

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 27 FEB 2025

DAY
Thursday

REPORT

TABLED
BY:

Hon. Naomi Wigeo
Deputy Majority Party Whip

CLERK-AT
THE-TABLE:

A. Shibuko

PARLIAMENT
OF KENYA
LIBRARY

OF

THE AUDITOR-GENERAL

ON

COUNCIL OF GOVERNORS

FOR THE YEAR ENDED

30 JUNE, 2024



COUNCIL OF GOVERNORS

COUNCIL OF GOVERNORS

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2024

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

Council of Governors
Annual Report and Financial Statements
for the year ended June 30, 2024.

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1. Acronyms and Definition of Key Terms

A: Acronyms

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank
VC	Vice Chancellor

B: Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information and Management

(a) Background information

(b) The Council of Governors was established under section 19 of the Intergovernmental Relations Act 2012 with the mandate to provide a mechanism for consultation amongst county governments, share information on performance of the counties in execution of their functions, facilitate capacity building for governors and consider reports from other intergovernmental forums on national and county interests amongst other functions. The Council of Governors has a governing body as provided for under Section 19 of the Intergovernmental Act consisting of the Chairman, Deputy Chairman, co-opted the position of whip and Eighteen Committees. The committees during the year under review are as indicated below;

Committee	Chairperson
Health	H.E Muthomi Njuki
Agriculture, Livestock, and Cooperatives	H.E Kenneth Lusaka
Water, Forestry and Natural Resource Management	H.E Andrew Mwadime
Finance, Planning and Economic Affairs	H. E FCPA Fernandes Barasa
Resource Mobilization and Partnerships	H H.E Cecily Mbarire
Legal, Constitutional Affairs, and Intergovernmental Relations	H.E Mutula Kilonzo Jr.
Education	H.E Erick Mutai
Human Resources, Labor, and Social Welfare	H.E Mutahi Kahiga
Energy, Roads, Transport, and Infrastructure	H.E Dr. Kimani Wamatangi
Trade, Industry, Manufacturing, and Enterprise Development	H.E Susan Kihika
Lands, Housing, and Urban Development	H.E Prof. Anyang' Nyong'o
Environment and Climate Change	H.E. Hon. Dr. Wilber Khasilwa Ottichilo
Gender, Youth, Culture, Sports, and Social Services	H.E Simon Kachapin
Tourism and Wildlife	H.E Patrick Ole Ntutu
Arid and Semi-Arid Lands (ASALs) and Disaster Management	H.E Nathif J. Adam
Blue Economy	H.E Issa Timamy
Security and Foreign Affairs	H.E Benjamin Cheboi
Information, Technology and Communication (ICT) and Knowledge Management	H.E Wisley Rotich

(c) Principal Activities

The Council provides a forum for;

- i) Consultation amongst County Governments;
- ii) Sharing of information on the performance of the counties in the execution of their functions with the objective of learning and promotion of best practices and where necessary, initiating preventive or corrective action;
- iii) Considering matters of common interest to County Governments;
- iv) Dispute resolution between counties within the framework provided under this Act
- v) Facilitating capacity building for governors;
- vi) Receiving reports and monitoring the implementation of inter-county agreements on inter-county projects;
- vii) Implementation of Council of Governors Strategic Plan 2022-2027;
- viii) Consideration of matters referred to the Council by members of the public;
- ix) Consideration of reports from other intergovernmental forums on matters affecting National and County interests or relating to the performance of counties; and

Key Management

The Council of Governors day-to-day management is under the following key organs:

No.	Designation	Name
1.	Chief Executive Officer	Ms. Mary Mwiti

(d) Fiduciary Management

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.	Chief Executive Officer	Mary Mwiti
2.	Director Legal Services	Irine Ogamba
3.	Director Committees	Kizito Wangalwa
4.	Director Health	Khatra Ali Ibrahim
5.	Manager Planning Monitoring & Knowledge Management	Rosemary Njaramba

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No.	Designation	Name
6.	Principal Officer Human Resource & Development	Caroline Odandi
7.	Principal Officer-Finance & Accounts	Joyce Chepkoech
8.	Principal Supply Chain Management	James Kamau

(e) Fiduciary Oversight Arrangements

Audit committee

During the period under review, the Committee comprised of the following members:

1. Ms. Catherine Omesete
2. Mr. Peter Saigilu
3. Ms. Tabitha Mwangi
4. Mr. Daniel Rucha
5. Mr. Patrick Owiti

Their terms of reference include;

1) Financial Statements:

Review the Council's interim and annual financial statements.

2) Variances:

Obtain explanations from management for significant variances between comparative reporting periods and question management regarding any significant financial reporting issues raised during the fiscal period and the method of resolution.

3) Internal Controls:

Inquire as to the adequacy of the organisation's system of internal controls and review periodic reports from management regarding internal controls, which should include an assessment of risk with respect to financial reporting.

Key Entity Information and Management (continued)

4) Auditor:

Non-audit Services: Approve all audit and non-audit services to be provided to the Council by the independent auditor. The Chair of the Committee may pre-approve such services on behalf of the Committee provided that such approvals are presented at the Committee meeting following such pre-approval. In order to obtain pre-approval, management should detail the work to be performed by the independent auditor and obtain the assurance from the independent auditor that the proposed work will not impair their independence.

(f) Entity Headquarters

P.O. Box 4040-00100
Delta House - Westlands
Waiyaki way
Nairobi, KENYA

(g) Entity Contacts

Telephone: (254) 20 221 4359
E-mail: info@cog.go.ke
Website: www.cog.go.ke

(h) Entity Bankers

Co-operative Bank of Kenya
Parliament Road
P.O. Box 5772-00200
City Square 00200
Nairobi, Kenya

Kenya Commercial Bank Ltd
Sarit Centre Branch
P.O. Box 48400-00100
Nairobi, Kenya

National Bank of Kenya
Westlands Branch
P.O. Box 1613-00606
Nairobi, Kenya

Key Entity Information and Management (continued)

Housing Finance Corporation
P.O Box 73340-00200
Gill House Branch





(i) Independent Auditor

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

(j) Principal Legal Adviser




Director Legal Services
Council of Governors
West lands, Delta Corner
P.O. Box 40401-00100
Nairobi, Kenya

3. The Executive Council of Governors Members





Ref	Executive Member	Details
1.	 H.E Ann Waiguru, EGH, OGW	Chairperson Council of Governors, Governor Kirinyaga County
2.	 H.E FCPA Ahmed Abdullahi	Vice Chair Council of Governors, Wajir County
3.	 H.E Stephen Sang, EGH	Whip Council of Governors, Governor, Nandi County.
4.	 Mary Mwiti	Chief Executive Officer, Council of Governors. Secretary to the Executive of the Council

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4. Key Management Team

	Management	Details
1.	 Mary Mwiti Chief Executive Officer	<p>The Chief Executive Officer (CEO) is responsible for the day-to-day management of the Council of Governors affairs in accordance with the law, implementation of Council's resolutions and promotion of the public sector values.</p>
2.	 Irine Moraa Ogamba Director Legal Services	<p>The Director, Legal Services provides leadership on legal matters concerning the Council. These include legal compliance, review of policy and legislation and representing the Council in court.</p>
3.	 Kizito Wangalwa Director Committees	<p>The Director, Committees provides leadership in coordinating implementation of the CoG Committees and programmes as per the terms of reference of the Committees and the Annual Work Plans drawn from the CoG strategic plan.</p>

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4.	 Rosemary Njaramba Manager, Planning Monitoring & Knowledge Management	<p>The officer provides guidance on the development of the corporate strategy and in the processes of its implementation, monitoring and learning. She also manages the Maarifa Centre.</p>
5.	 CPA Joyce Chepkoech Principal Finance & Accounts Officer	<p>The officer Prepares Annual financial statements, Quarterly and monthly Financial Positions and Management Accounts to the Management and the Council alongside with analysis, interpretations and suggestions for decision-making</p>
6.	 Caroline Odandi Principal Human Resource & Development Officer	<p>The officer oversees all aspects of human resource planning, organizing and management in line with industrial relations policies, practices and operations for the Council.</p>
7.	 James Kamau Principal Supply Chain Management Officer	<p>The officer oversees procurement system and data strategy of the Council and ensure the institution achieve value for money</p>

5. Chairpersons Statement



This report has been prepared in compliance with statutory obligations of the Intergovernmental Relations (IGRA) Act 2012, which establishes the Council of Governors. The mandate of the Council of Governors is anchored in section 20 of the Act. Having had ten (11) years of Devolutions, I would like to take a moment to reflect on our achievements and the challenges we faced.

During the period under review, the County Governments have made significant strides in the implementation of devolved system of Governance. This year, the Council's performance is evidence in the different sectors which includes but not limited to; climate resilience and sustainable agricultural practices emphasized to mitigate the impacts of climate change thereby contributing to food security and the economy and improvement in service delivery through strengthening of the Primary Health Care (PHC) and referral services through Primary Care Networks (PCNS).

Further, there has been significant growth in own source revenue and establishment of GIS based data system to enable the Counties make informed decisions on effective utilization of resources, equality in distribution of development, and space-based planning. Under the Kenya Urban Support Program (KUSP), County Governments have developed several urban infrastructures ranging from storm water drainage systems, construction of markets and industrial parks, provision of proper infrastructure, street lighting, waste management (both solid and liquid), among others across 59 municipalities in 45 Counties.

The Maarifa Centre published the Fifth and Sixth Edition of the Compendium of County Innovation and Best Practices on Service Delivery, showcasing success stories from five sectors. Additionally, with support from FLLoCA, Maarifa has documented 13 climate change stories, to be featured in the Seventh Edition of the Compendium on Financing Locally Led Climate Action. In total, the Centre has developed 46 success stories this financial year.

Despite challenges such as national government's claw backs on county functions, challenging economic landscape, including severe flooding, droughts, landslides, and disease outbreaks which have profoundly impacted multiple counties, causing widespread displacement,

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infrastructure damage, and livelihood disruptions, our team has demonstrated resilience and adaptability.

Looking forward, we remain committed to our strategic goals, innovations and initiatives. These efforts will enhance our competitive position and drive sustainable growth.

I would like to extend my gratitude to my peers, partners, and shareholders for their unwavering support. Together, we are poised to navigate the future with confidence.

Thank you for your continued trust in us.



Signed
Chairperson, Council of Governors
H.E Ann Waiguru, EGH, OGW

6. Report of the Chief Executive Officer



As we conclude the fiscal year 2023/2024, I am pleased to share our financial results, which reflect our commitment to excellence and strategic growth. This year, we achieved great milestones in the implementation of the strategic plan for the period 2022-2027, which has demonstrated our ability to navigate a complex market environment.

During the year under review, the council successfully played the role in promoting intergovernmental relations by establishing beneficial strategic linkages between County Government and National Government Ministries, Department and Agencies, parliament, Development Partners, Non Profit making Organizations (NGOs) and private sector including civil societies. This multifaceted approach has seen key policy, legislation and administrative instruments developed with the aim of improving service delivery at the county level across various sectors.

The Council's achievement in the year demonstrates our ability to navigate a complex market environment. Some of the key achievements in the year includes;

- a. Hosting of the 8th Annual devolution conference which brought together stakeholders to reflect on the 10 years of Devolution Journey, share best practices, identifying opportunities for change and enhanced cooperation in changing perspectives and entrenching devolution in Kenya
- b. Facilitated mutual exchange forums on other devolved governments and organizations; East Africa Local Governments Association (ELGA), Organisation's Des Regions Unies /FOGAR and United Cities and Local Governments of Africa/UCLGA.
- c. Hold quarterly sector consultation on matters of common interest amongst the County governments.
- d. Peer learning events held with County governments adopting good practices in various sectors including performance management, financial reporting, Geographical Information System.

- e. The Maarifa Centre published the Fifth and Sixth Edition of the Compendium of County Innovation and Best Practices on Service Delivery, showcasing success stories from five sectors. Additionally, with support from FLLoCA, Maarifa has documented 13 climate change stories, to be featured in the Seventh Edition of the Compendium on Financing Locally Led Climate Action. In total, the Centre has developed 46 success stories this financial year.
- f. Developed internal guidelines for handling inter-County disputes. Further, the CoG prepared Intra-County Dispute Resolution guidelines during the period under review which are embedded in the Inter- County Dispute Resolution Guidelines as prepared in the previous Financial Year.

On partnership, I would like to acknowledge the continued support from development partners, Non-profit Making organizations (NGOs) and Private sector both at the Counties and in in our secretariat. The success we've experienced is a testament to our strong partnership. Your innovative ideas and dedication have not only enriched our initiatives but have also inspired our team to strive for excellence.

While we face challenges brought about by the dynamic environment that we are operating in, I am confident in our team's ability to adapt and thrive. We remain dedicated to delivering long-term value to our shareholders.

I want to express my gratitude to our dedicated employees, partners and County governments for their hard work and commitment. Your efforts are vital to our continued success.

Thank you for your support as we move forward into another promising year.



Mary Mwiti

Chief Executive Officer

7. Statement of Performance against Predetermined Objectives for FY 2023-2024

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the National Government entity’s performance against predetermined objectives.

Council of Governors had 3 strategic Key Performance Areas within the current Strategic Plan for the FY 2023/2024. The strategic plan identifies three (3) Key pillars that are aimed at contributing towards improving the enabling environment for Counties to implement the devolved functions and enhance the delivery of services to citizens. The three key pillars are;

- i) **Good Governance and institutional capacity for sustainable service delivery in the Counties.**
- ii) **Intergovernmental relations and devolution**
- iii) **CoG’s Institutional development**

The Council of Governors develops its annual work plans based on the above three Key Focus Areas. Assessment of the Council’s performance against its annual work plan is done on a quarterly basis. The Council achieved its performance targets set for the FY 2023/20234 period for its Key Focus areas, as indicated in the diagram below:

Key Focus Area	Objective	Key Performance Indicators	Activities	Achievements
Good Governance and institutional capacity for sustainable service delivery in the Counties.	Promote good governance at County Level -Strengthen the institutional Capacity of County Governments -Promote Knowledge management, learning, innovation	--Extent of inclusion and diversity in County Governments’ planning and decision-making processes -Number of County Governments with improved governance practices -Proportion of County Governments	Consultations amongst County Governments on matters of common interest across all the sectors -Organized Peer to Peer learning activities	Adoption of common position for better implementation of devolved system of governance -Undertake peer learning sessions.

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	and research in Counties	with at least one of the requisite KM instruments		
Intergovernmental relations and Devolution	<ul style="list-style-type: none"> -Strengthen Cooperative Government and Intergovernmental relations -Strengthen Policy and legislation for devolution -Strengthen role of County Government in the global agenda 	<ul style="list-style-type: none"> -Existence of strong cooperative governance and functional intergovernmental structures -National policies and laws well aligned to the devolved system of governance; and County Governments having all necessary policies and laws on the devolved functions. -County Governments' interests and voices visible in global discourses. 	<ul style="list-style-type: none"> Intergovernmental meetings to discuss matters devolution in different sectors -Held forums to advocate for continuous engagement of County Governments in implementing projects -Development of legislative memoranda on policies to relevant institutions on devolution matters - Coordinated participation of Counties to have their interest and voices visible in global discourses. 	<ul style="list-style-type: none"> Advocated for the continuous engagement of County Governments implementing the Aquaculture Business Development Programme (ABDP) with the State Department of Blue Economy and Fisheries
CoG's institutional Development	<ul style="list-style-type: none"> -Strengthen COG's administrative function and identity -Enhance CoG's resource base 	<ul style="list-style-type: none"> -Existence of operational and adequate internal structures, systems, tools, procedures, and methods 	<ul style="list-style-type: none"> -Deliver the State of Devolution Address -Sensitize staff on the policy and legislative making process in Kenya. -Secure funding to strengthen 	<ul style="list-style-type: none"> agriculture committee's project coordination efforts.

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		-Availability of required technical staff on all key functions within the CoG -Adequacy of CoG's brand identity.	committee activities	
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8. Corporate Governance Statement

The Council of Governors is committed to implementing good corporate governance principles and adheres to integrity, high ethical values and professionalism in all of its activities. The Council is made of the forty-seven (47) County Governors out of which the Chair person, Vice Chair Person and Whip are elected amongst the members on a yearly basis. During the period under review, the third generation of Governors held their elections during a full Council meeting held on 2nd October 2023 whereby they elected the Executive and Committee chairs. Through a unanimous decision, Excellency Governors agreed to retain the leadership of the executive as was in the past year as follows: H.E Hon Ann Waiguru, EGH was elected as Chairperson. H.E. FCPA Ahmed Abdullahi elected as the Vice-Chairperson and H.E. Stephen Sang, EGH as the Whip. The CoG also adopted the 18 sectors as previously constituted. The mandate of the council includes;

- a) consultation amongst county governments;
- b) sharing of information on the performance of the counties in the execution of their functions with the objective of learning and promotion of best practice and where necessary, initiating preventive or corrective action;
- c) considering matters of common interest to county governments;
- d) dispute resolution between counties within the framework provided under this Act;
- e) facilitating capacity building for governors;
- f) receiving reports and monitoring the implementation of intercountry agreements on inter-county projects;
- g) consideration of matters referred to the Council by a member of the public;
- h) consideration of reports from other intergovernmental forums on matters affecting national and county interests or relating to the performance of counties; and

The Council for better implementation of its functions established sector committees and each committee is chaired by a governor. As at 30th June 2024, the Council had Eighteen (18) Committees; Liaison, Management and Business Committee, Health Committee, Agriculture Livestock and Cooperatives Committee, Water, Forestry and Natural Resource Management Committee, Finance, Planning and Economic Affairs Committee, Resource Mobilization and Partnerships Committee, Legal, Constitutional Affairs and Intergovernmental Relations Committee, Education Committee, Human Resources and Labour Committee, Energy, Roads, Transport and Infrastructure Committee, Trade, Industry, Manufacturing and Enterprise Development Committee, Land, Housing and Urban Development Committee, Environment and Climate Change Committee, Gender, Youth, Culture, Sports and Social Services Committee, Tourism and Wildlife Committee, Arid and Semi-Arid Lands (ASAL) and Disaster Management Committee, Blue Economy Committee and Information, Communication and Technology Committee.

9. Management Discussion and Analysis

The Council of Governors is implementing the strategic plan for 2022-2027. The plan has enabled the Council to effectively enabled the Council to execute its mandated within a dynamic political environment, while at the same time safeguarding the gains accrued in the years of devolution. The plan has five (3) Kenya Performance Areas (KPAs), consistent with the vision and mandate of the Council of Governors are:

1. Good governance and institutional Capacity for service delivery in Counties
2. Intergovernmental Relations and Devolution
3. Cog's institutional Development

The CoG Strategic Plan 2022-2027 has enabled the Council to achieve the KPA as outlined through facilitating performance management in the Counties, building capacity for Governors and County Governments to enhance good governance, improving stakeholder participation in devolved functions, and strengthening risk management.

During the year under review, the Maarifa Centre has fostered a culture of knowledge sharing by organizing peer-to-peer learning forums. Supported by the World Bank's Locally Led Climate Action (FLLoCA) project, one of the most impactful learning forums this financial year targeted all County Directors in charge of Climate Change, Forestry, Water and Environment. The three-day workshop, themed "Embracing Peer-to-Peer Forums as a Tool to Provide Solutions to Climate Change Challenges," enabled attendees to share local indigenous approaches to various problems.

Additionally, in the same financial year, the Centre partnered with the Agriculture Committee to conduct a learning forum aimed at County Executive Committee Members in charge of Agriculture, Livestock and Cooperatives. This forum was themed "Investing in Inter-County Peer-to-Peer Initiatives to Promote Institutional Reforms." Success stories generated from these forums and any other knowledge asset including the Devolution Book, the Fifth and Sixth edition of the compendium developed this financial year can be downloaded at <https://maarifa.cog.go.ke/>, while physical copies can be collected from the secretariat.

10. Environmental and Sustainability Reporting

The Council of Governors exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

The Council through the Symbiocity programme undertook a deep stakeholder mapping and profiling to determine their level of influence and role in sustaining the interventions to be rolled out. There after the stakeholders were classified into three: Broader stakeholder group, working groups and the steering committees. The structures created within the pilot towns guide decisions making and prioritization of urban investments during public participation forums. Further the Kenya SymbioCity programme is anchored within the line urban development departments in Counties and has been integrated in the development frameworks of the counties and urban areas guaranteeing future financing post the programme period.

i) Environmental performance

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

ii) Employee welfare

Council of governors has human resource policies which are gender sensitive and guides all the human resource activities. Throughout the period, the Council's staff underwent annual and semi-annual appraisals. Further to enhance staff capacity the staff underwent training including project management, financial management and procurement management.

iii) Market place practices-

The Council has ensured achievement of its mandate through the following efforts:

a) Responsible competition practice.

b) Council of governor's procurements uses country systems including the public procurement and asset disposal act 2015. One of the principles of procurement in the act is fair competition which the programme implemented throughout.

c) Responsible Supply chain and supplier relations

d) The Council of Governors has entered into contractual obligation with its suppliers, who are drawn from the local community and observe the 30% allocation to women and youth.

e) Responsible marketing and advertisement

The Council of Governors implementation of its planned activities is in line with the pricing indexing provided by PPRA.

f) Product stewardship

This approach to implementation of activities at the Council has emphasized on minimizing environmental impact and maximizing social benefits throughout the entire lifecycle of the activities.

iv) Corporate Social Responsibility / Community Engagements

The Council did not implement any CSR activity for the year under review.

11. Report of the Council of Governors

The Council is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the entity as at the end of the financial year and of the operating results of the entity for the year. The Council also ensures that the entity keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the entity. The Council is also responsible for safeguarding the assets of the entity.

The Council is responsible for the preparation and fair presentation of these financial statements and accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards. The Council further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Council to indicate that the entity will not remain a going concern for at least the next twelve months from the date of this statement.

The Council submitted their report together with the audited financial statements for the year ended 30 June 2024, which show the status of the entity's affairs.

i) Principal activities

The principal activities of the Council are;

1. To implement the decisions of the Council and the Committees;
2. To constantly share information with the Counties;
3. To process requests from Counties and offer policy advise where necessary;
4. To convene, in every quarter, County Executive Committee Members so that they develop positions on legislative and policy issues that affect County Governments;
5. To convene other officers such as Chief Officers, County Attorneys and Directors also for deliberation of matters affecting County Governments;
6. To coordinate capacity building initiatives for Governors, County Executive Committee Members, Chief Officers, County Attorneys, Chiefs of Staff, County Secretaries and other County officials;
7. To rigorously protect the interests of Counties at policy level by for instance participating in inter-agency meetings, committees and taskforces;
8. To ensure that County resources are safeguarded in all negotiations on upcoming projects;
9. To coordinate sectoral intergovernmental forums between the Counties and the National Government;
10. To receive and document best practice to promote learning between the Counties; and

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11. To support and link with the office of the Deputy Governors.
12. Facilitate dispute resolutions between counties

ii) Results

The results of the Entity for the year ended June 30, 2024, are set out on page 1 and 2.

iii) Executive

The members of the Executive Council who served during the year are shown on page ix.

iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

v) Auditors

The Auditor-General is responsible for the statutory audit of the *Council of Governors* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Council



.....
Mary Mwiti

Secretary to the Council of Governors

12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 require the Accounting Officer to prepare financial statements in respect of the Council of Governors, which give a true and fair view of the state of affairs of the Council at the end of the financial year/period and the operating results of the Council for that year/period. The Accounting officer is also required to ensure that the Council keeps proper accounting records which disclose with reasonable accuracy the financial position of the Council. The Accounting officer is also responsible for safeguarding the assets of the Council.

Accounting Officer is responsible for the preparation and presentation of the *Entity's* financial statements, which give a true and fair view of the state of affairs of the *Entity* for and as at the end of the financial year (period) ended on June 30, 2024. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *Entity*; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the *Entity*; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Accounting officer accepts responsibility for the *Entity's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Accounting officer is of the opinion that the *Entity's* financial statements give a true and fair view of the state of *Entity's* transactions during the financial year ended June 30, 2024, and of the *Entity's* financial position as at that date.

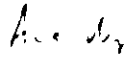
The Accounting officer further confirms the completeness of the accounting records maintained for the *Council*, which have been relied upon in the preparation of the *Council's* financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Accounting officer to indicate that the Council will not remain a going concern for at least the next twelve months from the date of this statement.

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for the year ended June 30, 2024.

Approval of the financial statements

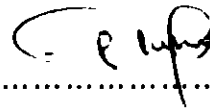
The Council of Governors financial statements were approved by the Council on 25th September 2024 and signed on its behalf by:



.....

H.E Ann Waiguru, EGH, OGW

Chairperson of the Council



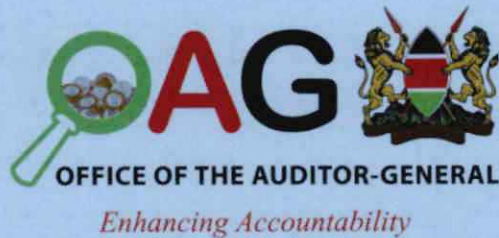
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Mary Mwiti

Accounting Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON COUNCIL OF GOVERNORS FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

- A. Report on the 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 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 Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the 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 under Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Council of Governors set out on pages 1 to 30 which comprise the statement of financial position as at 30 June, 2024 and

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Council of Governors as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Opinion

Inaccuracies in the Statement of Changes in Net Assets

The statement of changes in net assets reflects a balance of Kshs.126,428,538 in respect of retained earnings as at 30 June, 2024. However, the statement of financial position reflects a reserve balance of Kshs.248,005,732, an accumulated surplus of Kshs.126,428,538 and a prior year adjustment reducing the accumulated surplus by Kshs.64,483,990 all totalling to Kshs.309,950,280, resulting in an unsupported variance of Kshs.183,521,745. Further, the reserve balance of Kshs. 248,005,735 and the prior year adjustment of Kshs.64,483,990 have not been disclosed in the statement of changes in net assets.

In the circumstances, the accuracy and completeness of the statement of changes in net assets could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Council of Governors 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.

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 matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

Management is responsible for the other information set out on page iv to xxvi which comprise of Key Entity Information and Management, The Executive Council of Governors Members, Key Management Team, Chairperson's Statement, Report by the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Council of Governors and Statement of Director's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Council of Governors 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.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing 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

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

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

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

Responsibilities of 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 Council'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 Council'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 for 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

30 December, 2024

Council of Governors
Annual Report and Financial Statements
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14. Statement of Financial Performance for the year ended 30 June 2024

	Notes	2023-2024	2022-2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfer from other Government Entities	6	136,071,680	128,999,400
Transfers from Ministries, Departments and Agencies (MDAs)	6b	298,118,500	262,756,000
Public Contributions and Donations	7	198,271,951	136,480,466
Other income	8	92,325,899	-
Total revenue		724,788,030	528,235,866
Expenses			
Use of goods and services	9	455,307,193	205,712,268
Employee costs	10	160,064,217	155,914,914
Depreciation expense	11	16,593,844	13,928,112
Repairs and maintenance	12	30,878,228	16,441,089
Total expenses		662,843,482	391,996,382
Net Surplus for the year		61,944,548	136,239,484

The notes set out on pages 9 onward form an integral part of these Financial Statements. The Financial Statements set out on pages one were signed on behalf of the Council by:



.....
Mary Mwitii
Accounting Officer

Date: 25/09/2024



.....
Joyce Chepkoech
Head of Finance
ICPAK M/No:29569

Date: 25/09/2024



.....
H.E Ann Waiguru, EGH, OGW
Chairperson Council of

Date: 25/09/2024

Council of Governors
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15. Statement of Financial Position as at 30 June 2024

	Notes	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	13	278,781,075	207,265,539
		278,781,075	207,265,539
Non-current assets			
Property, plant and equipment	14	34,878,204	40,533,873
Intangible Asset	15	6,700,000	6,700,000
		41,578,204	47,233,873
Total assets		320,359,279	254,499,411
Liabilities			
Current liabilities			
Trade and other payables	16	10,408,999	6,493,679
		10,408,999	6,493,679
Non-current liabilities			
Non-current employee benefit obligation		-	-
		-	-
Total liabilities		10,408,999	6,493,679
Net assets		309,950,280	248,005,732
Reserves		248,005,732	243,324,022
Adjustment: Prio year Mortgage balances		-	(131,557,774)
Adjustment Prior year acumulated surplus	18	(64,483,990)	-
Accumulated surplus		126,428,538	136,239,484
Total net assets and liabilities		309,950,280	248,005,732

The financial statements set out on pages 2 were signed on behalf of the Council by:



.....
Mary Mwiti
Accounting Officer

Date: 25/09/2024



.....
Joyce Chepkeoch
Head of Finance
ICPAK Member Number:29569

Date: 25/09/2024



.....
H.E Ann Waiguru, EGH, OGW
Chairperson of the Council

Date: 25/09/2024

Council of Governors
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16. Statement of Changes in Net Assets for the year ended 30 June 2024

	Retained earnings	Capital/Develop ment/Fund	Total
As at July 1 2022	(71,755,494)	-	(71,755,494)
Surplus/ deficit for the year	136,239,484	-	136,239,484
As at June 30 June 2023	64,483,990	-	64,483,990
		-	
At 1 July 2023	64,483,990	-	64,483,990
Surplus/ (deficit) for the year	61,944,548	-	61,944,548
As at 30 June 2024	126,428,538	-	126,428,538

Council of Governors
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17. Statement of Cash Flows for the year ended 30 June 2024

	Notes	2023-2024	2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfer from other Governments Entities	6	136,071,680	128,999,400
Transfers from Ministries, Departments and Agencies (MDAs)	6b	298,118,500	262,756,000
Public Contributions and Donations	7	198,271,951	136,480,466
Other receipts	8	92,325,899	-
Total Receipts		724,788,030	528,235,866
Payments			
Use of goods and services	9	455,307,193	205,712,268
Employee costs	10	160,064,217	155,914,914
Repairs and maintenance	12	30,878,228	16,441,089
Total Payments		646,249,638	378,068,271
Net cash flows from operating activities	17	78,538,392	85,208,887
Cash flows from investing activities			
Purchase of PPE and Intangible Asset	14	(10,938,176)	(4,980,000)
Net cash flows used in investing activities		(10,938,176)	(4,980,000)
Cash flows from financing activities			
Increase in Payables		3,915,320	-
Decrease in Receivables		-	-
Net cash flows used in financing activities		3,915,320	-
Net increase/(decrease) in cash and cash equivalents		71,515,536	80,228,887
Cash and cash equivalents at 1 July		207,265,539	127,036,652
Cash and cash equivalents at 30 June		278,781,075	207,265,539

Co..... of
Annual Report and Financial Statements
for the year ended June 30, 2024.

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024

	Original budget		Adjustments		Final Budget		Actual on comparable basis		Performance difference		% Variance	
	A	B	C=(a+b)	D	E=(c-d)	F=d/c						
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue												
Transfer from other Government Entities	235,000,000	-	235,000,000	136,071,680	98,928,320	100%						
Transfer from Ministries, Departments and Agencies (MDAs)	298,118,500	-	298,118,500	298,118,500	-	90%						
Public Contributions and Donations	219,190,000	-	219,190,000	198,271,951	20,918,049	85%						
Other Income	95,590,000	-	95,590,000	92,325,899	3,264,101							
Total income	847,898,500	-	847,898,500	724,788,030	123,110,470	85%						
Expenses												
Compensation of employees	161,030,000	-	161,030,000	160,064,217	965,783	99%						
Goods and services	638,718,500	-	638,718,500	455,307,193	183,411,307	71%						
Purchase of Computers, printers and other IT equipment	12,500,000	-	12,500,000	10,938,176	1,561,824	88%						
Repairs and maintenance	35,650,000	-	35,650,000	30,878,228	4,771,772	87%						
Total expenditure	847,898,500	-	847,898,500	657,187,814	190,710,686	78%						
Surplus for the period	-	-	-	67,600,216	(67,600,216)							

19. Notes to the Financial Statements

1. General Information

The Council of Governors entity is established by and derives its authority and accountability from Intergovernmental Relations Act (IGRA 2012). The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is providing consultation amongst County governments, sharing of information on the performance of the Counties in the execution of their functions with the objective of learning and promotion of best practices as well as considering matters of common interest.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Council's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Council. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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 2024.*

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

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024*

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>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>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously</p>

Council of Governors
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Standard	Effective date and impact:
	<p>excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses</p>

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Standard	Effective date and impact:
	and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

iii. Early adoption of standards

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

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. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transaction

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.

b) Budget information

The original budget for the Current FY was approved by the National Assembly on 15th June 2023. 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

The *Council of Governors* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 6 of these financial statements.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

c) Property, plant and equipment

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

d) Leases

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

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

e) Intangible assets

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

f) 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.

g) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

h) Contingent liabilities

The Council 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.

i) Contingent assets

The Council 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

j) Changes in accounting policies and estimates

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

k) Employee benefits

Retirement benefit plans

The Council 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.

l) Related parties

The Council 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 directors, the CEO and senior managers*.

m) Service concession arrangements

The Council analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Council

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

o) Comparative figures

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

p) 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, 2024.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

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

Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

Description	2023-2024	2022-2023
	Kshs	Kshs
County Governments	136,071,680	128,999,400
Total	136,071,680	128,999,400

6 b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Entity sending the grant	Amount recognized to Statement of Financial Performance	Amount deferred under deferred income	Amount recognised in capital fund.	2023-2024	2022-2023
	Kshs	Kshs	Kshs		Kshs
a) State Department for Devolution	223,500,000	-	-	223,500,000	215,140,000
b) State Department for Medical Services	4,850,000	-	-	4,850,000	-
d) State Department for Crops and Development	-	-	-	-	30,000,000
e) The National Treasury	69,768,500	-	-	69,768,500	17,616,000
Sub-Total	298,118,500	-	-	298,118,500	262,756,000

7. Public Contributions and Donations

Description	2023-2024	2022-2023
	Kshs	Kshs
Public contributions and donations	198,271,951	136,480,466
Total	198,271,951	136,480,466

8. Other Income

Description	2023-2024	2022-2023
	Kshs	Kshs
Devolution conference Registration and Exhibition	92,325,899	-
Total Other income	92,325,899	-

Notes to the Financial Statements (Continued)

9. Use of Goods and Services

Description	2023-2024	2022-2023
	Kshs	Kshs
Electricity	2,108,767	1,934,226
Security & Cleaning	1,792,031	2,125,000
Rent Expense	33,636,180	30,059,514
Communication supplies and Services	3,292,539	4,198,168
Domestic Travel, Subsistence & other transportation costs	143,778,096	58,118,043
Foreign Travel, Subsistence & other transportation costs	13,710,072	12,781,313
Printing & Advertising	39,022,604	11,029,795
Audit Fees	600,000	-
Conference and Workshops	109,348,297	30,649,541
Hospitality Supplies and services	40,200,938	3,584,041
Professional services/Consultancies	5,306,700	6,136,300
Subscription to professional bodies	2,690,240	5,432,690
Bank Charges	500,925	428,456
Fuel, oil and Lubricants	6,761,936	4,609,582
Insurance	15,361,925	14,314,952
Legal expenses	18,845,867	3,416,305
Other General Expenses	16,998,876	10,595,569
Payments in Kind	-	6,296,904
The Kenya Symbiocity Programme	1,351,200	1,869
Total	455,307,193	205,712,268

10. Employee Costs

	2023-2024	2022-2023
	Kshs	Kshs
Salaries and wages	133,924,764	130,491,659
Employee related costs - contributions to pensions and medical aids	26,139,453	25,423,255
Employee costs	160,064,217	155,914,914

11. Depreciation and Amortization Expense

Description	2023-2024	2022-2023
	Kshs	Kshs
Property, plant and equipment	16,593,844	13,928,112
Inangible Asset	-	-
Total depreciation and amortization	16,593,844	13,928,112

Notes to the Financial Statements (Continued)

12. Repairs and Maintenance

Description	2023-2024	2022-2023
	Kshs	Kshs
Motor Vehicles	8,538,205	2,641,690
Furniture and fittings, Equipment and Computers	8,396,597	4,034,099
Maintenance of Buildings and Stations - Non-Residential	13,943,427	9,765,300
Total repairs and maintenance	30,878,228	16,441,089

13. Cash and Cash Equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
Current account	278,668,462	207,066,967
Cash in hand	112,613	198,572
Staff mortgage	-	-
Total cash and cash equivalents	278,781,075	207,265,539

Detailed Analysis of the Cash and Cash Equivalents

Financial institution	Account number	2023-2024	2022-2023
		KShs	KShs
a) Current account			
Kenya Commercial bank-Operation	1164902318	169,193,053	113,762,685
Kenya Commercial bank-Project	1212164717	25,023,287	18,363,488
Kenya Commercial bank- NAVCDP Project	1316184927	7,564,493	30,000,000
Cooperative Bank of Kenya-Operation	01143201338000	8,017,814	42,586,548
Cooperative Bank of Kenya - Project	01134201338000	64,052,626	880,436
National Bank of Kenya -Symbiocity Project	01001113869200	325,994	327,194
Cooperative Bank of Kenya-Danida Project	01141201338001	4,491,195	1,146,616
Sub- total		278,668,462	207,066,967
b) Others			
cash in hand		112,613	198,572
Sub- total		112,613	198,572
Grand total		278,781,075	207,265,539

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Notes to the Financial Statements (Continued)

14. Property, Plant and Equipment

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT SCHEDULE					
	Office Machines	Office furniture	Computers and Equipments	Motor vehicles	TOTAL
Cost	12.5%	12.5%	30%	25%	
As at 1st July 2022	3,864,116	20,036,931	12,301,341	66,127,928	102,330,316
Additions	-	200,000	90,000	-	290,000
Adjustments	-	-	-	16,600,000	16,600,000
AS at 30th June 2023	3,864,116	20,236,931	12,391,341	82,727,928	119,220,316
Additions	3,662,040	5,384,136	1,892,000	-	10,938,176
As at 30th June 2024	7,526,156	25,621,067	14,283,341	82,727,928	130,158,492
Depreciation					
As at 1 July 2022	2,415,073	12,523,083	8,965,058	40,855,118	64,758,332
Depreciation	483,015	2,504,617	356,653	10,583,828	13,928,113
As at 30th June 2023	2,898,088	15,027,700	9,321,711	51,438,946	78,686,445
Depreciation	1,089,960	2,816,114	2,103,942	10,583,828	16,593,844
As at 30th June 2024	3,988,047	17,843,814	11,425,653	62,022,774	95,280,288
Net Book Values	3,538,109	7,777,253	2,857,689	20,705,154	34,878,204
As at 30th June 2023	966,029	5,209,231	3,069,630	31,288,982	40,533,872
As at 30th June 2024	3,538,109	7,777,253	2,857,689	20,705,154	34,878,204

Note: Depreciation applied is prorated based on the date of the acquisition of the Asset.

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Notes to the Financial Statements (Continued)

14 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Motor Vehicles, Including Motorcycles	82,727,928	62,022,774	20,705,154
Computers And Related Equipment	14,283,341	11,425,653	2,857,689
Office Equipment, Furniture, And Fittings	33,147,223	21,831,862	11,315,362
Total	130,158,492	95,280,288	34,878,204

15. Intangible Assets

Description	2023-2024	2022-2023
	Kshs	Kshs
Cost		
At beginning of the year	6,700,000	-
Additions	-	6,700,000
At end of the year	6,700,000	6,700,000
Additions-internal development	-	-
At end of the year	6,700,000	6,700,000
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	6,700,000	6,700,000

Notes to the Financial Statements (Continued)

16. Trade and Other Payables

Description	2023-2024	2022-2023
	Kshs	kshs
Trade Payables	10,408,999	6,493,679
Total	10,408,999	6,493,679

17. Cash Generated from Operations

Description	2023-2024	2022-2023
	Kshs	Kshs
Surplus for the year before tax	61,944,548	150,167,959
Adjusted for:		
Depreciation	16,593,844	13,928,112
Loan receivable 2021/2022	-	(71,512,097)
Mortgage Balances	-	(66,770,500)
Revaluation reserves	-	(16,600,000)
Working capital adjustments		
Increase in inventory		(2,010,000)
Increase in receivables		6,493,679
Increase in payables	-	-
Decrease in receivables	-	-
Increase in payables		71,512,097
Net cash flow from operating activities	78,538,392	85,209,250

18. Prior Year Adjustment

Description	2023-2024	2022-2023
	Kshs	kshs
As at July 1 2022	(71,755,494)	-
Surplus/ deficit for the year	136,239,484	-
Accumulated Surplus as at 30th June 2023	64,483,990	-

NOTE: The accumulated surplus reported for year ending June 2023 was overstated by Kshs. 71,755,494 and the same has been adjusted by debiting the Accumulated surplus account and crediting the prior adjustment/opening balance Equity.

Notes to the Financial Statements (Continued)

19. Financial Risk Management

The Council'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 Council 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.

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 xxx. 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.

Notes to the Financial Statements (Continued)

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.

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 way 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.

Notes to the Financial Statements (Continued)

20. 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) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Transactions with related parties		
a) Grants/Transfers from the government		
State Department for Devolution	223,500,000	215,140,000
County Government	136,071,680	128,999,400
State Department for Medical Services	4,850,000	-
State Department for Crops and Development	-	30,000,000
National Treasury	69,768,500	17,616,000
Public Contribution and Donation	198,271,951	136,480,466
Other income	92,325,899	
Total	724,788,030	528,235,866

Notes to the Financial Statements (Continued)

21. Events after the Reporting Period

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

22. Ultimate And Holding Entity

The Entity is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of xxx. Its ultimate parent is the Government of Kenya.

23. Currency

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

20. Appendices

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: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Motor Vehicle Ownership Documents	The Motor Vehicles belongs to the Transformative Health Systems (THS) programme under the Ministry of Health and thus the belong to the Ministry who is accountable. The said vehicles are not reflected in the Council off Governors Asset Register but rather in the Ministry of Health Asset Register where the who are the owner's o of the vehicles.	Not Resolved	30 th June 2025
2.	Inaccuracies in Statements of changes in Net Assets	The amendment to adjust the inaccuracies has been reflected in the 2023/2024 financial statements.	Not Resolved	30 th June 2025
3.	Inaccuracies in the statement of Cash flows	The amendment to adjust the inaccuracies has been reflected in the 2023/2024 financial statements.	Not Resolved	30 th June 2025
4.	Budgetary Control	The Council of governors takes not of the audit	Not Resolved	30 th June 2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		recommendation on the budget absorption for implementation in the subsequent year of implementation.		
5.	Failure to submit Annual Report and Financial Statement for staff Car loan and Mortgage Fund scheme for Audit	The Annual report and Financial statement for staff car loan and Mortgage has been prepared for submission as at 30 th September 2024.	Not Resolved	30 th June 2025
6.	Donations and Deposits into consolidated fund	The donations received by the Council are with respect to signed agreements with partners where the transfer of funds is clearly stipulated .	Not Resolved	30 th June 2025
7.	Payment of Insurance Premium for Government of Kenya Plated Vehicles	The Council insures the vehicles due to its limited resources which cannot accommodate damages in the event of the Council incurring the same.	Not Resolved	30 th June 2025
8.	Lack of independence of the Internal Audit	The Council has made request to National Treasury for additional funding to facilitate funding for the	Not Resolved	30 th June 2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		department and to enable full establishment of the unit.		



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 Chief Executive Officer

Date:25/09/2024

Appendix II: Projects implemented by Council of Governors.

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)
Kenya Symbiocity Programme	51110060	Sida	5yrs		No	No

Status of Projects completion

S N	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Kenya Symbiocity Program	289,646,353	289,446,169	100%	289,646,353	289,446,169	Sida

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Appendix III: 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
					Capital Fund	Deferred Income	Receivables	
State Department for Devolution	12,860,000	Recurrent	12,860,000	12,860,000	-	-	-	12,860,000
	26,330,000	Recurrent	26,330,000	26,330,000	-	-	-	26,330,000
	26,330,000	Recurrent	26,330,000	26,330,000	-	-	-	26,330,000
	26,330,000	Recurrent	26,330,000	26,330,000	-	-	-	26,330,000
	26,330,000	Recurrent	26,330,000	26,330,000	-	-	-	26,330,000
	26,330,000	Recurrent	26,330,000	26,330,000	-	-	-	26,330,000
State Department for Medical Services	4,850,000	Recurrent	4,850,000	4,850,000	-	-	-	4,850,000
The National Treasury	69,768,500	Donor Fund	69,768,500	69,768,500	-	-	-	69,768,500
Total	298,118,500		298,118,500	298,118,500	-	-	-	298,118,500

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Appendix IV- Variance Explanation – Comparative Budget and Actual

	Final budget		Actual on comparable basis		Budget utilization variance		Comments on the variance
	2023-2024	Kshs	2023-2024	Kshs	2023-2024	Kshs	
Revenue							
Transfer from other Government Entities	235,000,000		136,071,680		98,928,320		This relates the outstanding contribution from Counties
Transfer from Ministries Departments and Agencies (MDAs)	298,118,500		298,118,500		-		
Public Contributions and Donations	219,190,000		198,271,951		20,918,049		The actual resources mobilized could not meet the planned target.
Other Income	95,590,000		92,325,899		3,264,101		
Total income	847,898,500		724,788,030		123,110,470		
Expenses							
Compensation of employees	161,030,000		160,064,217		965,783		
Use of Goods and services	638,718,500		455,307,193		183,411,307		The amount resourced for the activities could not match the budget estimates for the year
Purchase of Computers, printers and other IT equipment	12,500,000		10,938,176		1,561,824		
Repair and Maintenance	35,650,000		30,878,228		4,771,772		
Total expenditure	847,898,500		657,187,814		190,710,686		
Surplus for the period	-		67,600,216		(67,600,216)		

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