

REPUBLIC OF KENYA

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



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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying transitional IPSAS financial statements of County Executive of Homa Bay set out on pages 1 to 72, which comprise of the statement of

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of County Executive of Homa Bay as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis (including the transitional provisions permitted under IPSAS 33) and comply with the County Government Act, 2012, the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No. 3 of 14 April, 2025.

Basis for Qualified Opinion

1.0. Property Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.1,420,971,622 as disclosed in Note 17 to the financial statements. However, the following unsatisfactory matters were noted:

1.1. Motor Vehicle without Log Books

Included in the balance is motor vehicles valued at Kshs.80,870,775 which includes the cost of three (3) ISUZU MUX vehicles of Kshs.22,457,100. However, the ownership documents by way of logbooks were not provided for audit review.

In the circumstances, the accuracy and rightful ownership of the three motor vehicles with historical cost of Kshs.22,457,100 could not be confirmed.

1.2. Unsupported Expenditure on Kendu Bay Show Ground Wall

Included in the balance is additions to building during the year under review valued at Kshs.57,464,696 which includes Kshs.21,217,151 spent on the construction of boundary wall for Kendu Bay Show Ground. Review of interim payment certificate No.1 for the proposed construction of boundary wall for the show ground revealed that the contract was awarded to a firm at a contract sum of Kshs.21,217,151. However, the supporting documents by way of payment vouchers to were not provided for audit review.

In the circumstances, the accuracy, completeness and validity of the expenditure of Kshs.21,217,151 on Kendu Bay Show Ground could not be confirmed.

2.0. Use of Goods and Services

The statement of financial performance reflects use of goods and services amount of Kshs.1,553,199.112 as disclosed in Note 10 to the financial statements. However, the following unsatisfactory matters were noted:

2.1. Unsupported Expenditure on Fuel Usage

Included in this balance is Kshs.43,461,651 incurred on fuel, oil and lubricants. However, review of the fuel management controls and procedures revealed that the County Executive did not issue detailed orders for the purpose of authorizing and managing the drawing of fuel at the petrol station. The instructions to draw fuel were given verbally with no record being maintained for comparison between the supplier invoice and amount of fuel actually drawn.

In the circumstances, the accuracy, completeness and validity of the expenditure of Kshs.43,461,651 on fuel, oil and lubricants could not be confirmed.

2.2. Unsupported Payment of Electricity Bills

Included in this balance is Kshs.43,775,441 in respect of utilities, supplies and services. Included in the latter amount is payment of Kshs.4,576,577 to Kenya Power and Lighting Company. However, review of the supporting invoices revealed that customer details for invoices amounting to Kshs.4,001,590 did not match any of the county operating units. Management explained that the customer details related to Kenya Power and Lighting accounts whose customer details had not been changed to match the county units.

In the circumstances, the accuracy, completeness and validity of the expenditure of Kshs.4,001,590 on electricity could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis amounts of Kshs.11,933,375,716 and Kshs.10,187,773,187 respectively, resulting in under-funding of Kshs.1,745,602,530, or 15% of the budget. Further, the County Executive spent Kshs.9,373,258,136 of the actual receipts realized of Kshs.10,187,773,187, resulting in an underutilization of Kshs.814,515,050 or 8% of the actual receipts.

The under-funding and under-utilization affected the planned activities and may have impacted negatively on service delivery to the residents of Homa Bay County.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the County Executive in 2024/2025 revealed that the matters listed in **Appendix I** remained unresolved as at 30 June, 2025.

Other Information

The Management is responsible for the Other Information set out on page iii to xxiv which comprise of Key Entity Information and Management, Governance Statement, Foreword by Chief Executive Committee Member (CECM) Finance and Economic Planning, Statement of Performance against Predetermined Objectives, Environmental and Sustainability Reporting, Management Discussion and Analysis and the Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCE

Conclusion

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

Basis for Conclusion

1.0. Non- Compliance with Facility Improvement Financing Act, 2023

Review of revenue records obtained from Level 4 and Level 5 health facilities in Homa Bay County revealed that twenty-four (24) health facilities collected a total Kshs.1,616,696,509 towards the health facilities improvement. Out of this amount, a total of Kshs.915,941,725.50 was transferred to Special Purpose Account at the health department. However, the Special Purpose Account reimbursed a total of Kshs.687,007,504.90 to the health facilities resulting in a deficit of Kshs.228,934,220.60. This was contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023 which requires that all monies raised or received by or on behalf of all public health facilities be retained in the Hospital Facilities Improvement Financing account. In addition, failure to reimburse the total amount transferred by the facilities negatively impacted on service delivery by the health facilities.

In the circumstances, Management of the County Executive was in breach of the law

2.0. Long Outstanding Trade and Other Payables

The statement of financial position, and as disclosed in Note 20 to the financial statements, reflects trade and other payables balance of Kshs.1,524,513,380 which includes payables totalling Kshs.1,091,975,059 that had been outstanding for over 1 year, contrary to Section 41(2) of the Public Finance Management (County Governments) Regulations, 2015 which state that debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible that the county government does not default on debt obligations. In addition, although Management has provided a payment plan showing the order of priority, they intend to use to clear the debts, the plan does not indicate when the payables will be settled.

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

3.0. Regularity of Human Resource Management Practices

Review of human resource records revealed the following anomalies:

3.1. Employees on Acting Capacity for Periods Exceeding Six Months

Analysis of the payroll revealed that a total of nine (9) employees had been on acting capacity for more than six (6) months during the year under review. As a result, they drew excess acting allowances of Kshs.836,978, contrary to Section C14(1) of the Human Resource Policies and Procedure Manual for the Public Service, 2016, which provides that when an officer is eligible for appointment to a higher post and is called upon to act in that post pending advertisement of the post, he is eligible for payment of acting allowance at the rate of twenty percent (20%) of his substantive basic salary. Acting allowance will not be payable to an officer for more than six (6) months.

3.2. Non-Adherence to One Third of Basic Salary Rule

Analysis of the payroll of permanent staff of the County Executive for the period between July, 2024 and February, 2025 revealed that the following number of employees received net pay that were less than a third of their respective basic salaries, contrary to Section 19(3) of the Employment Act, 2007 which provides that total amount of deductions from the wages of an employee shall not exceed two third of such wages

Month	No. of Employees
July, 2024	789
August, 2024	758
September, 2024	702
October, 2024	1,436
November, 2024	1,395
December, 2024	23
February, 2025	559

3.3. Non-Compliance with Provisions on Ethnic Diversity, Affirmative Action on Persons Living with Disabilities

Analysis of the payroll for May, 2025 revealed that the County Executive had a total work force of seven thousand two hundred and two (7,202) out of which, five thousand five hundred and nineteen (5,519) or 77% were from the dominant ethnic community in the County. Further, seventy-two (72) employees, representing 1% of the total employees were persons with disability. This was contrary to Section 7 (1) and (2) of the National Cohesion and Integration Act, 2008, which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and no public establishment shall have more than one third of its staff from the same ethnic community, and Section 68A of the County Governments Act, 2012 which states that each county public service board shall promote equal opportunity in the county public service, and establish and implement strategies for the elimination of any form of discrimination on the basis of ethnicity, gender, religion, health, marital status or disability.

3.4. Underpayment of Casuals

The Regulation of Wages General Amendment Order of November, 2024 sets the minimum monthly pay for employees working in Homa Bay County at Kshs.14,867. However, audit review of the casuals' payroll for the month of March, 2025 revealed that the County Executive hired two hundred and sixty (260) cleaners out of which, two hundred and thirty-seven (237) were earning a monthly pay of less than Kshs.14,866.92, resulting in total underpayment of Kshs.1,153,460 per month, contrary to Section 48(1)(a) of the Labour Institutions Act, 2007 that stipulates the minimum rates of remuneration.

3.5. Non-Compliance with Fiscal Responsibility Principle on Wage Bill

The statement of financial performance reflects employee costs amount of Kshs.5,697,166,766 which represents 54% of the total revenue of Kshs.10,554,740,472 indicated in the financial statements of the County Revenue Fund-County Government of Homa Bay. This was contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015, which stipulates that the County Governments' expenditures on wages and benefits for its public officers shall not exceed thirty-five (35%) of the County Government total revenue.

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

4.0. Irregular Payments to the Council of Governors

Review of records revealed that during the year under review, the County Executive transferred Kshs.3,000,000 to the Council of Governors for the purpose of meeting its operational expenses, contrary to Section 37 of the Intergovernmental Relations Act, 2012 which requires the National Government to cater for the expenses of the Council of Governors.

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

5.0. Procurement of Microsoft Office 365 and Emailing Security Solution

During the year under review, the County Executive incurred an expenditure of Kshs.22,778,238 on acquisition of Microsoft Office 365 and Emailing Security Solution. However, review of this system revealed that it was supposed to support a minimum of 750 users, however the license provided was for only 520 users comprising of E1 and E3 of 420 and 100 users respectively. As a result, 230 users licenses have not been put into use. In addition, it was noted that most users who had been created in the system were not aware of its existence due to limited awareness on its existence, while others didn't have official computers with which to use the system. There was also no evidence that proper needs assessment was conducted before the system was procured.

In the circumstances, the value for money realized from the expenditure of Kshs.22,778,238 on the emailing solution could not be confirmed.

6.0. Lack of Feedback Mechanism for County Managed Hospitals

Review of records revealed that the County Executive has two hundred and eleven (211) level two and three hospitals, twenty-three (23) level four hospitals and one level five hospital. During an audit conducted in the month of October, 2025, it was observed that there were no mechanisms for handling complaints and giving feedback to the complainants, contrary to the provisions of Section 14 (1) and (4) of the Health Act, 2017 which requires that every complainant under subsection (1) has a right to be informed, in writing and within a period of three months from the date the complaint was lodged, of the action taken or decision made regarding the complaint.

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

7.0. Failure to Deduct and Remit Public Procurement Capacity Building Levy

Review of the County Executive payments to suppliers for goods, works and services revealed that the County did not deduct capacity building levy during the year under review as required by Paragraph 3(1) of the Public Procurement Capacity Building Levy Order, 2023, which provides that there shall be paid a Levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes.

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

8.0. Regularity of Procurements and Award of Contracts

8.1. Delayed Completion of Accident and Emergency, Casualty and Outpatient Departments Block at Homa Bay Teaching and Referral Hospital

Review of records revealed that during the year under review, an expenditure of Kshs.95,616,0734 was incurred in respect of the Proposed Construction of a Multistoried Block for Accident and Emergency, Casualty and Outpatient Departments at Homa Bay Teaching and Referral Hospital. The amount comprises Kshs.86,535,985 for builders works and Kshs.9,080,089 in respect of electrical works. The County Executive entered into two contracts with two firms for builders work and electrical works at a cost of Kshs.229,619,315 and Kshs.39,039,200 respectively. The project commenced on 29 April, 2024 with an expected completion date of 28 April, 2025. The contract was subsequently extended for a further six months commencing on April, 2025. A total of Kshs.153,425,990 had been certified as at 30 June, 2025. Physical verification of the project in June, 2025 revealed that the works were at the third-floor slab. The walling, plumbing works, electrical works, roofing, plastering, construction of fourth floor, and other finishing works were yet to be done. The contractor had stopped working but still on site due to delayed payments. The percentage completion of the project was at 70%. The delayed completion of the project could lead to cost escalations and time overruns.

In the circumstances, value for money has not been realized on the expenditure of Kshs.153,425,990 with the continued delays in completing the project.

8.2. Incomplete Male Ward at Magina Health Center

Review of records revealed that during the year under review, the County Executive incurred an expenditure of Kshs.2,211,900 towards the construction of a male ward at Magina Health Center. It was noted that although the full contract sum had been paid to the contractor, the toilets in the ward were incomplete, the ward had not been equipped with hospital beds and the project was not in use.

In the circumstances, the value for money realized from the expenditure of Kshs.2,211,900 on the project could not be confirmed.

8.3. Incomplete Staff House at Got-Agulu Health Centre in Kasipul-West Ward

Review of records revealed that during the year under review, Kshs.1,999,992 was spent on the construction of a single staff house at Got Agulu Health Centre. The

amount was fully paid to the contractor. However, the toilet in the house was done with no septic tank and water supply, rendering the house inhabitable.

In the circumstances, the value for money realized from the expenditure of Kshs.1,999,992 on the project could not be confirmed.

8.4. Delayed Completion of Homa Bay County Government Headquarters and Ancillary Facilities

The statement of financial position, and as disclosed in Note 19 to the financial statements, reflects a rights of use assets of carrying balance of Kshs.787,200,000 which represents the cost of acquiring the County Headquarters over a four-year period. The County Government entered into a Tenant Purchase Agreement (Finance Lease to Own Contract) with the County Pension Fund for the purpose-built development of Homa Bay County Government headquarters and ancillary facilities on 6 May, 2024 for a contract sum of Kshs.820,000,000. The money was to be paid over a four (4) year period. The construction was to take six (6) months, and the County Government was to occupy the completed building by January, 2025. The completion date was subsequently revised to 2 May, 2025. Review of records relating to the project revealed that the County Executive paid Kshs.141,142,672 to the County Pension Fund in the year under review. The total amount that had been paid was Kshs.181,142,672. Although the County Executive obtained approval from the Controller of Budget in July, 2024 to open and operate a special purpose account for the Homa Bay County Infrastructures Financing Fund at the Central Bank of Kenya, the County Government was yet to establish the Fund and open the special purpose account in accordance with the Homa Bay County Infrastructure Financing Fund Act, 2023, which were the requirements in the tenant purchase agreement. The Tenant Purchase Agreement (Finance Lease to Own Contract) includes the construction of the main headquarter building, amphitheater and Ushuru center.

In addition, physical verification in October, 2025 revealed that the project was not complete and was behind schedule. Although the County Government had already occupied the main block of the development, work on the amphitheater was still ongoing, landscaping was yet to be completed and painting was being done in sections of the main block. In addition, occupation safety and health certificate were not provided for audit.

In the circumstances, value for money has not been realized from the expenditure of Kshs.181,142,672 with the continued delays in completion.

8.5. Slow Project Implementation of Roads and Ancillaries for Makongeni, Shauri Yako, Sofia, A Thousand Streets, Nyandiwa and Rusinga Old Town

The County Executive entered into a contract with a joint venture firm for the construction of roads, foot paths, storm water drainage, public lighting, water and sanitation and social amenities works for Makongeni, Shauri Yako, Sofia, a Thousand Streets, Nyandiwa and Rusinga Old Town on 22 April, 2024 at a contract sum of Kshs.1,407,104,544 for a contract period of 365 days. The commencement date of the contract was 27 June, 2024 and the expected completion date was set as 26 June, 2025. As at 30 June, the amount certified, inclusive of VAT was Kshs.609,175,602. The project was funded by the Second Kenya Informal Settlement Improvement

Project (KISIP 2)-Grant No. 6759-Ke. Project Id P167814. Audit inspection carried out on 18 June, 2025 revealed that the road works in Makongeni, Shauri Yako, Sofia, A thousand Streets, Nyandiwa and Rusinga Old Town had stopped. Further, the market vending platform at Nyandiwa and Shauri Yako was incomplete and the water and sanitation and social amenities works in Shauri Yako and Nyandiwa informal settlements had not started. The project completion date was extended to 4 December, 2025.

In the circumstances, value for money has not been realized from the expenditure incurred on the project of Kshs.609,175,602 due to its slow progress in implementation.

8.6. Delayed Completion of the County Aggregation and Industrial Park

As previously reported, the County Government entered into a contract with a joint venture firm for the Construction of County Aggregation and Industrial Park on 3 August, 2023 at a contract sum of Kshs.498,338,151. This was preceded by an intergovernmental agreement between the National Government through the Ministry of Investments, Trade and Industry and the County Government. Under this framework, the National Government was to contribute Kshs.250,000,000 while the County Government was to provide a similar amount. The project scope of works included construction of aggregation warehouse and cold storages, value addition warehouses, boundary walls, office block, power house, pump house, ablution block and civil works. Review of the project documents revealed that the contract was to run for seven (7) months lapsing on 6 April, 2024. However, a third extension of time to 30 July, 2025, had been granted via document reference number HBC/RPWTI/CAIP/EOT-003 citing occurrence of periodic adverse weather conditions and excessive ground water on site as the cause of the delay. In addition, the project status report dated 13 February, 2025 indicated that the project was at 35% completion and an amount of Kshs.130,564,927 or 26% of the total contract sum had been paid. However, this amount could not be verified due to the fact that Management failed to provide certificate Number 2 and certificate Number 4 for audit verification.

Physical verification of the project on 17 June, 2025, revealed that the project was not complete. The boundary wall was constructed to 95%, the outstanding areas had been left for gates and sentry houses. Steel works and walling were ongoing in all the eight warehouses, erection of columns had been done in the value addition warehouses and the walling of the aggregation warehouses had been done to 95%. The roofing structure for the aggregation warehouses had been completed but roofing had not commenced. The completion of the warehouses was estimated at 50%. Foundation works for the office block and ablution blocks were ongoing and estimated at 25% and 10% respectively. Borehole drilling had been done but the power house and pump house had not yet commenced. Parts of the construction sites were flooded. It was further noted that the performance security reference number RMB/PBG/MBL/031-23 of Kshs.24,916,707 expired on 2 August, 2024.

In the circumstances, value for money has not been realized from the expenditure of Kshs.130,564,927 with the continued delays in completion of the County Aggregation and Industrial Park.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Effectiveness of the Internal Audit Function

Review of the internal audit function revealed that the Audit Committee had not considered any Internal Audit report and, therefore, had not given any recommendations to be implemented by Management. This was due to the late appointment of the committee which was done on 12 March, 2025. Further, the Internal Audit charter detailing the scope, responsibilities and purpose of the Internal Audit function and the internal Audit work plan were yet to be approved by the Audit Committee. It was further noted that only eight (8) out of the thirty-eight (38) internal auditors had official laptop computers which are critical tools in their work. In addition, the internal auditors for the last two years had not been facilitated to attend trainings that are relevant to their work so as to enhance their capacity.

In the circumstances, the effectiveness of the internal audit function in strengthening the internal controls and risk management could not be confirmed.

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

Responsibilities of the Management and those Charged with Governance

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

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

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

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

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


Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

09 December, 2025

APPENDICES

Appendix I: Unresolved Prior Year Matters

No.	Financial Year	Audit Issue
1.	2023/2024	Expenditure Misclassification on Use of Goods and Services
2.	2023/2024	Budgetary Control and Performance
3.	2023/2024	Pending Accounts Payable
4.	2023/2024	Employees on Acting Capacity for Prolonged Durations
5.	2023/2024	Non-Adherence to One Third of Basic Rule
6.	2023/2024	Non-Compliance with Provisions on Ethnicity Diversity, Affirmative Action on Gender and Persons Living with Disabilities
7.	2023/2024	Regularity of Procurement and Award of Contracts
8.	2023/2024	Payment for Consultancy Services - Payroll and Personnel Census
9.	2023/2024	Proposed Construction of County Aggregation and Industrial Park
10.	2023/2024	Rehabilitation of Kapana - Sombro Earth Dam
11.	2023/2024	Idle Projects - Solar Pump Kits and Farm Ponds
12.	2023/2024	Construction of JNC B2 - Lake Front Access Road Phase 1 and 2
13.	2023/2024	Construction of Buildings – Non-Residential
14.	2023/2024	Incomplete Landscaping and Drive Way Works at Kigoto Milling Plant
15.	2023/2024	Incomplete Drilling and Equipping of Borehole, Installation of Underground Water Tank, Installation of Overhead Water Tank and Water Pump at Kigoto
16.	2023/2024	Incomplete Fencing and Construction of Gate at Kigoto Maize Milling Plant
17.	2023/2024	Incomplete Construction of Sentry House, Changing Rooms, Generator Room and General Repairs at Kigoto Maize Milling Plant
18.	2023/2024	Non-Compliance with Fiscal Responsibility Principle on Development
19.	2023/2024	Non-Compliance with the Fiscal Responsibility Principle on Compensation of Employees
20.	2023/2024	Unsupported Payments on Legal Expense
21.	2023/2024	Non-Submission Municipalities Financial Statements