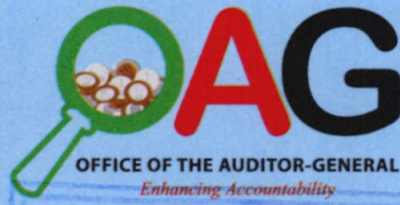


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 03 DEC 2025

DAY.

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REPORT

TABLED
BY:

Deputy Leader of Majority

Hon. Owen Bayo

CLERK-AT
TABLE:

Halima Sulaiman

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

PETROLEUM DEVELOPMENT FUND

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

STATE DEPARTMENT FOR PETROLEUM



STATE DEPARTMENT FOR PETROLEUM

PETROLEUM DEVELOPMENT FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE, 2025

**Transitional IPSAS Financial Statements/Prepared in accordance with the Accrual Basis of Accounting Method Under
International Public Sector Accounting Standards (IPSAS)**

(STATE DEPARTMENT FOR PETROLEUM -PETROLEUM DEVELOPMENT FUND
Annual Report and Financial Statements for the year ended June 30, 2025

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Table of Contents	Page
1. Acronyms and Definition of Key Terms	ii
2. Key Ministry Information and Management	iii
3. Profile of Cabinet Secretary	viii
4. Profile of Accounting Officer and Key Management.....	ix
5. Statement by the Cabinet Secretary	xiv
6. Statement by the Accounting Officer	xv
7. Statement of Performance Against Predetermined Objectives for FY2024/25.....	xvii
8. Governance Statement	xx
9. Management Discussion and Analysis.....	xx
10. Environmental and Sustainability Reporting	xxiii
11. Statement of Management Responsibilities	xxix
12. Report of the Independent Auditor for the Financial Statements for the 2025 State department of Petroleum	xxxii
13. Statement of Financial Performance for the year ended 30 June 2025.....	1
14 Statement of Financial Position as at 30 June 2025	2
15 Statement of Changes in Net Assets for the year ended 30 June 2025	3
16. Statement of Cash Flows for the year ended 30 June 2025.....	4
17. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025.....	5
18. Notes to the Financial Statements	6
19. Appendix.....	

1. ACRONYMS AND GLOSSARY OF TERMS

AIE	Authority to Incur Expenditure
CFO	Chief Finance Officer
HAU	Head of Accounting Unit
ICT	Information Communication Technology
IPSAS	International Public Sector Accounting Standards
KPC	Kenya Pipeline Corporation
KPRL	Kenya Petroleum Refineries Limited
NOCK	National Oil Corporation of Kenya
MDAs	Ministries Departments and Agencies
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
PFMC	Public Finance Management Committee
DEV	Development
EPRA	Energy and Petroleum Regulatory Authority

B: Definition of Key Terms

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

2.Key Ministry Information and Management

(a) Background information

The State Department for Petroleum (SDP) was established as one of the State Departments in the Ministry of Energy and Petroleum vide Executive Order No. 1 of 2025 on the Organization of the Government and charged with the mandate of providing policy direction and strategic management of the Oil and Gas Sector.

At Cabinet Level, the State Department is represented by the Cabinet Secretary for Ministry of Energy and Petroleum who is responsible for the general policy and strategic direction of the Ministry. The Ministry's mandate entails; development and implementation of Energy and Petroleum policies, programmes and projects, creating a favourable legal and regulatory environment for investments and building capacity among other functions.

Vision statement

A regional leader in exploration, exploitation and supply of oil and gas for sustainable development

Mission statement

To promote sustainable exploitation and management of oil and gas in Kenya.

Core Values

The State Department is committed to developing and nurturing an organizational culture that supports effective realization of its mandate. The core values are aligned to the Constitution of Kenya, 2010.

- i. Professionalism and Integrity
- ii. Transparency and accountability
- iii. Innovativeness
- iv. Stakeholder participation
- v. Customer centric
- vi. Teamwork and Commitment
- vii. Sustainability
- viii. Inclusivity and impartiality

(b) Mandate

The State Department's mandate is derived from the Executive Order No. 1 of 2025 on the Organization of the Government of the Republic of Kenya. The functions of SDP as outlined in the Executive Order include:

- i. Petroleum Policy;
- ii. Strategic Petroleum Stock Management;
- iii. Management of Upstream Petroleum Products Marketing;
- iv. Oil and Gas Exploration Policy Development;
- v. Oil/Gas Sector Capacity Development;
- vi. Petroleum Products Import/Export Marketing Policy Management;
- vii. Licensing of Petroleum Marketing and Handling; and
- viii. Quality Control of Petroleum Products.

The State Department has an oversight responsibility over National Oil Corporation of Kenya (NOCK), Kenya Pipeline Company (KPC) and Kenya Petroleum Refineries Limited (KPRL),

Strategic Objectives

The Strategic Objectives of the State Department are:

- i) To enhance exploitation of petroleum resources;
- ii) To ensure security of supply of petroleum products;
- iii) To ensure uninterrupted availability of petroleum products;
- iv) To enhance environmental conservation; and

To improve legal, policy and Institutional regulatory framework

(c) Key Management

To effectively implement and deliver on its mandate, the State Department has the following Directorates/Departments/Units:

- (i) Upstream Directorate;
- (ii) Mid/Downstream Directorate;
- (iii) General Administration and Support Services which include:
 - Administration
 - Human Resource Management and Development (HRM&D)
 - Public Communications

- Central Project Planning and Monitoring Department (CPPMD)
- Supply Chain Management Services
- Information Communication Technology (ICT)
- Finance
- Accounts
- Legal
- Internal Audit
- Records Management

(d) Fiduciary Management

(e) The key management personnel who held office during the financial year ended 30th June, 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Cabinet Secretary	Opiyo Wandayi
2	Principal Secretary, Petroleum	Mohamed Liban
3	Commissioner, Petroleum	Mr. Joseph Cambb Otieno
4	Secretary, Administration	M. B. Mohamed, EBS
5	Senior Chief Finance Officer	CPA Dismas Ogot
6	Director HRM&D	Eliud Mwaruah
7	Senior Deputy Accountant General	CPA Veronica Kamau
8	Chief Economist	Lucy Gaithi
9	Director Supply Chain Management	MCIP Joyce N. Ala

(f) Fiduciary Oversight Arrangements

(a) Audit Committee Activities

The Ministry of Energy and Petroleum has a functional Audit Committee as per the requirement of Section 73(5) PFM Act, 2012. The Committee comprises of four members. It serves the State Department for Energy and State Department for Petroleum.

The main function of the Audit Committee is to:

- i. Support the Accounting Officer regarding issues of risk, control and governance and associated assurance. The responsibility remains with the management of the concerned entity; and
- ii. Follow up on the implementation of the recommendations of internal and external auditors.

The audit committee was appointed and inducted during the FY 2024/2025. The Committee held a meeting with the Internal Auditors as part of the Committee's mandate to regularly engage with the internal audit function. The purpose of such meetings is to review the audit reports, discuss audit findings, assess the effectiveness of internal controls, and plan future audit activities.

(b) Public Finance Management Standing Committee (PFMSC)

The State Department had in place an established PFMSC that provided direction on the financial management of the State Department. The PFMSC also provided leadership and engagements in strategic plan review, budget formulation, budget implementation, prudent procurement, quarterly reporting to the Controller of Budget, parliamentary departmental committees, accounting and reporting internal control systems and control, as well as external audit reporting, control and closing. The overall budget absorption levels attained was 88 per cent.

(c) Senior Management Committee

The State Department, in pursuit of strong governance and compliance, held periodic Heads of Department meetings that prepared annual work plans and performance contracting targets for execution and quarterly reviews, reporting and addressing of challenges. The initiative yielded high results in attainment of planned targets and financial stewardship.

(a) State Department Headquarters

P.O. Box 51614-00100
KASNEB Towers II
Off Hospital Road, Upper Hill
NAIROBI, KENYA

State Department Contacts

Telephone: +254(020) 3310112, +254716508492
E-mail: info@petroleum.go.ke
Website: www.petroleum.go.ke

(b) Petroleum Development Levy Bankers

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

(c) Independent Auditors

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

(d) Principal Legal Adviser

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

3.Profiles of Cabinet Secretary.



**Hon. J. Opiyo Wandayi,
Cabinet Secretary, Ministry of Energy
and Petroleum**

Hon. Opiyo Wandayi, was appointed to the position of Cabinet Secretary in August, 2024. Hon. Wandayi is a social democrat and firm believer in equity and fairness in the management of private and public affairs. Hon. Wandayi is an alumnus of the University of Nairobi (UoN) where he graduated with a Bachelor of Science in Agriculture, specializing in Agricultural Economics in 1996. In addition, the Hon. Wandayi holds a Masters in Business Administration (MBA) from Jomo Kenyatta University of Agriculture and Technology (JKUAT) and a Diploma in Business Management from the Kenya Institute of Management (KIM). He has recently obtained a Bachelor of Laws Degree from Daystar University..