Foreword by the County Executive Committee Member (CECM) Finance and Economic Planning, Statement of Performance Against Predetermined Objectives, Environmental and Sustainability Reporting, Management Discussion and Analysis and the 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 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. Non- Compliance with Facility Improvement Financing Act, 2023

Review of County revenue records for level 4 and 5 hospitals revealed that the four (4) facilities collected Kshs.72,171,273 and transferred the full amount to the County Revenue Fund. However, only Kshs.54,143,076 was reimbursed to the hospital leaving a balance of Kshs.18,028,197. Further, the Facility Improvement Financing (FIF) revenues were deposited into the general county revenue accounts instead of

the designated Facility bank accounts. This is contrary to the provisions of Section 20-25 of the Facilities Improvement Financing Act, 2023 which requires that all revenues collected by health facilities be retained in designated FIF accounts and utilized strictly for approved operational and improvement activities.

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

2. Non-Compliances with the Fiscal Responsibility Principles

Review of the financial statements revealed breaches to the fiscal responsibility principles on development expenditure, wage bill and transfers to County Assembly as detailed below:

2.1. Development Expenditure

The supplementary estimates for the period ending 30 June, 2025 indicated total budgeted expenditure of Kshs.8,179,697,824 out of which the development amount was Kshs.2,406,197,010 or 29 % which is below the set minimum of 30% as is required under section 107(2)(b) of the Public Finance Management Act, 2012.

2.2. Wage Bill

The supplementary estimates for the period ending 30 June, 2025 showed that that the budgeted expenditure on compensation of employees amounted to Kshs.3,806,221,972 representing 46.53% of the total budgeted revenue of Kshs.8,179,697,824. This was contrary to Regulation 25(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires that the County Executive Committee Member with the approval of the County Assembly to set a limit on the County Government's expenditure on wages and benefits for its public officers and the limit not to exceed thirty-five (35) percent of the County Government's total revenue.

2.3. Transfers to County Assembly

The Supplementary I Estimates for the year ending 30 June, 2025 showed that the approved expenditure of the County Assembly amounted to Kshs.829,520,871 or 10% of the total revenues of the County Government amount of Kshs.8,179,697,824. The amount exceeds the stipulated 7% under Regulation 25(1)(f) of the Public Finance Management (County Governments) Regulations, 2015 that requires the approved expenditures of a County Assembly not to exceed seven per cent of the total revenues of the County Government or twice the personnel emoluments of that County Assembly, whichever is lower.

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

3. Unremitted Deductions

The statement of financial position and Note 32 to the financial statements reflects trade and other payables of Kshs.2,226,102,979. Included in the amount are third party payments of Kshs.721,019,458. The following observations were made;

3.1. Higher Education Loans Board Deductions

Review of third-party payments showed that HELB deductions amounting to Kshs.8,969,582 from October 2023 to May 2024 was yet to be remitted. This was

contrary to Section 17(1) of the Higher Education Loans Board Act, 1995 (Revised 2012) which states that where an employer fails to deduct or after deducting any loan repayment from a loanee and does not pay such deductions to the Board within the prescribed period, a sum equal to five percent of the total amount of the repayment to be charged on the employer for each month or part of the month that the repayment remains unpaid.

3.2. Employees' Pension Deductions

Review of personnel expenditures revealed that pension employee deductions of Kshs.44,419,536 from November, 2022 to July, 2023, and October, 2023 to May, 2024 were yet to be remitted. This was contrary to Section 53A. (1) of the Retirement Benefits Act, 2012 that requires an employer, having with the agreement of an employee who is a member of a scheme, made a deduction from the employee's emoluments for remittance to the scheme, fails to remit the deduction within fifteen days of the deduction, the scheme may, after giving such employer not less than seven (7) days' notice, institute proceedings for the recovery of the deduction.

3.3. SACCO Deductions

Employee SACCO deductions amounting to Kshs.70,265,526 from the previous financial years as far as January 2023 was yet to be remitted. This was contrary to Section 19 (4) of the Employment Act, 2007 (Revised 2012) that requires an employer who deducts an amount from an employee's remuneration in accordance with subsection (1)(a), (f), (g) and (h) to pay the amount so deducted in accordance with the time period and other requirements specified in the law, agreement court order or arbitration as the case may be.

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

4. Non-Compliance with Law on Employment of Persons with Disabilities

Review of human resource records revealed that 11 out of 3288 (0.3%) members of staff of the County Executive are persons with disability which is below the required 5% as stipulated in Section 13 of the Persons with disability Act, 2003.

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

5. Failure to Recognize Pending Bills as First Charge

The statement of financial position and as disclosed in Note 32 to the financial statements reflects trade and other payables balance of Kshs.2,226,102,979. However, review of the pending bills revealed long outstanding payables dating back to the financial years 2014/2015 – 2015/2016 totalling Kshs.11,386,339. These long outstanding payables were not treated as a first charge contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015.

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

6. Incomplete Project Information

Review of 25 projects for a contract sum of Kshs.279,190,607 revealed that the respective files had omissions in recording and filing of project documents such as site

minutes, certificates of works done, payment vouchers and inspection and acceptance certificates. Further, five (5) project files were not provided for audit review, making it difficult to confirm if the files were closed as required by Section 151(2)(h) of the Public Procurement and Asset Disposal Act, 2015 which provides that the contract implementation team to be responsible for ensuring that the contract is complete, prior to closing the contract file including all handover procedures, transfers of title if need be and that the final retention payment have been made.

In addition, there were no progress reports contrary to Section 152 of the Public Procurement Asset Disposal Act, 2015 which provides that the Head of the Procurement function to prepare monthly progress reports for all procurement contracts of the procuring entity and submit them to the accounting officer. Also, the project files revealed that the project evaluation was done without an engineer's estimate contrary to Section 70(6)(b) of the Public Procurement and Asset Disposal Act, 2015, hence it could not be determined if the Bills of Quantity as presented by the contractor was fair and economical.

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

7. Irregular Procurement of Defective Laundry Machines

The statement of financial position and as disclosed in Note 26 to the financial statements reflects property, plant and equipment balance of Kshs1,222,110,730. Included in the balance is plant and machinery balance of Kshs.137,164,744 which further includes procurement of laundry machines amounting to Kshs.17,821,521. Review of the procurement documents revealed that the inspection and acceptance committee identified several defects such as; missing heaters, a non-functional door safety micro switch, un delivered of overflow hose pipe. Despite the defects, the Management received the machines and no evidence was provided to confirm that the defects were corrected before or after acceptance of the equipment.

In the circumstances, value for money on the procurement of laundry machines could not be confirmed.

8. Incomplete, Stalled and Abandoned Project

Physical verification of sampled projects contracted at Kshs.219,207,350 during the month of July, 2025 revealed that twelve (12) projects were either incomplete, stalled or abandoned as shown in **Appendix II**.

In the circumstances, the value for money on the procurement of projects 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. Control Weaknesses over Management of Vehicles

Review of motor vehicle records revealed that the County Executive had three hundred and forty-nine (349) vehicles. Out of these vehicles, two hundred and thirty-five (235) vehicles were operational, while ninety-one (91) were faulty and twenty (21) were grounded and unserviceable. This was contrary to Regulation 132(2) of the Public Finance Management (County Governments) Regulations, 2015, which requires the implementation of measures for efficient, economical, and transparent use of motor vehicle assets.

In addition, motor vehicle registration records for thirty-seven (37) County Executive vehicles, one hundred and three (103) GK vehicles and thirty-nine (39) vehicles with private registration numbers were not provided for audit. Further, two (2) motor vehicles shared registration records but only one was recorded in the Assets Register.

In the circumstances, the effectiveness and prudence in the management of motor vehicles could not be confirmed.

2. Information, Communication and Technology Governance and Management

Review of Information, Communication Technology (ICT) internal controls revealed that the County Executive had not constituted the ICT Committee and it could therefore not be ascertained whether the County's ICT strategy was aligned with the County Integrated Development Plan III, the National Government's Third Medium Term Plan 2018 – 2022 (MTP III) and the Vision 2030. Further, the lack of ICT governance structure resulted in failure to prepare and maintain an ICT Strategic Plan with a clear ICT Vision and Mission that defines how the County Executive planned to improve internal services and services to businesses and citizens and also define specific tasks and responsibilities for achieving value delivery from ICT investment. Similarly, ICT Risk Framework was not in place that defined the risk strategy, set acceptable levels of risk, responsibility for risk mitigation and mitigation measures.

The ICT standards specify that Counties should establish two ICT governance committees namely; IT Strategy committee to provide strategic advice on ICT initiatives and investments and IT Steering Committee to define the IT mission and goals aligned with the strategic direction of the organization, to authorize and direct the development of the services and operation plans.

In the circumstances, the reliability and effectiveness of the ICT control systems in place could not be confirmed.

3. Lack of Risk Management Policy

Review of records revealed that Management had not established a Risk Management Policy and Fraud Prevention Mechanisms put in place. A Disaster Recovery Plan was not in place to mitigate and control, operational and other risks that the County Executive may face from time to time. In addition, the Management had not carried out any risk assessments to identify and address key areas of concern and document specific controls in response to risks noted.

In the circumstances, the existence of effective risk management and governance mechanisms 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 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 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

05 December, 2025

APPENDICES

Appendix I- Unresolved Prior Year Matters

No.	Financial Year	Audit Issue
1	2023/2024	Transfer to Other Government Entities
2	2023/2024	Transactions in Systems Payments but not Processed in Payment Details
3	2023/2024	Misclassification of Expenditure – Fuel, Oil and Lubricants
4	2023/2024	Unexplained Variances on Statutory Contributions
5	2023/2024	Unsupported Expenditure – Purchase of Certified Seeds, Breeding Stock and Live Animals
6	2023/2024	Unsupported Expenditure – Routine Maintenance- Vehicles and Other Transport Equipment
7	2023/2024	Unsupported Expenditure – Printing, Advertising and Information Supplies and Services
8	2023/2024	Unsupported Pending Bills Payables
9	2023/2024	Construction of Roads – Unsupported Murraming of Ebenezer Kilimanjaro Konoike Road
10	2023/2024	Construction of Roads – Unsupported Gravelling and Murraming of Mata Ward Feeder Roads
11	2023/2024	Unsupported Supply and Delivery of Fuel and Lubricants for Routine Maintenance for Ward Roads – Kaloleni Ward Roads
12	2023/2024	Unsupported Supply and Delivery of Fuel and Lubricants for Routine Maintenance for Ward Roads – Mata Ward Roads
13	2023/2024	Unsupported Supply and Delivery of Fuel And Lubricants for Routine Maintenance for Ward Roads – Mbogholi Ward Roads
14	2023/2024	Unsupported Provisional Sum on Rehabilitation of Ngambenyi Bungule Road
15	2023/2024	Unlicensed Mining Sites
16	2023/2024	Undisclosed Information on Volume and Revenue Generated from Mining
17	2023/2024	Non-Compliance With Fiscal Responsibility Principles on Wage Bill
18	2023/2024	Incomplete Project Files
19	2023/2024	Incomplete Stalled and Abandoned Projects
20	2023/2024	Lack of Human Resource and Recruitment Plans

Appendix II-Incomplete, Stalled and Abandoned Projects

S/No.	Project Title	Contract sum Kshs.	Status
1.	Completion of Shelemba Social Hall	4,580,175.00	Incomplete
2.	Construction of perimeter wall, civil works and ablution block for governor's office	17,112,140.00	Abandoned
3.	Completion of laboratory at Manoa Dispensary in Mwatate Sub-County	1,991,450.00	Incomplete
4.	Access road, construction of 4 door modern toilet, construction of parking and walkway and supply and installation of solar streetlighting	48,162,006.00	Incomplete and abandoned
5.	Drilling development, test pumping and water analysis at MKWachunyi borehole	2,997,000.00	Abandoned
6.	Completion of Mwangea social hall and construction of 4 4-door toilet	4,891,511.00	Incomplete
7.	Enhancement of access to safe and clean water for drought, vulnerable communities of Ngolia and Mbololo Wards	16,485,506.00	Incomplete
8.	Being payment for proposed completion of Kirumbi dispensary phase 2	1,499,630.00	Incomplete
9.	Construction of podium at Voi stadium Phase II	94,328,130.00	Abandoned
10.	Construction of retailing wall, security rooms, gates, and 2 no. stalls at Moi Stadium Playing Ground-Voi	18,437,333.36	Incomplete and abandoned
11.	Completion of Bomeni Social Hall (Satoo)	4,222,469.00	Incomplete
12.	Construction of rice milling plant housing in Taveta Sub-County	4,500,000.00	Incomplete
	TOTAL	219,207,350.36	

**County Executive of Taita Taveta
Annual Report and Financial Statements for the year ended June 30, 2025.**

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

	Notes	FY 2024/2025
		Kshs
Revenue from non-exchange transactions		
Transfers from CRF	6	5,878,795,379
Miscellaneous Revenue	7	1,457,346
Total		5,880,252,725
Revenue from exchange transactions		
Other income	8	-
Total revenue		5,880,252,725
Expenses		
Employee costs	9	3,233,854,818
Use of goods and services	10	1,351,075,350
Transfers to other Government Entities	11	818,594,423
Depreciation and amortization expense	12	208,644,696
Other Grants and Subsidies	13	133,699,309
Finance costs	14	
Social Benefits	15	-
Total expenses		5,745,868,596
Gain/(loss) on sale of assets	16	
Gain/Loss on Foreign Exchange	17	
Gain/Loss on fair value of investments	18	
Impairment loss	19	
Surplus/Deficit for the year		134,384,129
Taxation	20	-
Net Surplus/Deficit		134,384,129

The Financial Statements set out on pages 1 to 7 and were signed by:



Name: CPA Fredrick Nganga
Chief Officer Finance
ICPAK Member No. 15010



Name: CPA Joyce Kambe Mwachia
Director Accounting Services
ICPAK Member No. 12587

County Executive of Taita Taveta
Annual Report and Financial Statements for the year ended June 30, 2025.

11. Statement of Financial Position as at 30 June 2025

	Notes	FY 2024/25	Opening Statement 1 st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	21	197,278,782	202,254,512
Receivables from Exchange Transactions	22	-	-
Receivables from Non-Exchange Transactions	23	-	-
Inventories	24	-	-
Prepayments	24(a)	1,078,113	-
Current portion of investments	25	-	-
Total Current Assets		198,356,895	202,254,512
Non-Current Assets			
Receivables from Exchange Transactions	22(b)	-	-
Non- Current portion of investments	25	-	-
Property, Plant and Equipment	26	1,222,110,730	1,023,988,474
Intangible Assets	27	7,437,430	8,499,920
Investment Property	28	-	-
Right-of-use assets	29	-	-
Biological Assets	30	28,271,953	24,777,228
Tangible Natural Resources	31	-	-
Total Non- Current Assets		1,257,820,113	1,057,265,622
Total Assets (A)		1,456,177,008	1,259,520,134
Liabilities			
Current Liabilities			
Trade and Other Payables	32	2,226,102,979	2,175,125,908
Refundable Deposits and Prepayments	33	21,614,353	10,279,266
Current Provision	34	-	-
Lease Liabilities	35	-	-
Deferred Income	36	-	-
Employee Benefit Obligation	37	-	-
Current Portion of Borrowings	38	-	-
Total Current Liabilities		2,247,717,332	2,185,405,174
Non-Current Liabilities			
Non-Current Provisions	34	-	-
Lease Liabilities	35	-	-
Deferred Income	36	-	-
Non-Current Employee Benefit Obligation	37	-	-
Borrowings – Non-Current Portion	38	-	-
Service Concession Liability	39	-	-

County Executive of Taita Taveta

Annual Report and Financial Statements for the year ended June 30, 2025.

	Notes	FY 2024/25	Opening Statement 1 st July 2024
		Kshs	Kshs
Total Non- Current Liabilities		-	-
Total Liabilities (B)		2,247,717,332	2,185,405,174
Net Assets(A-B)		(791,540,325)	(925,885,040)
Represented By:			
Reserves		-	-
Accumulated Surplus		(791,540,325)	(925,885,040)
Capital Fund		-	-
Net Assets		(791,540,325)	(925,885,040)

The financial statements set out on pages 1 to 7 and were signed by:



.....
Name: CPA Fredrick Nganga
Chief Officer Finance
ICPAK Member No. 15010



.....
Name: CPA Joyce Kambe Mwachia
Director Accounting Services
ICPAK Member No. 12587

County Executive of Taita Taveta
Annual Report and Financial Statements for the year ended June 30, 2025.

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

Description	Accumulated Surplus	Reserves	Capital Fund	Total
As at 30th June 2024 (cash basis)	193,030,772			193,030,772
Adjustments: (to recognize liabilities-Trade payable)	(444,797,971)			(444,797,971)
Adjustments: (to recognize liabilities-Employee Payable)	(93,750,990)			(93,750,990)
Adjustments: (to recognize Third party payments)	(706,419,146)			(706,419,146)
Adjustments: (Outstanding imprest)	127,107,820			127,107,820
Adjustments: (to recognize assets)	(1,047,400)			(1,047,400)
Taita Taveta County Education Imprest Ac	(2,620)			(2,620)
Taita Taveta Eu Ideas Banana Process	(2,738)			(2,738)
Kenya Devolution Support Programme II	(2,768)			(2,768)
As at July 1, 2024	(925,885,040)	-	-	(925,885,040)
Surplus/ deficit for the period	134,384,129			134,384,129
Returns to CRF	(39,414)			(39,414)
Additions during the period				-
Other changes (specify)				-
As at 30th June, 2025	(791,540,325)	-	-	(791,540,325)

Recognition of Closed Accounts*: include the following Commercial Bank Account which were closed

- 1) Taita Taveta County Education Imprest Account 1152721747 - Kshs 2,620
- 2.) Taita Taveta Eu Ideas Banana Process-KCB 1252445024 -Kshs 2,738
- 3.) Kenya Devolution Support Programme II 1000745967 -Kshs 2,768

County Executive of Taita Taveta
Annual Report and Financial Statements for the year ended June 30, 2025.

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

		FY 2024/25
	Notes	Kshs
Cash flows from operating activities		
Receipts		
Transfers from CRF		5,878,795,379
Miscellaneous Revenue		1,457,346
Other income		-
Total receipts		5,880,252,725
Payments		
Employee costs		(3,259,590,837)
Use of goods and services		(1,246,392,280)
Transfers to other Government Entities		(818,594,423)
Other Grants and Subsidies		(96,114,952)
Finance costs		
Social Benefits		
Total payments		(5,420,692,492)
Net cash flows from/(used in) operating activities	40	459,560,233
Cash flows from investing activities		
Purchase of PPE		(464,496,549)
Purchase Intangible assets		
Proceeds from sale of PPE		
Proceeds from sale of Biological Assets		
Purchase of investments		-
Sale of investments		-
Net cash flows from/(used in) investing activities		(464,496,549)
Cash flows from financing activities		
Returns to CRF		(39,414)
Proceeds from borrowings		
Repayment of borrowings		
Net cash flows from financing Activities		(39,414)
Net increase/(decrease) in cash & Cash equivalents		(4,975,730)
Cash and cash equivalents at 1 July	21	202,254,512
Cash and cash equivalents at 30 June	21	197,278,782

(PSASB has prescribed the use of the direct method for cash flow preparation)

County Executive of Taita Taveta
Annual Report and Financial Statements for the year ended June 30, 2025.

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						
Opening balance (Non-refundable special purpose ac)		202,254,512	202,254,512	202,254,512	-	100%
Receipts						
Transfers from CRF	7,561,981,108	(211,804,155)	7,350,176,953	5,878,795,379	1,471,381,574	80%
Miscellaneous Revenue				-	-	0%
Other income				1,457,346	(1,457,346)	0%
Total revenues	7,561,981,108	(9,549,643)	7,552,431,465	6,082,507,237	1,469,924,228	81%
Expenses						
Employee costs	3,525,901,377	52,510,667	3,578,412,044	3,259,590,837	318,821,208	91%
Use of goods and services	983,078,940	269,017,788	1,252,096,728	1,246,392,280	5,704,448	100%
Transfers to other Government Entities	1,128,401,402	14,125,378	1,142,526,780	818,594,423	323,932,357	72%
Other Grants and Subsidies	1,043,220,237	(351,727,187)	691,493,050	96,114,952	595,378,098	14%
Finance costs	-	-	-	-	-	0%
Social Benefits	-	-	-	-	-	0%
Total	6,680,601,956	(16,073,354)	6,664,528,602	5,420,692,492	1,243,836,110	81%
Capital items						
Acquisition of PPE	881,379,152	6,523,711	887,902,863	464,496,549	423,406,314	52%
Acquisition of Intangible assets	-	-	-	-	-	0%
Purchase of investments	-	-	-	-	-	0%
Repayment of borrowings	-	-	-	-	-	0%
Total expenses Development	881,379,152	6,523,711	887,902,863	464,496,549	423,406,314	52%
Total Expenses	7,561,981,108	(9,549,643)	7,552,431,465	5,885,189,041	1,667,242,424	78%
Surplus/ deficit				197,318,196		

County Executive of Taita Taveta
Annual Report and Financial Statements for the year ended June 30, 2025.

Reconciliation table

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	197,318,196
	Refunded to the CRF Account	(39,414)
	Closing Cash and Cash Equivalent as per the statement of Cash flows	197,278,782

15. Notes to the Financial Statements

1. General Information

Taita Taveta County Executive is established by and derives its authority and accountability from The Constitution of Kenya 2010. The Entity is domiciled in Kenya and its principal activities are -.

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).

Taita Taveta County Executive has taken advantage of the transitional provisions under IPSAS 33 – First-time Adoption of Accrual Basis IPSAS. The transitional financial statements represent the County's 1st year of transition to full compliance with accrual IPSAS. In first transitional IPSAS accrual financial statements, The Taita Taveta county Executive recognised both financial assets and financial liabilities. The Financial assets included cash and cash equivalents, receivables, prepayments, non-current assets such as Property, Plant and Equipment (PPE), Intangible Assets, Biological Assets which were acquired in the Financial Year 2023/24 up to the reporting date that met the recognition criteria under this IPSAS. Financial Liabilities recognised included payables (Trade payables, Employee payables Third-party payments) and third-party deposits.

All other Non -Current Financial Assets acquire prior to FY 2023/24 will be recognition in the third (3) year of transition period after full identification and valuation process is complete.

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 Entity. 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 30th 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 an entity 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 *entity* 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 *entity* is 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 *entity* policy objectives and targets. Where a policy choice gives rise to an obligation that exists independently of the *entity'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.

County Executive of Taita Taveta
Annual Reports and Financial Statements for the year ended June 30, 2025.

Physical assets

An asset is a resource presently controlled by the entity 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.

**County Executive of Taita Taveta
Annual Reports and Financial Statements for the year ended June 30, 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><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></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>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></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>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></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.

**County Executive of Taita Taveta
Annual Reports and Financial Statements for the year ended June 30, 2025.**

Standard	Effective date and impact:
	<ul style="list-style-type: none"> 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>

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 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.

**County Executive of Taita Taveta
Annual Reports and Financial Statements for the year ended June 30, 2025.**

Standard	Effective date and impact:
	<ul style="list-style-type: none"> <li data-bbox="459 232 1407 344">ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. <li data-bbox="459 353 1407 537">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 or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity'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 Entity 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 fulfillment 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 Entity's right to receive payments is established.

Rental income

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

b) **Budget information**

The original budget for FY 2024/25 was approved by the County Assembly on 25 June 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 appropriations reduction of **Kshs 241,804,155** on the FY 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.

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 - of these financial statements.

c) 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 --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 Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value

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 entity 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 entity 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 entity 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 entity; the entity 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 entity 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 entity 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 Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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 Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- i) The 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 entity 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 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.

Notes to the Financial Statements (Continued)

i. Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

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 entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

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

ii. Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through surplus or deficit

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 *Entity*.

k) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

l) Contingent liabilities

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

Notes to the Financial Statements (Continued)

m) Contingent assets

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

n) Nature and purpose of reserves

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

o) Changes in accounting policies and estimates

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

p) Employee benefits

Retirement benefit plans

The *Entity* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Entity pays fixed contributions into a separate Entity (a 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

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different from those at which they were initially reported are recognized in surplus or deficit in the period.

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 *Entity* regards a related party as a person or an Entity with the ability to exert control individually or jointly, or to exercise significant influence over the *Entity*, or vice versa. Members of key management are regarded as related parties and comprise *the 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 *Entity* 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 *Entity* 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 *Entity* 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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Notes to the Financial Statements (Continued)

v) Comparative figures

In preparing these financial statements the entity has elected to apply paragraph 79 of IPSAS 33, which allows for the election by an entity 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 June 30, 2025.

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note -. 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).

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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 30 th June 2025
	Kshs	Kshs	Kshs
Recurrent	4,310,408,846		4,310,408,846
Development	474,449,564		474,449,564
Special purpose transfers			
Roads Maintenance Levy Fund	-		-
Kenya Urban Support Project (KUSP)	-		-
Kenya Urban Support Project (KUSP) UIG	32,309,300		32,309,300
Agriculture Sector Development Support Project	-		-
Water and Sanitation Development Project (WSDP)	610,805,126		610,805,126
Locally Led Climate Action Programme-(LLOCAP)	36,000,000		36,000,000
National Agricultural Value Chain development Project	108,888,623		108,888,623
Kenya Informal Settlement Improvement Project	150,000,000		150,000,000
Taita Taveta Education Fund Board	110,000,000		110,000,000
Taita Taveta Executive Car Loan and Mortgage Revolving	7,450,000		7,450,000
Taita Taveta County Primary Health-Kes	13,768,500		13,768,500
Taita Taveta County Comm Health Promoters	22,215,420		22,215,420
Kenya Devolution Support Programme II	2,500,000		2,500,000
Total	5,878,795,379	-	5,878,795,379

7. Miscellaneous Revenue

Nature of Revenue	FY 2024/25
	Kshs
In kind grants and donations	-
Refunds & Reimbursements	-
Revenues not classified anywhere else	1,457,346
Total	1,457,346

8. Other Incomes

Description	FY 2024/25
	Kshs
Insurance recoveries	-
Sale of tender documents	-
Services concession income	-
Other incomes not specified elsewhere	-
Total other income	-

County Executive of Taita Taveta
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Notes to the Financial Statements (Continued)

9. Employee Costs

Description	FY 2024/25
	Kshs
Basic salaries of permanent employees	3,188,728,319
Basic wages of temporary employees	-
Personal allowances – part of salary	45,126,500
Pension and other social security contributions	-
Employer contributions to compulsory national social security schemes	-
Employer contributions to compulsory national health insurance schemes	-
Employer contribution to compulsory housing scheme	-
Other social benefit schemes	-
Other personnel costs	
Total Employee costs	3,233,854,818

10. Use of Goods and Services

Description	FY 2024/25
	Kshs
Utilities, supplies and services	44,230,805
Communication, supplies and services	2,344,935
Domestic travel and subsistence	291,052,900
Foreign travel and subsistence	4,645,906
Printing, advertising, and information supplies & services	5,975,458
Rentals of produced assets	6,032,776
Training expenses	6,848,634
Hospitality supplies and services	47,470,000
Insurance costs	190,246,828
Specialized materials and services	565,695,656
Other operating expenses <i>including bank Charges</i>	22,106,023
Office and general supplies and services	42,243,192
Fuel Oil and Lubricants	74,635,474
Routine maintenance – vehicles and other transport equipment	25,099,285
Routine maintenance – other assets	22,447,478
	-
Total	1,351,075,350

County Executive of Taita Taveta
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Notes to the Financial Statements (Continued)

11. Transfers to Other Government Entities

Description	FY 2024/25
	Kshs
Transfers to other County Government entities	
Taita Taveta County Mortgage Account	7,450,000
Taita Taveta County Education Fund	113,083,333
Taita Taveta County Emergency Account	-
Tevevo Water & Sanitation	610,805,126
Mwatate Municipality UDG Account	-
Mwatate Municipality UIG Account	34,970,920
Taveta Municipality Board Account	2,379,827
Voi Municipality Board Account	2,947,217
Level 4 Hospital	-
TAVEVO Water & sanitation Co. Ltd (WSTF)	7,000,000
Taita Taveta County Investment & Development Corporation	3,958,000
Taita Taveta County Climate Change Fund	36,000,000
Transfer to the council of governors	-
Total	818,594,423

12. Depreciation and Amortization Expense

Description	FY 2024/25
	Kshs
Property, plant and equipment	207,582,206
Intangible assets	1,062,490
Investment property carried at cost	
Total	208,644,696

13. Other Grants and Subsidies

Description	FY 2024/25
	Kshs
Membership dues and subscriptions to international organizations	-
Scholarships and other educational benefits	-
Emergency relief and refugee assistance	1,218,000
Grants to small businesses, cooperatives, and self employed	2,883,957
Other Current Transfers, Grants and Subsidies	8,695,197
Other Capital Grants and Trans	120,902,155
Total Grants and Subsidies	133,699,309

Notes to the Financial Statements (Continued)

County Executive of Taita Taveta
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14. Finance Costs

Description	FY 2024/25
	Kshs
Interest Payments on Guaranteed Debt Taken over by Govt	-
Interest on Domestic Borrowings (Non-Govt)	-
Interest on Borrowings from Other Government Units	-
Interest on bank overdrafts	-
Interest on loans from commercial banks	-
Total finance costs	-

15. Social Benefits

Description	FY 2024/25
	Kshs
Transfers to the elderly	-
Transfers to orphans	-
Transfers to the physically challenged	-
Total social benefit expenses	-

16. Gain/Loss on Sale of Assets

Description	FY 2024/25
	Kshs
Property, plant and equipment	-
Intangible assets	-
Other assets not capitalised	-
Total gain on sale of assets	-

17. Gain/Loss on Foreign Exchange

Description	FY 2024/25
	Kshs
Gain or loss on foreign exchange transactions	-
Gain or loss on balances in foreign exchanges	-
Total	-

18. Gain/Loss on Fair Value Investments

Description	FY 2024/25
	Kshs
Investments at Fair Value	-
Total Gain	-

19. Impairment Loss

Description	FY 2024/25
	Kshs
Property, Plant and Equipment	-
Intangible Assets	-
Total Impairment Loss	-

**County Executive of Taita Taveta
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Notes to the Financial Statements (Continued)

20. Taxation

Description	FY 2024/25
	Kshs
Current income tax charge	-
Tax charged on rental income	-
Tax charged on interest income	-
Original and reversal of temporary differences	-
Income tax expense reported in the statement of financial performance	-

21. Cash and Cash Equivalents

Description	FY 2024/25	<i>Opening Statement</i> <i>1st July 2024</i>
	Kshs	Kshs
Recurrent Account	10,570	25,338
Development Account	3,798	14,075
Deposits Account	10,944,339	5,409,252
Special Purpose Accounts	5,008,859	27,638
Other operating commercial accounts	181,311,215	196,778,209
Total	197,278,782	202,254,512

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

		FY 2024/25	Opening Statement 1 st July 2024
Financial Institution	Account number	Kshs	Kshs
Recurrent Accounts			
Taita Taveta County Recurrent Account - Cbk	1000170263	10,570	25,338
Development Accounts			
Taita Taveta County Development Account - Cbk	1000170228	3,798	14,075
Deposits Accounts			
Taita Taveta County Deposit Account No.	1000251174	10,944,339	5,409,252
Special Purpose Accounts			
Taita Taveta County Village Polytechnic	1000368519	502	502
Taita Tavate County -Result Based Financing	1000291745	-	-
Mwatate Municipality Urban Grant-Dev	1000386835	1	1
Mwatate Municipality Urban Inst Gr-Rec	1000370858	1	1
Taita Taveta County Road Maintenance Levy Account	1000268767	27,132	27,132
Taita Taveta County -Water & Sanitation	1000392867	1	1
Taita Taveta County Nat Agr Val Cha-Kes	1000718269	0	0
Kenya Devolution Support Programme II	1000745967	-	-
Taita Taveta County Primary Health Care	1000562412	4,981,222	0
Taita Taveta County Comm Health Promotors	1000743212	-	-
		5,008,859	27,638
Other operating commercial accounts			
Taita Taveta County Public Service Board	1152450379	10,367	4,052
Taita Taveta County Revenue Imprest Account no:	1205281940	580	801,624

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Taita Taveta County -CHMT Danida Acc	1167689542	2,311,464	2,361
Taita Taveta County Treasury Imprest Account	1172668035	42,703	274,750
Governors Office Operations Account	0790284514648	306,068	899,906
Public Works Operations Account	01100238122001	9,649	139
Water And Sanitation Operations Account	01100238073001	1,168	5,619
Youth, Sports, Gender, Culture & Social Services Account	07902845144661	353,050	2,321,858
Lands, Physical Planning & Mining Account	0790284514694	479,404	393,684
Trade, Tourism And Co-Operative Development Account	01100238092001	42,023	26,099
Health Services Operations Account	0100238113001	3,931	514,825
Education, Libraries And Vtcs Operations Account	0790284514675	2,862	6,923
Devolution, Public Service & Administration	2049630924	19,762	24,439
Taita Taveta County RIG Operations Account	0790280132560	392	392
Agriculture, Livestock & Fisheries Operations Account	01100238104001	371	1,220
Taita Taveta County National Agri Value Chain	011000025531001	100,105,339	161,500,318
Taita Taveta County Government Settlement Ac	0790281283059	77,580,180	30,000,000
Taita Taveta County II Kenya Devolution Support Programme		41,903	
		181,311,215	196,778,209
Cash on Hand			
Total		197,278,782	202,254,512

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Notes to the Financial Statements (Continued)

22. Receivables from Exchange Transactions

Description	FY 2024/25	Opening Statement
	Kshs	1 st July 2024
Total receivables		
Other exchange debtors (<i>Specify</i>)	-	-
Less: impairment allowance	-	-
Total receivables	-	-
a) Current receivables	-	-
b) Non-current receivables	-	-
Total Receivables (a+b)	-	-

i) Ageing analysis for Receivables

Description	FY 2024/25		Opening Statement	
	Kshs		1 st July 2024	
	Current FY	% of the total		% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

ii) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment allowance	Insert Current FY
	Kshs
At the beginning of the year	-
Additional allowance during the year	-
Recovered during the year	-
Written off during the year	-
At the end of the year	-

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Notes to the Financial Statements (Continued)

23. Receivables from Non-Exchange Transactions

Description	FY 2024/25		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Other debtors (non-exchange transactions)	-		-	
Less: impairment allowance				
Total receivables from non- exchange transactions	-		-	
Ageing Analysis- Receivables from non-exchange transactions	FY 24/25	% of the total	FY 23/24	% of the total
Less than 1 year	-	%	-	%
Between 1-2 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

i. Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Description	FY 2024/25
	Kshs
At the beginning of the year	-
Additional provisions during the year	-
Recovered during the year	-
Written off during the year	-
At the end of the year	-

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Notes to the Financial Statements (Continued)

24. Inventories

Description	FY 2024/25	Opening Statement 1 st July 2024
	Kshs	Kshs
Spare parts	-	-
Goods held for distribution	-	-
Less: allowance for impairment	-	-
Total	-	-

Detailed disclosure on inventories

	FY 2024/25
Opening balance	-
Additional Inventory in the year	-
Inventory expensed in the year	-
Write-downs in the year	-
Others specify	-
Closing balance	-

24(a) Prepayment

Description	FY 2024/25	Opening Statement 1 st July 2024
	Kshs	Kshs
Insurance	1,078,113	-
	-	-
	-	-
Total	1,078,113	-

25. Investments

Description	FY 2024/25	Opening Statement 1 st July 2024
	Kshs	Kshs
a) Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b) Investment with Financial Institutions/ Banks		
Bank x	-	-
Bank y	-	-

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Sub- total	-	-
c) Equity investments (specify)		
Equity/ shares in Entity	-	-
Sub- total	-	-
Grand total	-	-
Analysed as:		
Current portion of Investment	-	-
Non-current portion of investment	-	-

d) Movement of Equity Investments

	FY 2024/25
	Kshs
At the beginning of the year	-
Purchase of investments in the year	-
Sale of investments during the year	-
Increase /(decrease) in fair value of investments	-
At the end of the year	-

Notes to the Financial Statements (Continued)

e) Shareholding in other entities

For investments in equity share listed under note 25 above, list down the equity investments under the following categories.

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%	Kshs	Kshs	Kshs
					Current year	<i>Opening Statement 1st July 20-</i>
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

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Notes to the Financial Statements (Continued)

26. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Infrastructure assets	Furniture & fittings	Computers & ICT Equipment	Plant And Machinery	Heritage assets	Work in progress	Total
Depreciation Rate		2%	16.67%	20%	12.50%	33.30%	25%	x%		
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1st July 24	-	299,952,966	29,929,288	515,719,676	13,104,325	28,117,475	137,164,744	-	-	1,023,988,474
Additions		67,921,208	29,036,991	139,179,029	9,423,100	12,712,898	34,846,697		112,584,538	405,704,462
Disposals										-
Transfer/Adjustments										-
As At 30 June 2025	-	367,874,174	58,966,279	654,898,706	22,527,425	40,830,373	172,011,441	-	112,584,538	1,429,692,936
Depreciation										-
Depreciation	-	7,357,483	9,829,679	130,979,741	2,815,928	13,596,514	43,002,860	-	-	207,582,206
Disposals										-
Impairment										-
Transfer/Adjustment										-
As At 30 June 2025	-	7,357,483	9,829,679	130,979,741	2,815,928	13,596,514	43,002,860	-	-	207,582,206
Net Book Values	-	360,516,691	49,136,600	523,918,965	19,711,497	27,233,859	129,008,581	-	112,584,538	1,222,110,730
Opening Bal as at 1st July 24	-	299,952,966	29,929,288	515,719,676	13,104,325	28,117,475	137,164,744	-	-	1,023,988,474
As At 30 June 2025	-	360,516,691	49,136,600	523,918,965	19,711,497	27,233,859	129,008,581	-	112,584,538	1,222,110,730

Bal as 1st July 2024 payables		258,896,512	29,929,288	477,808,424	9,548,645	23,006,625	111,996,758			911,186,252
Bal as 1st July 2024 paid		41,056,453		37,911,253	3,555,680	5,110,850	25,167,986			112,802,222
Total	-	299,952,966	29,929,288	515,719,676	13,104,325	28,117,475	137,164,744	-	-	1,023,988,474

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Notes to the Financial Statements (Continued)

27. Intangible Assets

Description	FY 2024/25
	Kshs
Cost/Opening balance at the beginning of the year	8,499,920
Additions	-
Disposal	-
At end of the year	8,499,920
Additions–internal development	
Disposal	
At end of the year	8,499,920
Amortization and impairment	
At beginning of the year	
Amortization	1,062,490
At end of the year	1,062,490
Impairment loss	
At end of the year	1,062,490
NBV	7,437,430

Opening Bal as 1st July 2024 payables	5,999,920
Opening Bal as 1st July 2024 paid	2,500,000
Total	8,499,920

28. Investment Property

Description	FY 2024/25
	Kshs
Cost/Opening balance at the beginning of the year	-
Additions	-
Disposal during the year	-
Depreciation	-
Impairment	-
At end of the year	-

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Notes to the Financial Statements (Continued)

29. Right-of-use assets

	<i>Buildings</i>	<i>Motor vehicles</i>	<i>Plant and equipment</i>	<i>Total</i>
	Kshs	Kshs	Kshs	Kshs
Cost				
As at 1 July 2024	-	-	-	-
Additions	-	-	-	-
As at June 2025	-	-	-	-
Accumulated Depreciation				
As at 1 July 2024	-	-	-	-
Charge for the year	-	-	-	-
As at June 2025	-	-	-	-
Carrying Amount				
As at June 2025	=	=	=	=

30. Biological Assets

Description	FY 2024/25	<i>Opening Statement</i> <i>1st July 2024</i>
	Kshs	Kshs
Purchase of Certified Crop Seed	5,698,498	5,698,498
Purchase of Animals and Breeding Stock	6,142,705	2,647,980
Purchase of tree seeds and seedlings	16,430,750	16,430,750
Total	28,271,953	24,777,228

31. Tangible Natural Resources

	<i>Sub- soil assets</i>	<i>Water</i>	<i>Wildlife</i>	<i>Total</i>
	Kshs	Kshs	Kshs	Kshs
Cost				
As at 1 July 2024	-	-	-	-x
Additions	--	--	-	-
As at June 2025	-	-	-	-
Accumulated Depreciation				
As at 1 July 2024	-	-	-	-
Charge for the year	-	-	-	-
As at June 2025	-	-	-	-
Carrying Amount				
As at June 2025	=	=	=	=

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Notes to the Financial Statements (Continued)

32. Trade and Other Payables

Description	FY 2024/25		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Trade payables	1,413,468,682		1,374,955,773	
Payments received in advance	-		-	
Employee payables	87,500,000		93,750,990	
Third-party payments	721,019,458		706,419,146	
Staff Claims	2,934,520		-	
Other payables	1,180,319		-	
Total trade and other payables	2,226,102,979		2,175,125,908	
Ageing analysis: (Trade and other payables)	FY 2024/25	%	Opening balance	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

33. Refundable Deposits and Prepayments

Description	FY 2024/25		Opening Statement 1 st July 2024	
	Kshs		Kshs	
Customer deposits	21,614,353		10,279,266	
Prepayments	-		-	
Other deposits	-		-	
Total deposits	21,614,353		10,279,266	
Ageing analysis: (Refundable deposits)	FY 2024/25	% of the Total	FY 2023/24	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-		-	

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Notes to the Financial Statements (Continued)

34. Provisions

Description	Leave provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance b/f	-	-	-	-
Additional provisions	-	-	-	-
Provision utilised	(-)	(-)	(-)	(-)
Change due to discount and time value for money	(-)	(-)	(-)	(-)
Total provisions year end	-	-	-	-
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-

35. Lease Liabilities

Description	FY 2024/25	Opening Statement 1 st July 2024
	Kshs	Kshs
Balance at the beginning of the year	-	-
Discount interest on lease liability	-	-
Paid during the year	(-)	(-)
At end of the year	-	-

Maturity Analysis

Period	Amount
Year 1	-
Year 2	-
Year 3	-
Year 4	-
Year 5 and onwards	-
Less: unearned Interest	(-)
	-

Analysed as:

Description	Amount
Current	-
Non- Current	-
Total	-

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Notes to the Financial Statements (Continued)

36. Deferred Income

Description	FY 2024/25	Opening Statement 1 st July 2024
	Kshs	Kshs
National Government	-	-
International Funders	-	-
Public Contributions and Donations	-	-
Total Deferred Income	-	-

The deferred income movement is as follows:

	National government	International funders	Public contributions and donations	Total
	Kshs	Kshs	Kshs	Kshs
Balance Brought Forward	-	-	-	-
Additions	-	-	-	-
Transfers To Capital Fund	(-)	(-)	(-)	(-)
Transfers To Income Statement	(-)	(-)	(-)	(-)
Other Transfers	(-)	(-)	(-)	(-)
Balance Carried Forward	-	-	-	-

Analysed as:

Description	Amount
Current	-
Non- Current	-
Total	-

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Notes to the Financial Statements (Continued)

37. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	FY 2024/25	Opening Statement 1 st July 2024
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total Employee Benefits Obligation	-	-	-	-	-

Retirement benefit Asset/ Liability (Applicable to Pensions)

The Entity operates a defined benefit scheme for all full-time employees from July 1, 2024. The scheme is administered by - while - are the custodians of the scheme. The scheme is based on - percentage of salary of an employee at the time of retirement.

An actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS 39 was carried out as at - June - by - actuarial valuers On this basis the present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of valuation are as follows:

	Insert Current FY	Opening Statement 1 st July 20-
Discount Rates	x%	x%
Future Salary Increases	x%	x%
Future Pension Increases	x%	x%
Mortality (Pre- Retirement)	x%	x%
Mortality (post-retirement)	x%	x%
Withdrawals	-	-
Ill Health	-	-
Retirement	- years	- years

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Notes to the Financial Statements (Continued)

Recognition of Retirement Benefit Asset/ Liability

a) Amounts recognised under other gains/ Losses in the statement of Financial Performance:

	FY 2024/25	Opening Statement 1 st July 2024
Description	Kshs	Kshs
The return on defined plan assets	-	-
Actuarial gains/ losses arising from changes in demographic assumptions	-	-
Actuarial gains/ losses arising from changes in financial assumptions	-	-
Actuarial gains and losses arising from experience adjustments	-	-
Others (specify)	-	-
Adjustments for restrictions on the defined benefit asset	-	-
Remeasurement of the net defined benefit liability (asset)	-	-

b) Amounts recognized in the Statement of Financial Position

	FY 2024/25	Opening Statement 1 st July 2024
Description	Kshs	Kshs
Present value of defined benefit obligations(a)	-	-
Fair value of plan assets(b)	(-)	(-)
Funded status(=a-b)	-	-
Restrictions on asset recognised	-	-
Others	-	-
Net asset or liability arising from defined benefit obligation	-	-

The Entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. - per employee per month. Other than NSSF the Entity also has a defined contribution scheme operated by - Pension Fund. Employees contribute -% while employers contribute -% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

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Notes to the Financial Statements (Continued)

38. Borrowings

Description	<i>Insert Current FY</i>
	Kshs
a) External borrowings	
Balance at beginning of the year	-
External borrowings during the year	-
Repayments of during the year	(-)
Balance at end of the year	-
b) Domestic borrowings	
Balance at beginning of the year	-
Domestic borrowings during the year	-
Repayments during the year	(-)
Balance at end of the year	-
Balance at end of the period- domestic and External borrowings c = (a+b)	-

The analyses of both external and domestic borrowings are as follows:

	FY 2024/25	<i>Opening Statement 1st July 2024</i>
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organisation'	-	-
Sterling Pound Denominated Loan From 'Y Organisation'	-	-
Euro Denominated Loan from Z Organisation'	-	-
Domestic Borrowings		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Total /Balance at end of The Year	-	-

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Notes to the Financial Statements (Continued)

Description	FY 2024/25	Opening Statement
	Kshs	1 st July 2024 Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

39. Service Concession Arrangements Liability

Description	FY 2024/25	Opening Statement
	Kshs	1 st July 2024 Kshs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	(-)	(-)
Net carrying amount	=	=
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	(-)	(-)
Service concession liability at end of the year	=	=

40. Cash Generated from Operations

	FY 2024/25
	Kshs
Surplus for the year before tax	134,384,129
Adjusted for:	
Depreciation	(208,644,696)
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	-
Increase in assets	470,430,528
Increase in payables	50,977,071
Increase in deferred income	
Increase in retention	11,335,087
Increase in payments received in advance	1,078,113
Net cash flow from operating activities	459,560,232

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Notes to the Financial Statements (Continued)

41. Financial Risk Management

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

i) Credit risk

The Entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the Entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2025				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

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

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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 Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has significant concentration of credit risk on amounts due from . The board of directors sets the Entity'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 Entity's directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 20-				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

Notes to the Financial Statements (Continued)

Financial Risk Management

iii) Market risk

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

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

a) Foreign currency risk

The *Entity* has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The *Entity* 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 *Entity'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	Kshs
As at 30 June 2025			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
Total Financial Assets	-	-	-
Financial Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Total Financial Liabilities	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Financial Risk Management

The following table demonstrates the effect on the Entity'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
20-			
Euro	10%	-	-
USD	10%	-	-
20--1			
Euro	10%	-	-
USD	10%	-	-

Notes to the Financial Statements (Continued)

b) Interest rate risk

Interest rate risk is the risk that the Entity's financial condition may be adversely affected as a result of changes in interest rate levels. The Entity's interest rate risk arises from bank deposits. This exposes the Entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Entity'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 Entity 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 - (20-: KShs -). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs - (20- – KShs -)

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 *Entity'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 *Entity* 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 Entity's capital risk management is to safeguard the Entity's ability to continue as a going concern. The Entity capital structure comprises of the following funds:

	<i>FY 2024/25</i>	<i>Opening Statement</i> <i>1st July 2024</i>
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	-	-
Capital Reserve	-	-
Total Funds	-	-
Total Borrowings	-	-
Less: Cash and Bank Balances	(-)	(-)
Net Debt/(Excess Cash And Cash Equivalentents)	-	-
Gearing	-%	-%

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Notes to the Financial Statements (Continued)

42. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the *Entity* include those parties who have ability to exercise control or exercise significant influence over its operating and financial 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 *Entity*, holding 100% of the *Entity's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the *Entity*, both domestic and external.

Other related parties include:

- i) 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	-
Purchase of water from govt service providers	-
Rent expenses paid to govt agencies	-
Training and conference fees paid to govt. Agencies	-
Others (specify)	-
Total	-
b) Grants /transfers from the government	
Grants from national govt	-
Grants from county government	-
Donations in kind	-
Total	-
c) Expenses incurred on behalf of related party	
Payments of salaries and wages for - employees	-
Payments for goods and services for -	-
Total	-
d) Key management compensation	
Compensation to key management	-
Total	-

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43. Segment Information

44. Contingent Assets and Contingent Liabilities

Contingent Assets

	<i>Insert Current FY</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>Insert Current FY</i>
	Kshs
Contingent Liabilities	-
Court Case - against the Entity	-
Bank Guarantees in Favour of Subsidiary	-
Contingent Liabilities arising from Contracts Including PPPs	-
Others (Specify)	-
Total	-

(Give details)

45. Capital Commitments

Capital Commitments	<i>Insert Current FY</i>
	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)

46. 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: --		Name of Financing Partners: - and -				
Expenditure Details*	Opening Cumulative for Previous FYs		Current FY		Total Cumulative	
	Budget	Actual	Budget	Actual	Budget	Actual
Program code						
Sub-program						
Sub-program						
Sub-total						
Program code						
Sub-program						
Sub-program						
Sub-total						
Total	-	-	-	-	-	-

47. Events after the Reporting Period

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

48. Ultimate And Holding Entity

The Entity ultimate parent is the Government of Kenya.

49. 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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
1	Transfer to Other Government Entities		Resolved	18 th June 2025
2	Misclassification of Expenditure-Fuel, Oil and Lubricant		Resolved	18th June 2025
3	Unexplained Variances on Statutory Contributions		Resolved	18th June 2025
4	Routine Maintenance – Vehicles and Other Transport Equipment		Resolved	18th June 2025
5	Budgetary Control and Performance		Resolved	18th June 2025
6	Unsupported Pending Payables		Resolved	18th June 2025
7	Project Status		Resolved	18th June 2025

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Appendix II: Projects implemented by *(The Entity)*

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 Of Funds	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) FY 2023/24	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) FY 2024/25
Land	-				
Buildings and structures	299,952,966	67,921,208	-	-	367,874,174
Transport equipment	29,929,288	29,036,991	-	-	58,966,279
Office equipment, furniture and fittings	13,104,325	9,423,100	-	-	22,527,425
ICT Equipment	28,117,475	12,712,898	-	-	40,830,373
Machinery and Equipment	137,164,744	34,846,697	-	-	172,011,441
Biological assets	24,777,228	3,494,725	-	-	28,271,953
Infrastructure Assets- Roads, Rails	515,719,676	139,179,029	-	-	654,898,706
Heritage and cultural assets	-	-	-	-	-
Intangible assets	8,499,920	-	-	-	8,499,920
Work in Progress		112,584,538	-	-	112,584,538
Total	1,057,265,622	409,199,187	-	-	1,466,464,809